

## MENA's Misery Indices, a Story of Economic Failure

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March 11, 2015

In my misery index, I calculate a ranking for all countries where suitable data exist. The misery index -- a simple sum of inflation, lending rates and unemployment rates, minus year-on-year per capita GDP growth -- is used to construct a ranking for 108 countries. The table below is a sub-index of all Middle East and North African (MENA) countries presented in the world misery index.

2014 MENA Misery Rankings

Rank (Worst to Best)	Country	Misery	Major Contributing Factor
1	Syria	63.9	Unemployment
2	Iran	49.1	Inflation
3	Sudan	38.7	Inflation
4	Palestinian Territories	33.5	Unemployment
5	Egypt	32.7	Unemployment
6	Turkey	29.7	Lending Rate
7	Jordan	23.6	Unemployment
8	Algeria	20.5	Unemployment
9	Saudi Arabia	20.4	Unemployment
10	Morocco	14.8	Unemployment
11	Qatar	11.8	Lending Rate
12	Israel	11.2	Unemployment
13	Bahrain	9.8	Lending Rate
14	Kuwait	9.7	Lending Rate

Sources: GDP, Inflation, and Unemployment are from The International Monetary Fund; Lending Rate is from the Economist Intelligence Unit and The World Bank; Calculations by Prof. Steve H. Hanke, The Johns Hopkins University.

Notes:  
 -Djibouti, Iraq, Lebanon, Libya, Mauritania, Oman, Tunisia, and Yemen lacked the data necessary to calculate their 2014 misery indexes.  
 -The median misery value is 22.045  
 Methodology: Misery Index = Inflation Rate (End of Year) + Bank Lending Interest Rates + Unemployment Rate - Actual % Change in GDP per capita

A higher score in the misery index means that the country, and its constituents, are more miserable. Indeed, this is a table where you do not want to be first.

Syria and Iran were the most miserable in the region. War and sanctions have taken their toll. Bahrain and Kuwait are at the other end of the spectrum, with low (read: good) misery index scores.

Two points worth noting are somewhat related. First, the majority of countries in MENA have elevated misery index scores -- scores above 20. These poor scores indicate structural problems that require serious economic reforms. The second point, as indicated in the notes to the table, is that the governments in eight MENA countries were not even capable of producing the basic

data required to calculate a misery index score. This represents government failure and suggests a lack of capacity to implement structural economic reforms.

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