

Pakistan less ‘miserable’ than India

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A leading think tank of the United States has ranked Pakistan the 29th miserable economy of the world.

Released recently by Washington DC-based Cato Institute, a conservative public policy research body, Pakistan fares relatively well on the [World Misery Index 2013](#), compared to neighbouring India that ranked 22nd in terms of economic misery.

Originally developed by American economist Arthur Okun, and later improved upon by Harvard University professor Robert Barro, the scores for the World Misery Index for each of the 89 economies is calculated by adding the unemployment rate, the lending rate and the inflation rate, and then subtracting the percentage change in the real gross domestic product (GDP) per capita for a given year.

Pakistan appears among the top one-third nations that are most miserable mainly because of the high interest rate which, according to Cato Institute, is the major contributing factor behind its overall high score on the index.

The State Bank of Pakistan’s (SBP) reverse repo rate, also known as policy rate or discount rate, stood at 9.5% at the beginning of 2013. The central bank decreased it to 9% in June, but increased it to 9.5% in September and 10% in November.

Pakistan’s unemployment rate for 2013 was 5.2%, as per the International Labour Organization. Its average inflation during the last calendar year remained 7.7%. Pakistan’s GDP per head was \$1,297 during the same year, according to the Economist Intelligence Unit.

The most miserable nation, according to the index, is Venezuela, which is followed by Iran. Unlike Pakistan and India whose high scores on the index are based primarily on high interest rates, both Venezuela and Iran owe their status of the two most miserable economies of the world due to extremely high inflation rates.

Although Venezuela's official inflation rate for 2013 was 56.2% (which is exceptionally high in itself), Cato Institute estimates the Latin American nation's annual implied inflation rate at the end of 2013 was as high as 278%.

Similarly, Iran's inflation rate for 2013 was 39.3%, according to the World Bank.

Egypt (ranked sixth) and Turkey (13th) performed worse than Pakistan on the index. Indonesia (30), Bangladesh (31), Sri Lanka (51), United States (71) and Malaysia (83) were better off.