

# **Project Report (MEAURING THE PULSE OF PROSPERITY:AN INDEX OF ECONOMIC FREEDOM ANALYSIS)**

## **1. 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.**

### **1.2 Purposes**

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

## 2.1 Empathy map

### EMPATHY MAP

#### HEAR

- What friends say
- What boss says
- What influencers say

#### SEE

- Environment
- Friends and Family
- What the market offers



#### SAY & DO

- Attitude in public
- Appearance
- Behaviour towards others

#### THINK & FEEL

- What really counts
- Major preoccupations
- Worries & aspirations

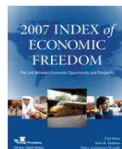
Pain

Fears

Success

Gain

## 2.2 Ideation & Brainstorming Map



### Measuring Freedom: Revised Methodology

#### 10 Factors (Old Methodology)

Regulation  
Trade Policy  
Fiscal Burden  
Government Intervention  
Monetary Policy  
Wages and Prices  
Foreign Investment  
Banking and Finance  
Property Rights  
Informal Market

#### 10 Freedoms (New Methodology\*)

→ → Business Freedom  
→ → Trade Freedom  
→ → Fiscal Freedom  
→ → Freedom from Government  
→ → Monetary Freedom  
→ → Investment Freedom  
→ → Financial Freedom  
→ → Property Rights  
→ → Freedom from Corruption  
+ Labor Freedom

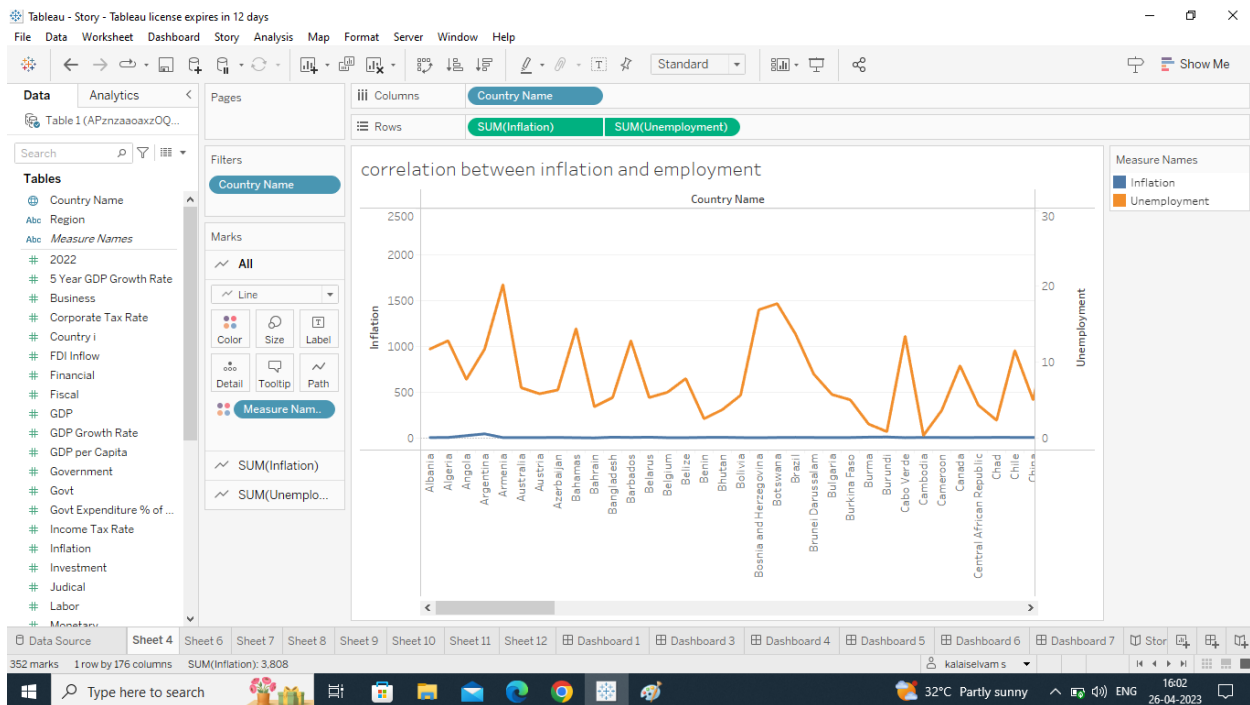
\*New methodology is applied to all previous years, 1995-2007

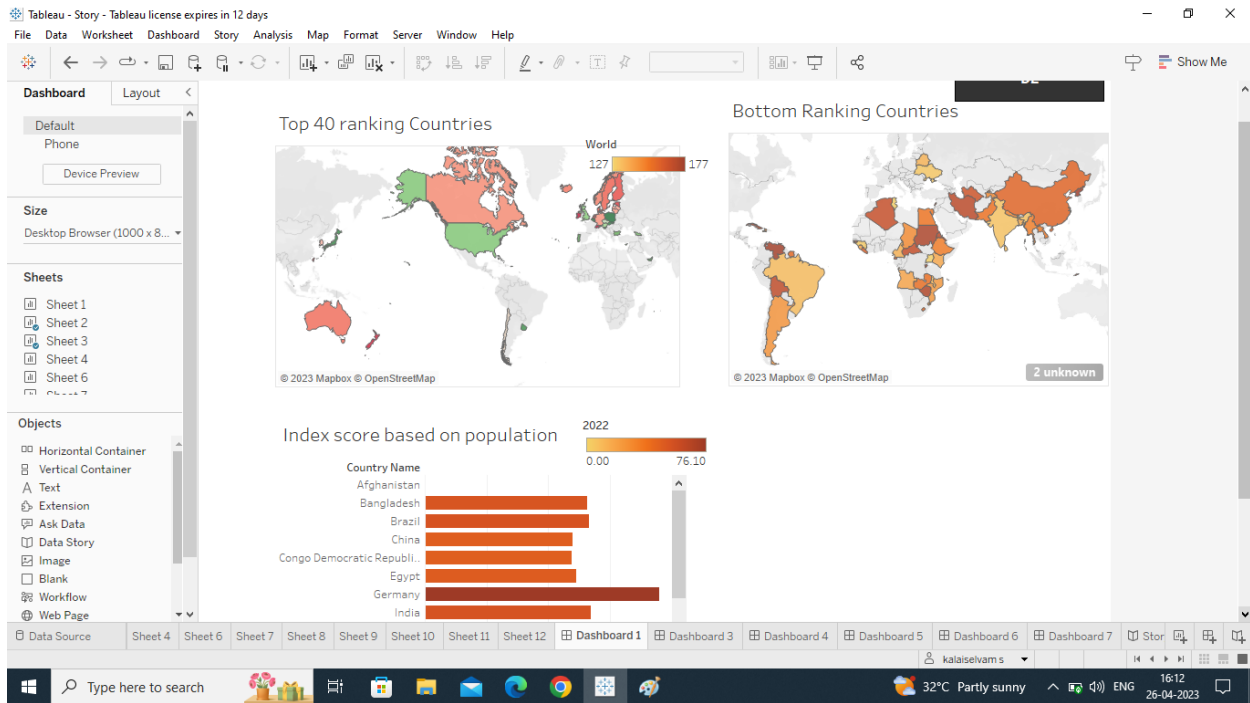
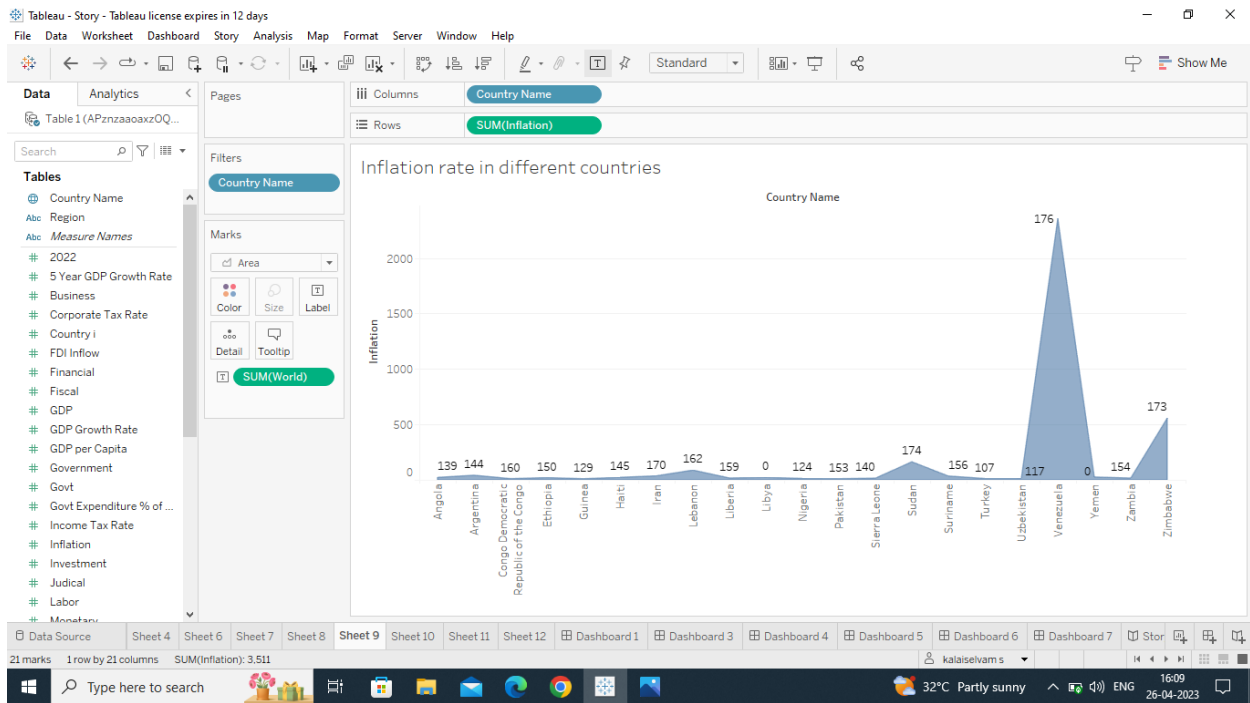
### 3. RESULT

**Social Impact:** The Index of Economic Freedom is a helpful tool for a variety of audiences, including academics, policymakers, journalists, students, teachers, and those in business and finance. The Index is an excellent objective tool for analyzing 184 economies throughout the world and each country page is a resource for in-depth analysis of a country's political and economic developments.

**Business Impact:** Indexes of economic freedom arose in the discipline of economics as part of New Institutional Economics, specifically from the study of the relationship between political-economic institutions and economic development. Going back at least as far as the ideas of classical economists, such as Adam Smith, there had been a strong streak of free-market-oriented thought in economics

### 3.2 ACTIVITY SCREENSHOT





#### **4. TEAM DETAILS**

**TEAM LEADER : S.Kalaiselvam**

**TEAM MEMBER 1 : P. Muthusaran**

**TEAM MEMBER 2 : S. Mohamed juhail afsal**

**TEAM MEMBER 3 : V. Hareesh ragul**

#### **5. ADVANTAGES & DISADVANTAGES**

##### **ADVANTAGES**

Defenders of GDP say that the statistic is not designed to do what is now asked of it. A creature of the 1930s slump and the exigencies of war in the 1940s, its original purpose was to measure the economy's capacity to produce. Since then, GDP has become a lodestar for policies to set taxes, fix unemployment and manage inflation.

Yet it is often wildly inaccurate: Nigeria's GDP was bumped up by 89% in 2014, after number-crunchers adjusted their methods. Guesswork prevails: the size of the paid-sex market in Britain is assumed to expand in line with the male population; charges at lap-dancing clubs are a proxy for prices

##### **DISADVANTAGES**

The data and processes needed to measure global poverty and gauge improvements in the prosperity of the bottom 40% of people in each country present complex challenges and provoke considerable debate amongst poverty experts.

From the comparability of household surveys and their use in policy design to the utility of purchasing power parity data as a unifying standard for measuring the poor, the devil in global poverty analysis is in the details. It's also vital to understand the World Bank's recently adopted twin goals in a broader context, to see how they fit into a broader array of monitorable indicators that each come with their own specific features and insights.

#### **6. APPLICATIONS**

An index of economic freedom is a composite measure of the quality of political-economic institutions across different jurisdictions.

Scores and ranks in an index are based on criteria that the creators of the index judge as being relevant, which vary from one index to another.

These indexes are motivated by the observation that economies that are more free-market based tend to experience greater levels of investment, more rapid growth, and higher average incomes.

Investors can use the index of economic freedom as a quick way to monitor the changes in economies where they are interested in exposure

## 7. CONCLUSION

WHICH would you prefer to be: a medieval monarch or a modern office-worker? The king has armies of servants. He wears the finest silks and eats the richest foods. But he is also a martyr to toothache. He is prone to fatal infections. It takes him a week by carriage to travel between palaces. And he is tired of listening to the same jesters. Life as a 21st-century office drone looks more appealing once you think about modern dentistry, antibiotics, air travel, smartphones and YouTube.

## 8. FUTURE SCOPE

This study investigates the natural resource rent and financial development nexus by subsuming the critical role of institutional quality in this paradigm in a sample of 87 Emerging and Developing Economies (EMDEs), during the period from 1984 to 2018. The findings demonstrate that natural resources rent undermines finance and supports the natural resource curse hypothesis in the financial sector of EMDEs.

## APPENDIX

### Source code - Dashboard

Link: [https://public.tableau.com/views/2022economicfreedomscore/Dashboard1?:language=en-GB&:display\\_count=n&:origin=viz\\_share\\_link](https://public.tableau.com/views/2022economicfreedomscore/Dashboard1?:language=en-GB&:display_count=n&:origin=viz_share_link)

### Source code – story

Link: [https://public.tableau.com/views/Story\\_16825007123290/Story1?:language=en-GB&publish=yes&:display\\_count=n&:origin=viz\\_share\\_link](https://public.tableau.com/views/Story_16825007123290/Story1?:language=en-GB&publish=yes&:display_count=n&:origin=viz_share_link)