

Misery index (economics)

The **misery index** is an [economic indicator](#), created by economist [Arthur Okun](#), the misery index helps determine how the average citizen is doing economically and it is calculated by adding the seasonally adjusted [unemployment rate](#) to the annual [inflation rate](#). It is assumed that both a higher rate of unemployment and a worsening of [inflation](#) create economic and social costs for a country.

Misery index – era by U.S president

Index = Unemployment rate + Inflation rate

President	Time Period	Average	Low	High	Start	End	Change
Harry Truman	1948–1952	7.88	3.45 – Dec 1952	13.63 – Jan 1948	13.63	3.45	-10.18
Dwight D. Eisenhower	1953–1960	9.26	2.97 – Jul 1953	10.98 – Apr 1958	3.28	9.96	+4.68
John F. Kennedy	1961–1962	7.14	6.40 – Jul 1962	8.38 – Jul 1961	8.31	6.82	-1.49
Lyndon B. Johnson	1963–1968	6.77	5.70 – Nov 1965	8.19 – Jul 1968	7.02	8.12	+1.10
Richard Nixon	1969–1974	10.57	7.80 – Jan 1969	17.01 – Jul 1974	7.80	17.01	+9.21
Gerald Ford	1974–1976	16.00	12.66 – Dec 1976	19.90 – Jan 1975	16.36	12.66	-3.70
Jimmy Carter	1977–1980	16.26	12.60 – Apr 1978	21.98 – Jun 1980	12.72	19.72	+7.00
Ronald Reagan	1981–1988	12.19	7.70 – Dec 1986	19.33 – Jan 1981	19.33	9.72	-9.61
George H. W. Bush	1989–1992	10.68	9.64 – Sep 1989	14.47 – Nov 1990	10.07	10.30	+0.23
Bill Clinton	1993–2000	7.80	5.74 – Apr 1998	10.56 – Jan 1993	10.56	7.29	-3.27
George W. Bush	2001–2008	8.11	5.71 – Oct 2006	11.47 – Aug 2008	7.93	7.39	-0.54
Barack Obama	2009–Aug 2015 Incomplete data	9.41	5.30 – Aug 2015	12.97 – Sep 2011	7.83	5.30	-2.53

Variations

Harvard Economist [Robert Barro](#) created what he dubbed the "Barro Misery Index" (BMI), in 1999. The BMI takes the sum of the inflation and unemployment rates, and adds to that the interest rate, plus (minus) the shortfall (surplus) between the actual and trend rate of GDP growth.

In the late 2000s, Johns Hopkins economist [Steve Hanke](#) built upon Barro's misery index and began applying it to countries beyond the United States. His modified misery index is the sum of the interest, inflation, and unemployment rates, minus the year-over-year percent change in per-capita GDP growth.

Hanke has recently constructed a World Table of Misery Index Scores by exclusively relying on data reported by the Economist Intelligence Unit. This table includes a list of 89 countries, ranked from worst to best, with data as of December 31, 2013 (see table below).

2013 Misery Index Scores - Global

Rank (Worst to Best)	Country	Misery Index	Major Contributing Factor	Rank (Worst to Best)	Country	Misery Index	Major Contributing Factor
1	VENEZUELA	79.4	Consumer Prices	46	ALGERIA	16.8	Unemployment
2	IRAN	81.6	Consumer Prices	47	MOLDOVA	16.7	Interest Rate
3	SERBIA	44.8	Unemployment	48	SLOVAKIA	16.5	Unemployment
4	ARGENTINA	43.1	Consumer Prices	49	ICELAND	16.3	Interest Rate
5	JAMAICA	42.3	Interest Rate	50	CZECH REPUBLIC	15.0	Unemployment
6	EGYPT	38.1	Unemployment	51	SRI LANKA	15.0	Interest Rate
7	SPAIN	37.6	Unemployment	52	CHILE	14.6	Interest Rate
8	SOUTH AFRICA	37.4	Unemployment	53	HUNGARY	14.3	Unemployment
9	BRAZIL	37.3	Interest Rate	54	VIETNAM	14.0	Interest Rate
10	GREECE	36.4	Unemployment	55	FINLAND	13.9	Unemployment
11	MACEDONIA	35.7	Unemployment	56	FRANCE	13.9	Unemployment
12	PALESTINIAN TERRITORY	32.9	Unemployment	57	ESTONIA	13.8	Unemployment
13	TURKEY	32.7	Interest Rate	58	MOROCCO	13.3	Unemployment
14	CYPRUS	30.7	Unemployment	59	AUSTRALIA	13.3	Interest Rate
15	CROATIA	30.5	Unemployment	60	LITHUANIA	13.0	Unemployment
16	DOMINICAN REPUBLIC	29.8	Unemployment	61	MEXICO	12.9	Unemployment
17	TUNISIA	29.5	Unemployment	62	UNITED KINGDOM	12.9	Unemployment
18	GEORGIA	27.7	Unemployment	63	BELGIUM	12.9	Unemployment
19	NICARAGUA	27.0	Interest Rate	64	ECUADOR	12.7	Interest Rate
20	HONDURAS	26.8	Interest Rate	65	EL SALVADOR	12.4	Unemployment
21	COSTA RICA	25.6	Interest Rate	66	ROMANIA	12.2	Interest Rate
22	INDIA	25.6	Interest Rate	67	PHILIPPINES	11.7	Unemployment
23	JORDAN	25.3	Unemployment	68	KAZAKHSTAN	11.7	Interest Rate
24	UKRAINE	24.4	Interest Rate	69	NETHERLANDS	11.5	Unemployment
25	PERU	23.9	Interest Rate	70	NEW ZEALAND	11.4	Unemployment
26	URUGUAY	23.8	Interest Rate	71	UNITED STATES	11.0	Unemployment
27	PORTUGAL	23.5	Unemployment	72	ISRAEL	11.0	Unemployment
28	BARBADOS	22.9	Unemployment	73	SWEDEN	10.5	Unemployment
29	PAKISTAN	21.9	Interest Rate	74	CANADA	10.5	Unemployment
30	INDONESIA	21.6	Interest Rate	75	LATVIA	10.3	Unemployment
31	BANGLADESH	20.8	Interest Rate	76	HONG KONG	10.1	Interest Rate
32	SLOVENIA	20.8	Unemployment	77	DENMARK	9.88	Unemployment
33	BOLIVIA	20.2	Interest Rate	78	GERMANY	9.08	Unemployment
34	ITALY	20.1	Unemployment	79	AUSTRIA	9.03	Unemployment
35	AZERBAIJAN	20.0	Interest Rate	80	NORWAY	8.75	Unemployment
36	RUSSIAN FEDERATION	19.9	Interest Rate	81	PANAMA	8.24	Interest Rate
37	POLAND	19.8	Unemployment	82	CHINA	7.90	Real GDP Growth
38	COLOMBIA	19.6	Interest Rate	83	MALAYSIA	7.88	Interest Rate
39	PARAGUAY	19.1	Interest Rate	84	QATAR	7.39	Interest Rate
40	SAUDI ARABIA	18.9	Unemployment	85	THAILAND	6.83	Interest Rate
41	MYANMAR	18.4	Interest Rate	86	KOREA, REP. OF	6.77	Interest Rate
42	MAURITIUS	18.2	Interest Rate	87	SINGAPORE	6.38	Interest Rate
43	TRINIDAD & TOBAGO	17.9	Interest Rate	88	TAIWAN	6.13	Unemployment
44	IRELAND	17.6	Unemployment	89	JAPAN	5.41	Unemployment
45	BULGARIA	17.2	Unemployment				

Sources: Economist Intelligence Unit (including estimates), IMF, calculations by Prof. Steve H. Hanke, The Johns Hopkins University.

Notes: The misery index score is the sum of the unemployment rate, the lending rate, and the inflation rate (consumer prices; end-of-period) minus the percent change in real GDP per capita. Only countries where all four data series were available from the Economist Intelligence Unit were included (2013 lending rate in Tunisia estimated at 8%).

World Table of Misery Index Scores as of December 31, 2013.

Political economists [Jonathan Nitzan](#) and [Shimshon Bichler](#) found a negative correlation between a similar "stagflation index" and corporate amalgamation (i.e. [mergers and acquisitions](#)) in the United States since the 1930s. In their theory, stagflation is a form of political economic sabotage employed by corporations to achieve [differential accumulation](#), in this case as an alternative to amalgamation when merger and acquisition opportunities have run out.

Criticism

A 2001 paper looking at large-scale surveys in Europe and the United States concluded that unemployment more heavily influences unhappiness than inflation. This implies that the basic misery index underweights the unhappiness attributable to the unemployment rate: "the estimates suggest that people would trade off a 1-percentage-point increase in the unemployment rate for a 1.7-percentage-point increase in the inflation rate."

Misery and crime

Some economists posit that the components of the Misery Index drive the crime rate to a degree. Using data from 1960 to 2005, they have found that the Misery Index and the crime rate correlate strongly and that the Misery Index seems to lead the crime rate by a year or so. In fact, the correlation is so strong that the two can be said to be [cointegrated](#), and stronger than correlation with either the unemployment rate or inflation rate alone. ^[*citation needed*]

Data sources

The data for the misery index is obtained from [unemployment](#) data published by the [U.S. Department of Labor \(U3\)](#) and the [Inflation Rate \(CPI-U\)](#) from the [Bureau of Labor Statistics](#). The exact methods used for measuring unemployment and inflation have changed over time, although past data is usually normalized so that past and future metrics are comparable.

References

External links

- [The current and historical Misery Index](#)
- [The Misery Index by President](#)
- [The Misery Index By Year](#)
- [Cato Publications Commentary](#)
- [Correlations of Misery Index and Consumer Sentiment](#)