

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

Introduction

Overview

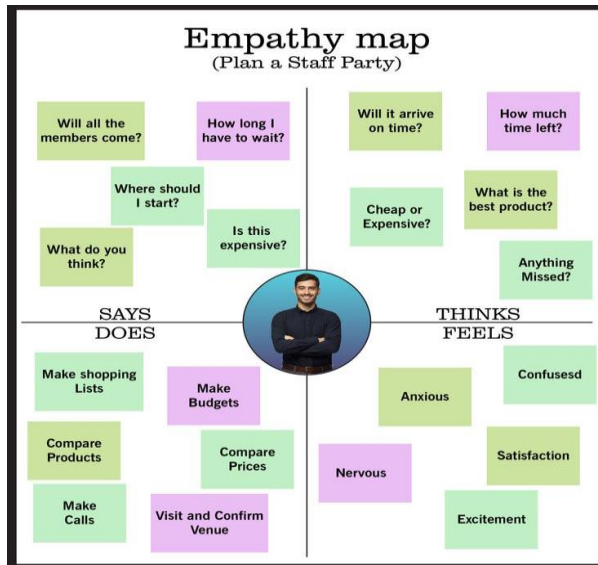
An [index of economic freedom](#) compares the jurisdictions against each other for various aspects, such as [trade](#) freedom, judicial effectiveness, and tax burden. These factors may be weighed for their influence on economic freedom and collated into a single score for ranking. The ranking can be assigned based on a country or can contract to smaller sub-national units like states.

purpose

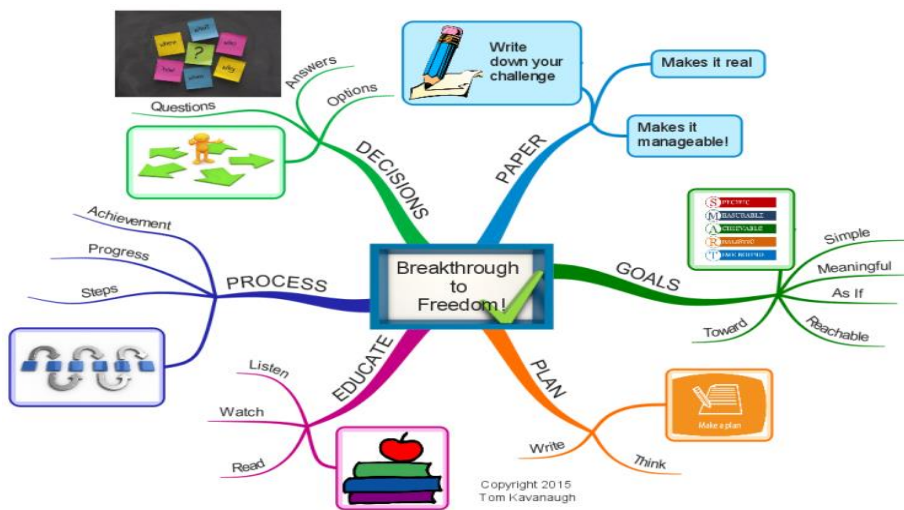
economic freedom are **personal choice, voluntary exchange, freedom to compete in markets, and protection of person and property**. Institutions and policies are consistent with economic freedom when they allow voluntary exchange and protect individuals and their property.

Problem definition & design thinking

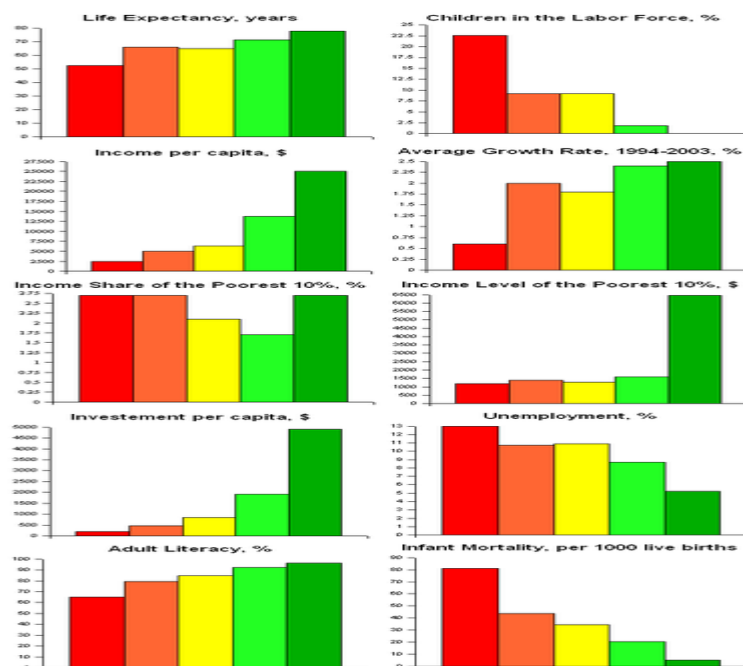
Empathy map



Ideation and brainstorming map



RESULT



The Economic Freedom Index serves as a valuable tool for cross country and regional comparisons. It provides a framework for understanding the institutions that are correlated to greater prosperity. It is useful to view over time and provides insight into the general trend of growth or well-being that we can expect a nation to experience due to an institutional or policy change. What it does not provide are answers on how to implement appropriate institutional change. Some are more straight-forward such as lowering marginal tax rates done through policy, but how do we create a legal environment that is conducive to investment? Regardless, any answer or improvement will take many years or even generations to implement. The answer to whether the agents that institute policies are actually interested in the long run effects of more economic freedom is a question better answered within the public choice literature.

Advantages and disadvantages

Advantages

The most obvious benefit economic freedom is that , as a system, it's is the most conducive to widespread prosperity, that is ,to high or rising income and consumption for the bulk of the population.

Dis advantages

Poor quality .Since profit maximization is the biggest motivation for firms , they may try to reduce their costs unethically.

Merit goods .Goods and services that are not profitable will not be produced or run

Excessive Power of firms

Unemployment and inequality

Applications

An index of economic freedom compares the jurisdictions against each other trade freedom , judicial effectiveness, and burden. These factors may be weighed for their influence on economic freedom and collated into a single for ranking.

Conclusion

Related to this income gap, there is also a correlation between economic freedom and GDP growth, as well as a higher standard of living and a general rule of law for

citizens. Countries with a high degree of economic freedom tend to have more productive economies.

Future scope

Areas that development economics focuses on include health, education, working conditions , and market conditions. Development economics seeks to understand and shape macro and microeconomic policies order to lift poor countries out of poverty.

Appendix

Economic freedom is **the fundamental right of every human to control his or her own labor and property**. In an economically free society, individuals are free to work, produce, consume, and invest in any way they please.