

PROJECT REPORT

MEASURING THE PULSE OF PROSPERITY: AN INDEX OF ECONOMIC FREEDOM ANALYSIS

INTRODUCTION:

Overview:

An index of economic freedom is a composite measure of the quality of political-economic institutions across different jurisdictions. An index of economic freedom compares the jurisdictions against each other for various aspects, such as trade freedom, judicial effectiveness, and tax burden. These factors may be weighed for their influence on economic freedom and collated into a single score for ranking. The ranking can be assigned based on a country or can contract to smaller sub-national units like states. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please. In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself. Today, we live in the most prosperous time in human history. Poverty, sicknesses, and ignorance are receding throughout the world, due in large part to the advance of economic freedom. In 2023, the principles of economic freedom that have fueled this monumental progress are once again measured in the *Index of Economic Freedom*, an annual guide published by The Heritage Foundation, Washington's No. 1 think tank.

Purpose:

An index of economic freedom scores countries based on 12 factors:

- Property rights
- Judicial effectiveness
- Government integrity
- Tax burden
- Government spending
- Fiscal health
- Business freedom
- Labor freedom
- Monetary freedom
- Trade freedom
- Investment freedom
- Financial freedom

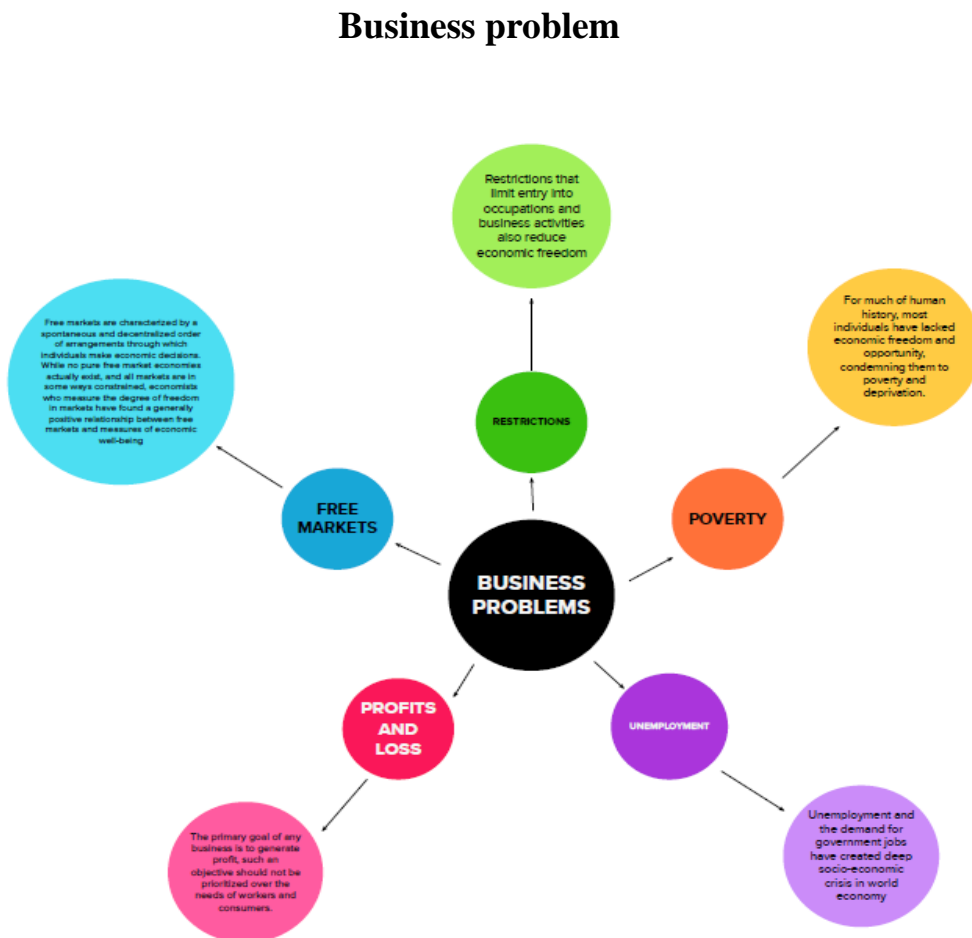
Most importantly, it gives trade freedom, judicial effectiveness, and tax burden. **Trade freedom** is a composite measure of the absence of tariff and non-tariff barriers that affect imports and exports of goods and services. It quantifies the **burden** of government expenditures, including consumption by the state and all transfer payments related to various welfare programs. According to the Economic Freedom Index for 2022, India's score for judicial effectiveness was 51.5, a considerable reduction from the previous year.

This index provides uses in investing. The Heritage Foundation's Index of Economic Freedom features a heat map that allows us to view the changes in the world over time. In addition to being academically interesting, the change to economic freedom over time can be a significant data source for investors, particularly those interested in emerging markets. The index of economic freedom can provide a guide as to whether the potential for hot emerging market picks like the BRIC nations. (Brazil, Russia, India, and China) are actually seeing the policy

changes necessary for that growth to benefit international investors. On the opposite end, negative changes in the index can be a signal to investors to trim their direct and indirect exposure to nations that are experiencing a decline.

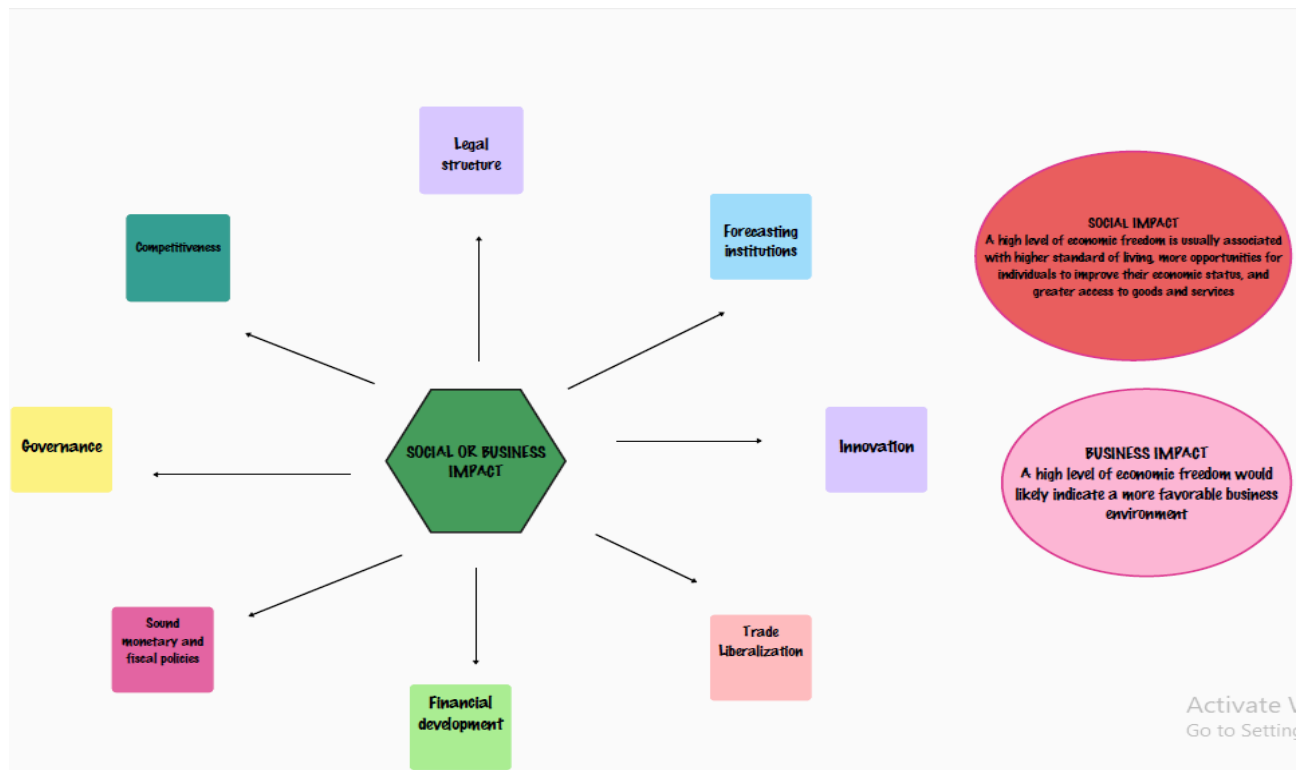
PROBLEM DEFINITION AND DESIGN THINKING:

Empathy map:



Ideation and Brainstorming Map:

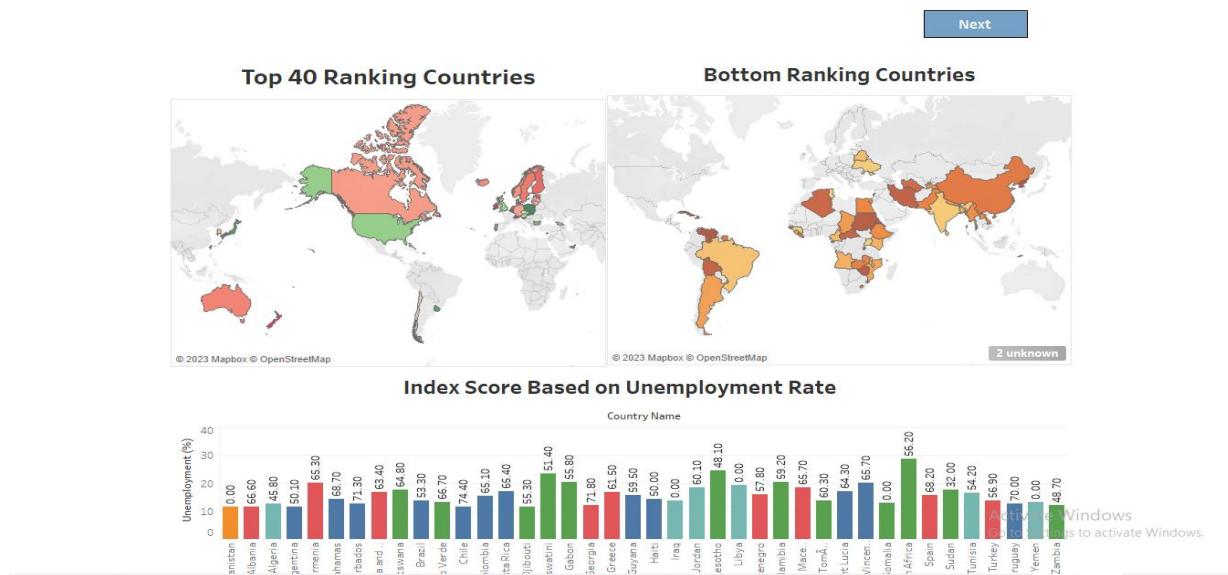
Social and business impact:



RESULT:

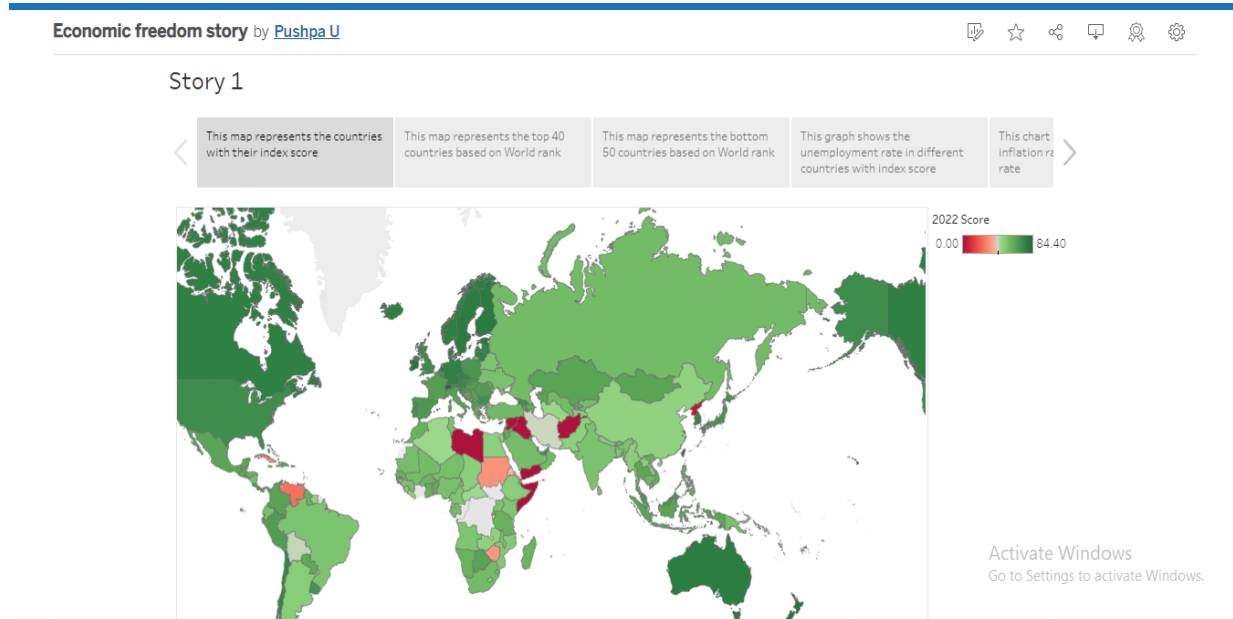
Dashboard

<file:///D:/PROJECT%20WORK/dashboard.htm>

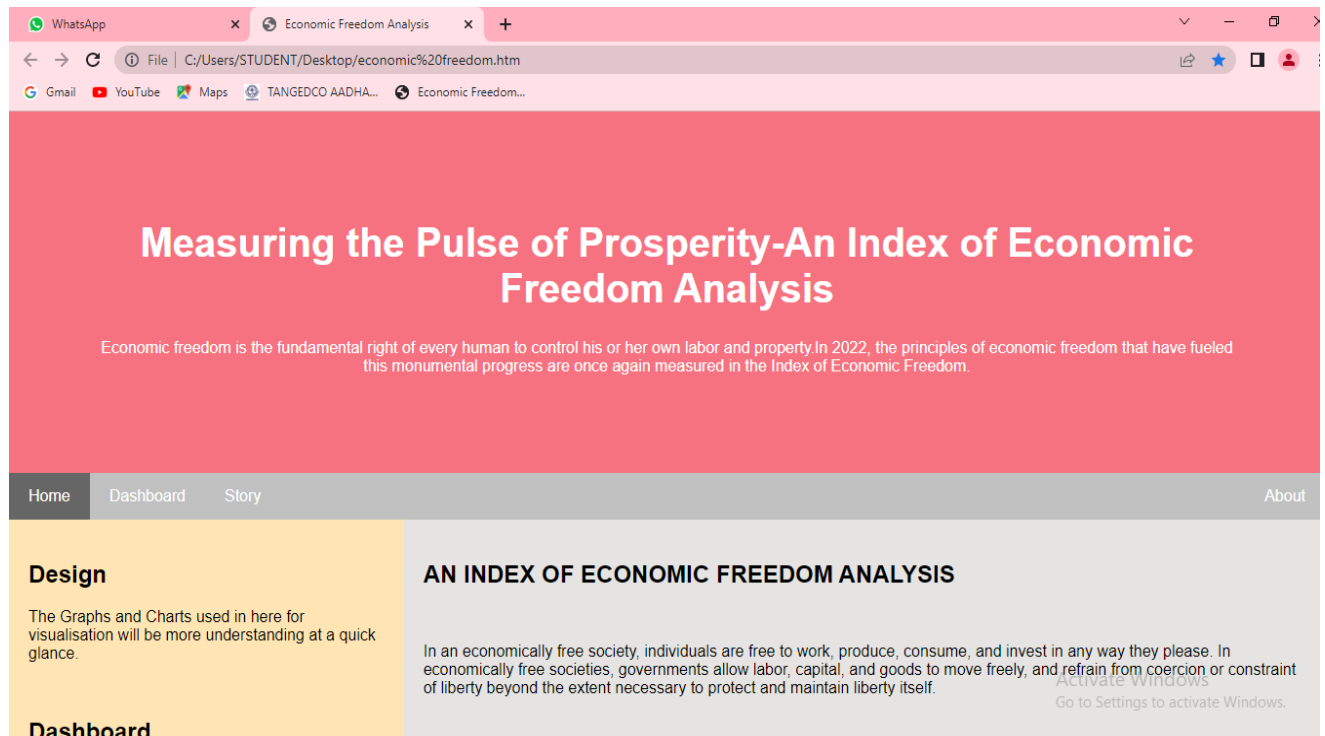


Story

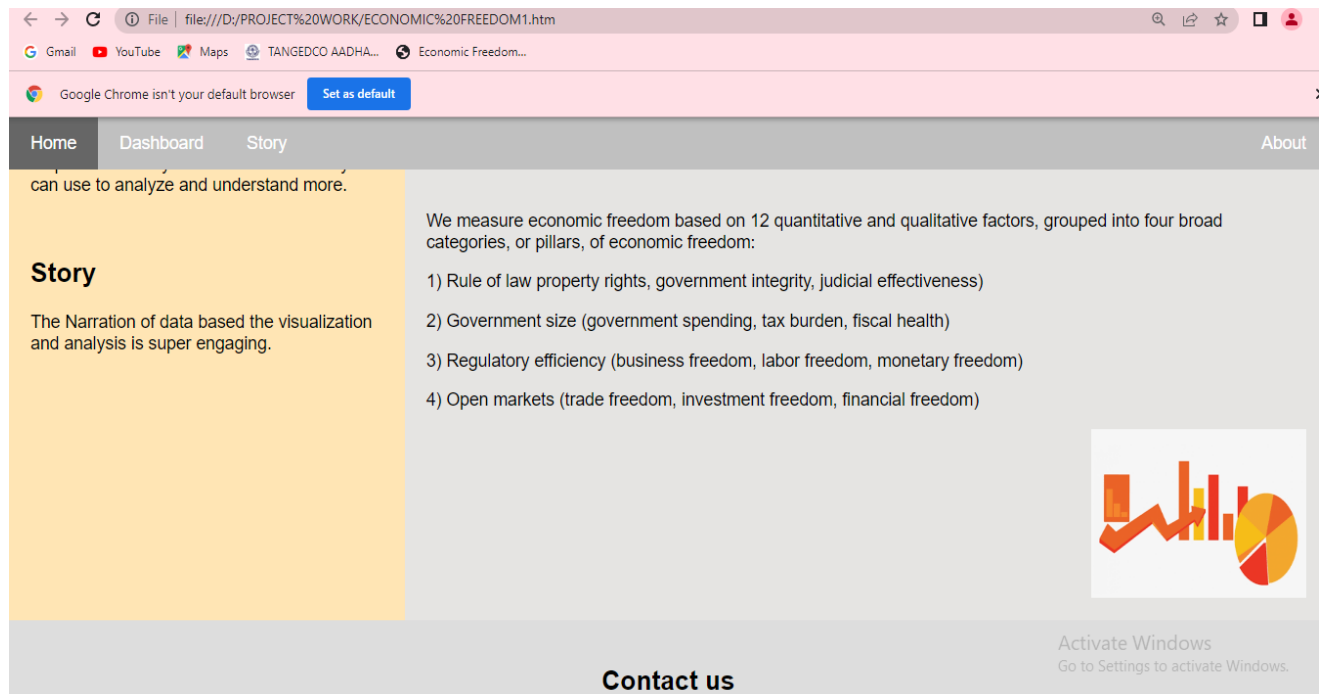
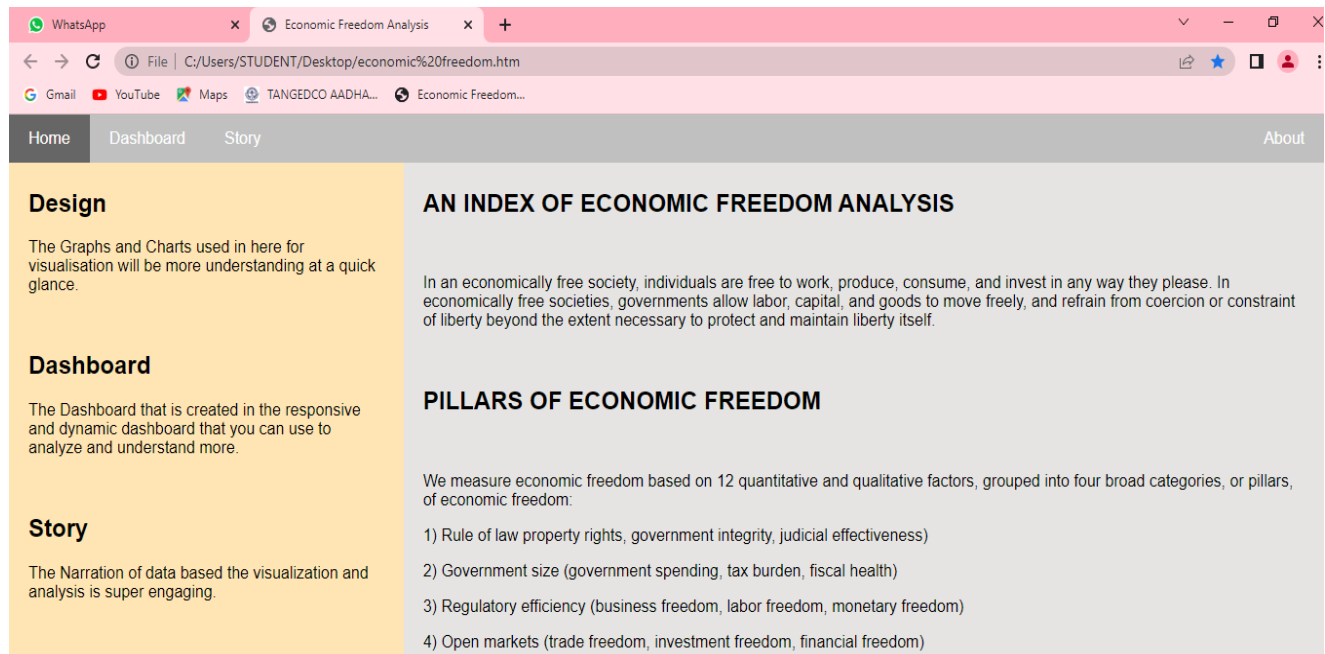
<file:///D:/PROJECT%20WORK/story.htm>



Web Integration



<file:///D:/PROJECT%20WORK/ECONOMIC%20FREEDOM.htm>



ADVANTAGES AND DISADVANTAGES:

Advantages

An intuitive definition of “economic freedom” is the freedom (absence of coercion) to buy from, or sell to, a willing counterparty. A society based on economic freedom is a free-market society. The most obvious benefit of economic freedom is that, as a system, it is the most conducive to widespread prosperity, that is, to high or rising income and consumption for the bulk of the population.

Over the past few decades, the governments of many poor countries have allowed more economic freedom. The result has been a dramatic escape from dire poverty for billions. Between 1981 and 2015, the proportion of the world population living in extreme poverty (on less than \$1.90 a day) fell from 42% to 10%.

Disadvantages

The rate of economic growth is higher; real gross domestic product grew an average of 2.4 percent per year in the freest economies over the 1993 to 2002 period and declined 0.5 percent per year in the least free economies. There is more investment, and foreign direct investment per worker over the 1980 to 2000 period was an astonishing 45 times greater compared to the most unfree group. The productivity of investment is higher — more than 70 percent higher than in the group of least free economies. There is less poverty; average per capita income for the poorest tenth of the people in least-free countries in 2002 was about \$823, while the poorest tenth of the people in freer economies earned about \$6,877. The distribution of income is more equal — the income share of the poorest 10 percent is almost 20 percent higher in the freest economies than in the least free countries.

APPLICATIONS:

- **Size of Government** - As government spending, taxation, and the size of government-controlled enterprises increase, government decision-making is substituted for individual choice and economic freedom is reduced.
- **Legal System and Property Rights** - Protection of persons and their rightfully acquired property is a central element of both economic freedom and civil society. Indeed, it is the most important function of government.
- **Sound Money** - Inflation erodes the value of rightfully earned wages and savings. Sound money is thus essential to protect property rights. When inflation is not only high but also volatile, it becomes difficult for individuals to plan for the future and thus use economic freedom effectively.
- **Freedom to Trade Internationally** - Freedom to exchange—in its broadest sense, buying, selling, making contracts, and so on—is essential to economic freedom, which is reduced when freedom to exchange does not include businesses and individuals in other nations.
- **Regulation** - Governments not only use a number of tools to limit the right to exchange internationally, they may also develop onerous regulations that limit the right to exchange, gain credit, hire or work for whom you wish, or freely operate your business.

CONCLUSION:

Economic freedom means that people can engage in trade with any person of their choosing. If the government taxes or otherwise prevents people from buying or selling with people in other countries, it reduces their freedom. An index of economic freedom is a composite measure of the quality of political-economic institutions across different jurisdictions. Using the given sets of database, we did

various analysis and created a number of visualizations. These visualizations are based on various scores and rank of all countries across the world. Then we made few dashboards to compare these visualizations among themselves. Finally, we created a story based on the visualizations. We created a web integration for the public references.

FUTURE SCOPE:

The biggest news generated from the “2021 Index of Economic Freedom” was that the Heritage Foundation decided to exclude Hong Kong from its rankings for the first time ever. The Heritage Foundation said that the reason for leaving Hong Kong out is that the Special Administrative Region and its economic policies have now come under the direct control of Beijing. In the 2021 Index, India came in around the middle of the pack among Asia-Pacific countries ranking 26th out of 40 countries, scoring 56.5 points.

APPENDIX:

SOURCE CODE

```
<!DOCTYPE html>
<html lang="en">
<head>
<title>Economic Freedom Analysis</title>
<meta charset="UTF-8">
<meta name="viewport" content="width=device-width, initial-scale=1">
<style>
* {
  box-sizing: border-box;
}
```

```
/* Style the body */
```

```
body {  
    font-family: Arial, Helvetica, sans-serif;  
    margin: 0;  
}
```

```
/* Header/logo Title */
```

```
.header {  
    padding: 80px;  
    text-align: center;  
    background: #F67280;  
    color: white;  
}
```

```
/* Increase the font size of the heading */
```

```
.header h1 {  
    font-size: 40px;  
}
```

```
/* Sticky navbar - toggles between relative and fixed, depending on the scroll  
position. It is positioned relative until a given offset position is met in the  
viewport - then it "sticks" in place (like position:fixed). The sticky value is not  
supported in IE or Edge 15 and earlier versions. However, for these versions the  
navbar will inherit default position */
```

```
.navbar {  
    overflow: hidden;
```

```
background-color: #C0C0C0;
position: sticky;
position: -webkit-sticky;
top: 0;
}
```

```
/* Style the navigation bar links */
```

```
.navbar a {
  float: left;
  display: block;
  color: white;
  text-align: center;
  padding: 14px 20px;
  text-decoration: none;
}
```

```
/* Right-aligned link */
```

```
.navbar a.right {
  float: right;
}
```

```
/* Change color on hover */
```

```
.navbar a:hover {
  background-color: #ddd;
  color: black;
}
```

```
/* Active/current link */
```

```
.navbar a.active {  
  background-color: #666;  
  color: white;  
}
```

```
/* Column container */
```

```
.row {  
  display: -ms-flexbox; /* IE10 */  
  display: flex;  
  -ms-flex-wrap: wrap; /* IE10 */  
  flex-wrap: wrap;  
}
```

```
/* Create two unequal columns that sits next to each other */
```

```
/* Sidebar/left column */
```

```
.side {  
  -ms-flex: 30%; /* IE10 */  
  flex: 30%;  
  background-color: #FFE5B4;  
  padding: 20px;  
}
```

```
/* Main column */
```

```
.main {  
  -ms-flex: 70%; /* IE10 */
```

```
flex: 70%;  
background-color: #E5E4E2;  
padding: 20px;  
}
```

```
/* Fake image, just for this example */  
.fakeimg {  
  background-color: #aaa;  
  width: 100%;  
  padding: 20px;  
}
```

```
/* Footer */  
.footer {  
  padding: 20px;  
  text-align: center;  
  background: #ddd;  
}
```

```
/* Responsive layout - when the screen is less than 700px wide, make the two  
columns stack on top of each other instead of next to each other */  
@media screen and (max-width: 700px) {  
  .row {  
    flex-direction: column;  
  }  
}
```

```
/* Responsive layout - when the screen is less than 400px wide, make the
navigation links stack on top of each other instead of next to each other */
```

```
@media screen and (max-width: 400px) {
  .navbar a {
    float: none;
    width: 100%;
  }
}
```

```
</style>
```

```
</head>
```

```
<body>
```

```
<div class="header">
```

```
  <h1>Measuring the Pulse of Prosperity-An Index of Economic Freedom
  Analysis</h1>
```

```
  <p>Economic freedom is the fundamental right of every human to control his or
  her own labor and property.In 2022, the principles of economic freedom that have
  fueled this monumental progress are once again measured in the Index of
  Economic Freedom.</p>
```

```
</div>
```

```
<div class="navbar">
```

```
  <a href="#" class="active">Home</a>
```

```
  <a href="dashboard.htm">Dashboard</a>
```

```
  <a href="story.htm">Story</a>
```

```
  <a href="#" class="right">About</a>
```

</div>

<div class="row">

<div class="side">

<h2>Design</h2>

<p>The Graphs and Charts used in here for visualisation will be more understanding at a quick glance.</p>

<h2>Dashboard</h2>

<p>The Dashboard that is created in the responsive and dynamic dashboard that you can use to analyze and understand more.</p>

<h2>Story</h2>

<p>The Narration of data based the visualization and analysis is super engaging.</p>

</div>

<div class="main">

<h2>AN INDEX OF ECONOMIC FREEDOM ANALYSIS</h2>

<p>In an economically free society, individuals are free to work, produce, consume, and invest in any way they please. In economically free societies, governments allow labor, capital, and goods to move freely, and refrain from

coercion or constraint of liberty beyond the extent necessary to protect and maintain liberty itself.</p>

<h2>PILLARS OF ECONOMIC FREEDOM</h2>

<p>We measure economic freedom based on 12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom:</p>

<p>1) Rule of law property rights, government integrity, judicial effectiveness)</p>

<p>2) Government size (government spending, tax burden, fiscal health)</p>

<p>3) Regulatory efficiency (business freedom, labor freedom, monetary freedom)</p>

<p>4) Open markets (trade freedom, investment freedom, financial freedom)</p>

</div>

</div>

<div class="footer">

<h2>Contact us</h2>

</div>

</body>

</html>