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Cheering up the misery index

Tribune Editorial

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Finding a sustainable way to reduce borrowing rates will be key to improve our score

The country's ranking on the Cato Institute's Misery Index does not reveal any new facts.

Being based solely on economic indicators, it misses factors such as literacy and inequalities, so reveals less than the human development and social indices on which Bangladesh scores relatively well for its economy's size. The misery index is more useful when comparing economic management by different governments within the same country. However, it is too narrow to meaningfully compare different countries.

Bangladesh's score of 20.8 is within a point of major economies such as Italy and Russia and is better than India and Pakistan. Its ranking of 31 is in the lower reaches of the 51 countries found with scores of 15 or above, out of the total 90 countries compared.

Scores were calculated under a variant of the traditional misery index (sum of inflation plus unemployment) by subtracting the real percentage change in GDP per capita from the sum total of unemployment rate, bank lending rate, and inflation rates.

Were it not for a GDP growth rate above the world average, the country's ranking would be worse, due to the large number of people not in formal employment.

In common with other SAARC nations in the report, high interest rates were the biggest contributor to the country's score.

The underlying figures are still important to note however. Bangladesh's score on this index still needs to be lowered. Finding a sustainable way to reduce borrowing rates will be key as this would create jobs and boost growth.