

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

# Introduction

## 1.1 Overview

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. 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. For much of human history, most individuals have lacked economic freedom and opportunity, condemning them to poverty and deprivation. 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 2022, 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. We measure economic freedom based on 12 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom:

- \*Rule of law property rights, government integrity, judicial effectiveness)
- \*Government size (government spending, tax burden, fiscal health)
- \*Regulatory efficiency (business freedom, labor freedom, monetary freedom)
- \*Open markets (trade freedom, investment freedom, financial freedom)

## 1.2 Purpose

- ❑ Generally, countries with higher economic freedom have higher gross domestic product per capita and its growth rates, as well as better health care, education quality, environment protection, income equality, and happiness results.
- ❑ Economic freedom is the ability of people within a society to control how they earn and spend their money, which directly affects a country's economic growth.
- ❑ Institutions and policies are consistent with economic freedom when they allow voluntary exchange and protect individuals and their property.

# Problem Definition & Design thinking

## 2.1 Empathy Map:

The screenshot shows a PDF viewer window with the title "Empathy map SURYA R.P STHC (1).pdf". The document is a template for an Empathy Map. On the left, there is a sidebar with a "Template" section and a thumbnail of the map. The main content area is divided into two columns. The left column contains the title "Empathy map" and a description: "Use this framework to develop a deep, shared understanding and empathy for other people. An empathy map helps describe the aspects of a user's experience, needs, and pain points, to quickly understand your users' experience and mindset." The right column is titled "Build empathy" and contains the instruction: "The information you add here should be representative of the observations and research you've done about your users." Below this, there is a large diagram of an Empathy Map. The diagram is a circle divided into four quadrants: "Says" (top-left, green), "Thinks" (top-right, pink), "Feels" (bottom-left, green), and "Does" (bottom-right, pink). Each quadrant contains several sticky notes with text. At the bottom of the circle, there is a small text box that reads: "REPRESENTING THE PLACE OF POVERTY, AN EXPERIENCE OF ECONOMIC DEPRIVATION ANALYSIS". The PDF viewer interface includes a top bar with navigation icons, a bottom bar with a search bar, and a taskbar at the very bottom with various application icons and the system clock showing 00:33 on 14-04-2023.

WhatsApp

Empathy map SURYA R.P STHC (1).pdf

File | C:/Users/ELCOT/Documents/Downloads/Empathy%20map%20SURYA%20R.P%20%20STHC%20%20(1).pdf

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Empathy map SURYA R.P STHC (1).pdf

Template

**Empathy map**

Use this framework to develop a deep, shared understanding and empathy for other people. An empathy map helps describe the aspects of a user's experience, needs, and pain points, to quickly understand your users' experience and mindset.

**Build empathy**

The information you add here should be representative of the observations and research you've done about your users.

**Says**

What have we heard them say?  
What can we imagine them saying?

**Thinks**

What are their wants, needs, hopes, and dreams? What other thoughts might influence their behavior?

**Feels**

What are their feelings?  
What are their emotions?  
What are their fears?  
What are their desires?

**Does**

What are their actions?  
What are their behaviors?  
What are their habits?  
What are their preferences?

REPRESENTING THE PLACE OF POVERTY, AN EXPERIENCE OF ECONOMIC DEPRIVATION ANALYSIS

Type here to search

00:33  
14-04-2023

## 2.2 Brain Storming:

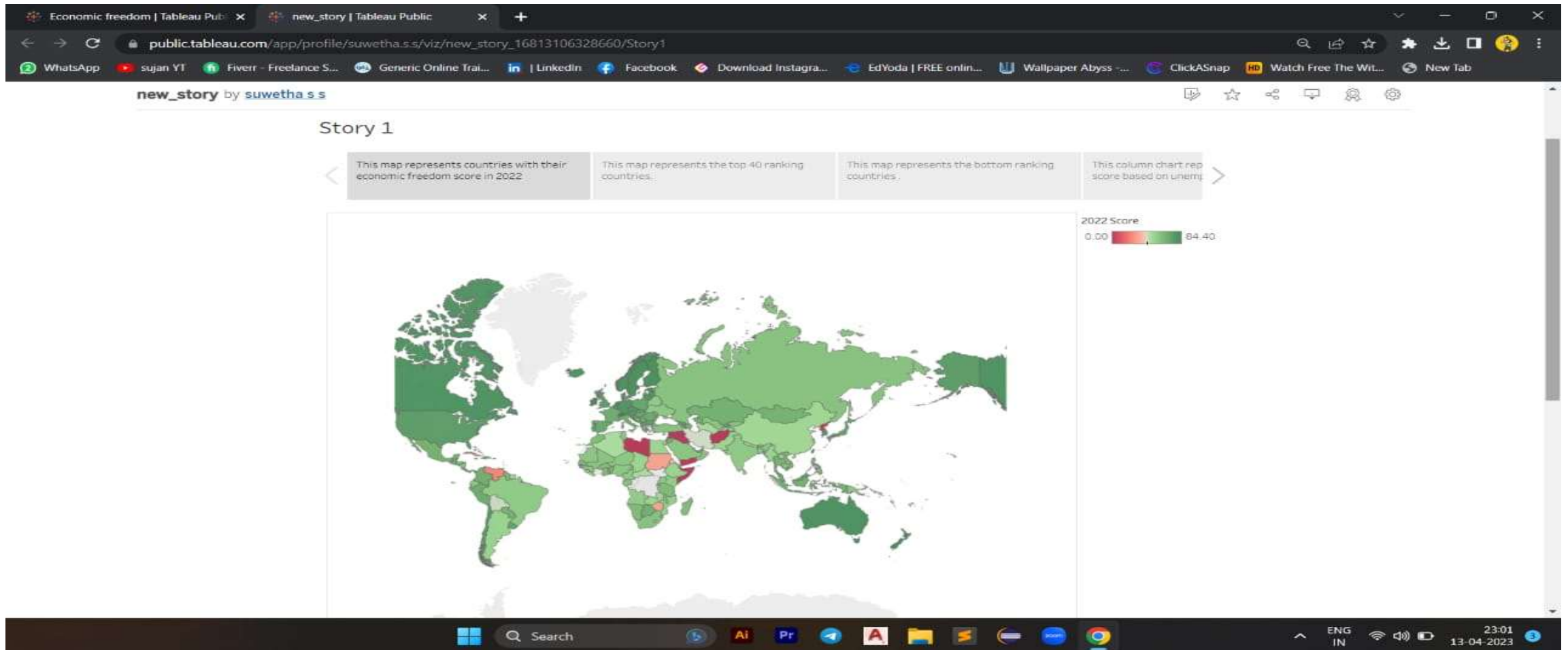
The screenshot shows a web browser window with multiple tabs. The active tab displays a PDF document titled "Untitled\_2023-03-17\_14-20-51.pdf". The document is a guide for brainstorming and idea prioritization, divided into seven sections:

- Brainstorm & idea prioritization**: Introduction to the process.
- Before you collaborate**: Steps to prepare for a collaborative session.
- Define your problem statement**: Instructions on how to define the problem.
- Brainstorm**: A grid of yellow sticky notes representing brainstormed ideas.
- Group ideas**: A grid of colored sticky notes representing grouped ideas.
- Prioritize**: A grid of sticky notes on a coordinate system with "Impact" on the y-axis and "Effort" on the x-axis.
- After you collaborate**: Steps to follow after the session.

The browser's address bar shows the file path: "C:/Users/ELCOT/Documents/Downloads/Untitled\_2023-03-17\_14-20-51.pdf". The Windows taskbar at the bottom shows the search bar and various application icons.

# Resut

## Story

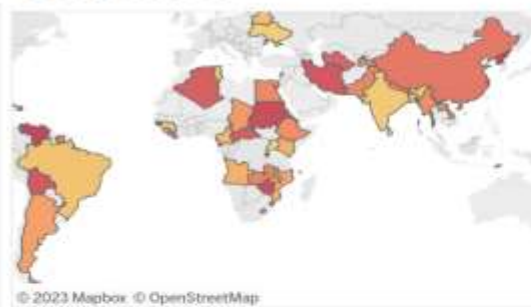


- Dashboards

2022 Economic freedom score



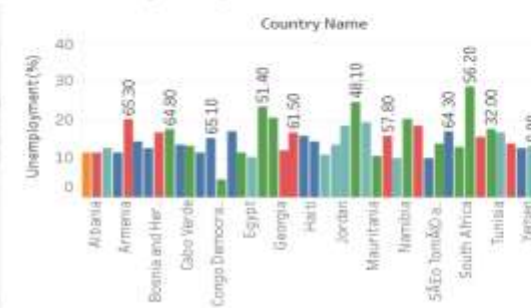
Bottom ranking countries



Top 40 ranking countries

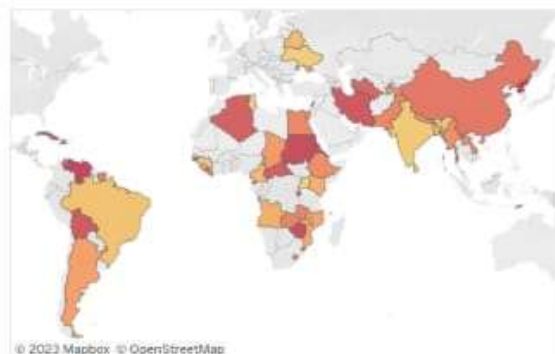


Index score based on unemployment rate

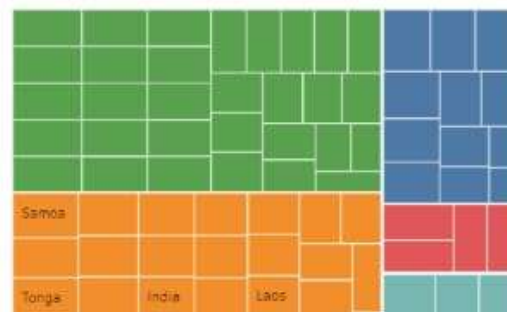


Economic freedom by suwetha.s.s

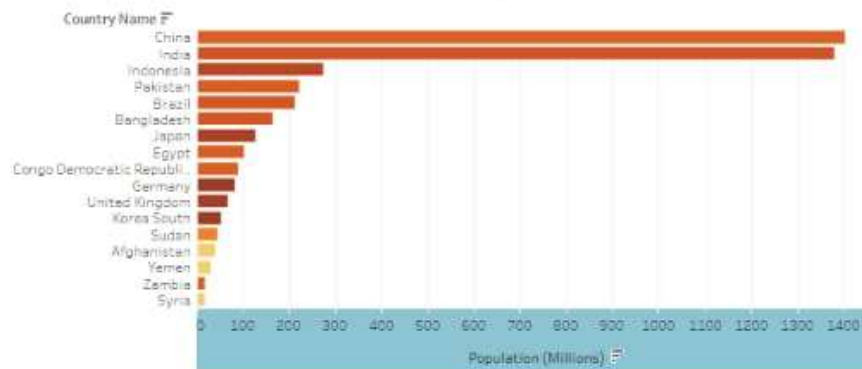
### Bottom ranking countries



### Index score based on financial freedom



### Index score based on population



Dashboard 1

Dashboard 3



Search

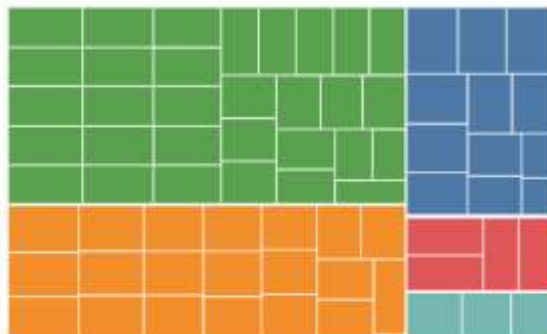


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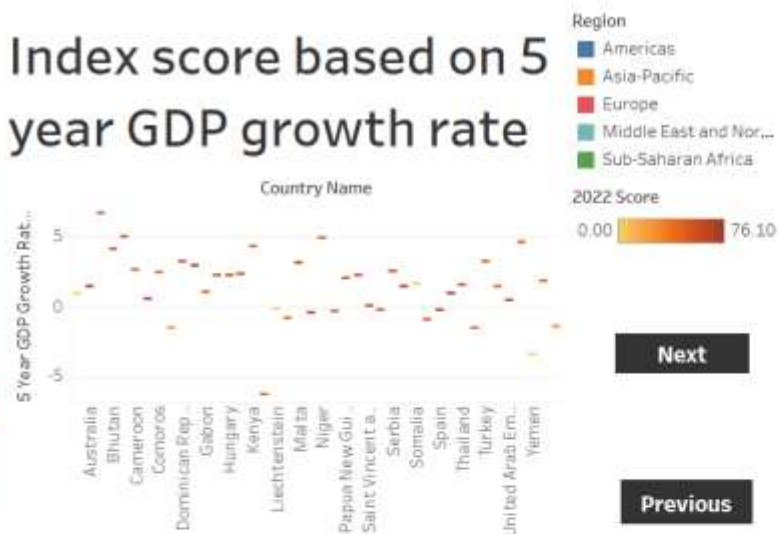
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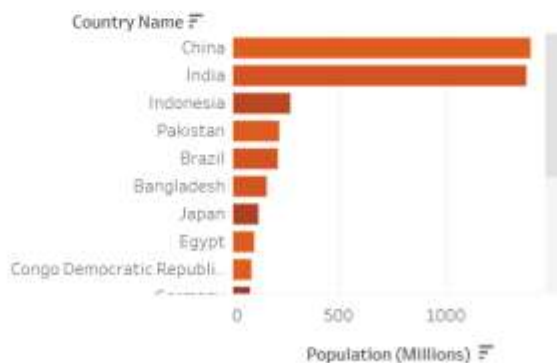
## Index score based on financial freedom



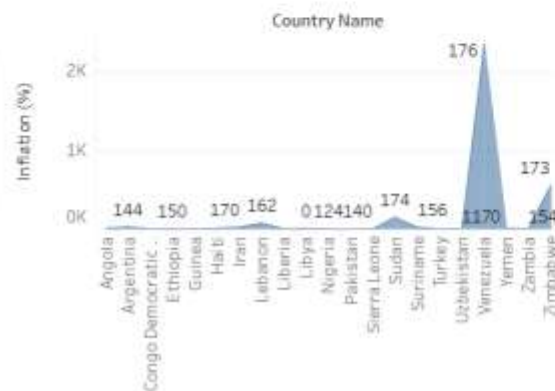
## Index score based on 5 year GDP growth rate



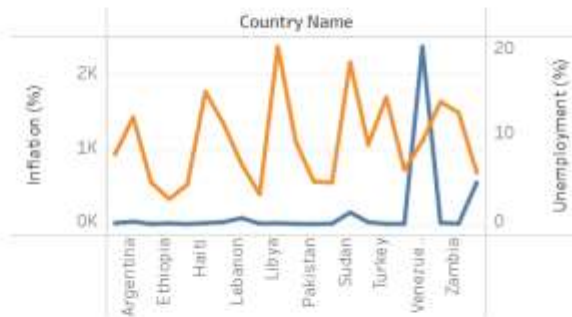
## Index score based on population



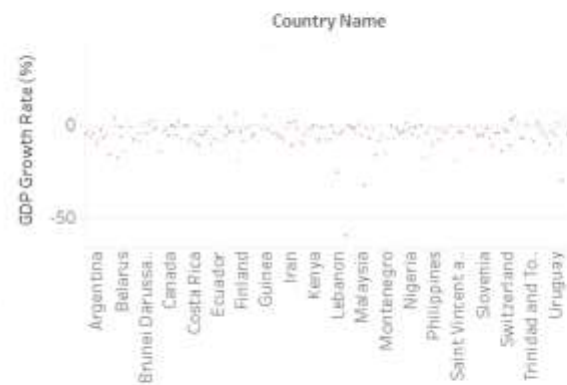
## Inflation rate in different countries



## Correlation between inflation and unemployment



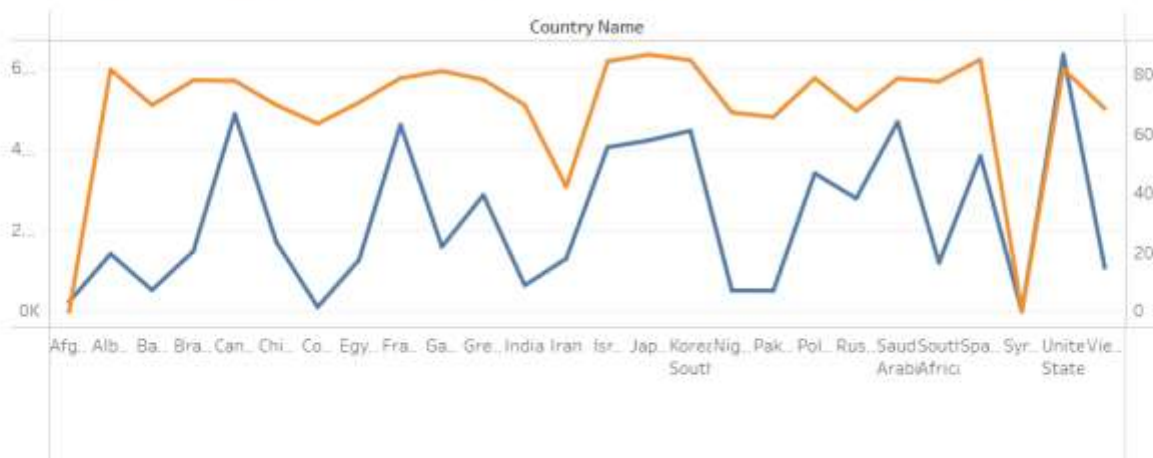
## Top 40 countries by GDP growth rate



Measure Names  
 Inflation (%)  
 Unemployment (%)  
 World Rank  
 0 177

Previous

## Correlation between GDP and monetary freedom



# Web Page



# Advantages And Disadvantages

## **Advantages:**

- ✓ The study of economics helps people understand the world around them. It enables people to understand people, businesses, markets and governments, and therefore better respond to the threats and opportunities that emerge when things change.
- ✓ Economic freedom smooths the business cycle - Economic freedom not only helps the economy grow faster overall, but it also makes growth less volatile.
- ✓ An economic advantage is a position or capability that allows you to outperform in a particular market. It's a similar concept to competitive advantage but at the level of economic fundamentals
- ✓ Increased efficiency, productivity, fair competition, and innovation are key advantages of a market economy.
- ✓ 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 ...

## **Disadvantages:**

- Societies with pronounced economic inequality suffer from lower long-term GDP growth rates, higher crime rates, poorer public health, increased political inequality, and lower average education levels.
- Some disadvantages could include: Creates scarcity due to an inability to plan for individual needs. Forces government rationing due to inability to calculate demand on set prices. Eliminates market competition, resulting in a lack of innovation and advancement.
- High rates of unemployment or underemployment. Increasing inequality, with many not being included in the growth process. High rates of poverty and low growth. Volatile growth dependent on one source.
- Increased efficiency, productivity, fair competition, and innovation are key advantages of a market economy. On the other hand, the disadvantages of a market economy are intense competition, poor working conditions, environmental degradation, and economic disparities.
- 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

1. Economic factors include economic growth, percentage of unemployment, inflation, interest and exchange rates, and commodity (oil, steel, gold, etc) prices. These affect the discretionary income and purchasing power of households and organisations alike.
2. There is a positive correlation between economic freedom and a country's overall prosperity and growth rate due to economic development. Free countries with market economies tend to have a greater wealth per capita, cleaner environments, higher life expectancy, and less poverty
3. An index of economic freedom measures jurisdictions against each other in terms of parameters such as trade freedom, tax burden, judicial effectiveness, and more. These factors may be weighted according to their influence on economic freedom and compiled into a single score that allows for a ranking.

# Conclusion

- ❖ In conclusion, all economic systems are designed to manage the production, consumption, and distribution of goods and services, they simply have varying degrees of control along the economic spectrum.
- ❖ Inflation creates economic uncertainty and is a dampener to the investment climate slowing growth and finally it reduce savings and thereby consumption. The producers would not be able to control the cost of raw material and labour and hence the price of the final product.
- ❖ Unemployment is inversely related to productivity of the economy

# Future Scope

- We expect the U.S. economy to expand at a muted 0.5-1% pace in 2023, as measured by real GDP, which incorporates our prediction for a mild recession beginning in late 2023. This would be a further deceleration in growth from 1.5-2% in 2022, 6% in 2021, and the longer-term average annual growth rate of 1.8%.
- We expect India to grow in the range of 6.5%–6.9% in FY 2022–23 and 5.8%–6.3% in FY 2023–24. Considering the extent of volatility associated with the global and domestic economy, we are restricting the duration of our projection to just a year ahead.
- The Indian economy is projected to record relatively healthy Gross Domestic Product (GDP) growth of 6.9% in 2022-23 and inflation has started moderating.
- Economic growth increases state capacity and the supply of public goods. When economies grow, states can tax that revenue and gain the capacity and resources needed to provide the public goods and services that their citizens need, like healthcare, education, social protection and basic public services.



# Appendix

Source Code: <D:\my\resume\Arsha\index.html>