Ländervergleich

auf Grund des Misery Index von Merrill Lynch

1

Der einfachste Misery Index addiert die Inflations- und Arbeitslosigkeitsrate. Je höher die Summe ausfällt, um so schlechter ist die Wirtschaftslage zu beurteilen (siehe frühere Notiz, hier anklicken).

2

Merrill Lynch berücksichtigt für Ländervergleiche weitere makroökonomische Indikatoren. Je höher die Gesamtsumme ausfällt, um so schlechter steht es um die Wirtschaftslage.

Formel von Merrill Lynch zur Berechnung des Misery Index

Inflationsrate **+** Arbeitslosigkeitsrate **-** Wachstumsrate des Bruttoinlandprodukts **+** Budgetdefizit des Staates (in % des BIP) **+** Leistungsbilanz-(CH: Ertragsbilanz-)Defizit **+** Zinsfuss für dreimonatige Geldmarktanlagen

Die Plusgrössen werden als "misery"-erhöhend betrachtet, die Minusgrössen als "misery"-senkend betrachtet, was im Falle einer Deflationsrate (Minusgrösse/Beispiel: Japan) problematisch ist.

Merrill Lynch hat den Misery Index der G7-Länder berechnet, und zwar für die Jahre 1994 bzw. 2005. Es fällt auf, dass per 2005 Japan am besten abschneidet, die USA am schlechtesten (zusätzlich mit einer grossen Verschlechterung im letzten Jahrzehnt). Der Artikel des Economist, der über den Misery-Index von Merrill Lynch berichtet, befindet sich auf Seite 3.

3

Der britische Internetdienst für Sozialwissenschaften (vor allem für Volks- und Betriebswirtschaftslehre) (tutor2u) hat die Zusammensetzung und den Verlauf des Merrill Lynch-Misery Index für Grossbritannien für die Jahre 1990 bis 2004 ermittelt. Der Artikel für diese Anwendung auf Grossbritannien befindet sich auf den Seiten 4 bis 6.

4

Interessant ist die Frage, wie hoch der gegenwärtige Merrill Lynch-Misery Index für die Schweiz ausfällt. Hier erfolgt die Berechnung:

Merrill Lynch-Misery Index (MI) für die Schweiz (Stand 2005/06)

Indikator	in %	Quelle: The Economist vom 28. Jan. 06	Berechnung des MI
Inflationsrate (Konsumgüter) (auf 1 Jahr bez.)	1.2	S. 100 (Schätzung für 2005)	+ 1.2
Arbeitslosigkeitsrate	3.8	S. 100 (Stand Dez.2005)	+ 3.8
Wachstumsrate BIP (auf 1 Jahr bezogen)	1.8	S. 100 (Schätzung für 2005)	- 1.8
Budgetdefizit (auf das BIP bezogen)	1.6	S. 101 (gemäss Schätzung OECD für 05)	+ 1.6
Ertragsbilanz**überschuss**	13.3	S. 101 (Schätzung für 2005)	- 13.3
Zinsfuss für dreimonatige Geldmarktanlagen	0.94	S. 101 (Stand 25. Januar 2006)	+ 0.94
Misery Index			**- 7.56**

Damit hat die Schweiz einen negativen Misery Index, was als gute Situation zu betrachten ist. Der Ertragsbilanz-überschuss von 13.3 % des BIP trägt in massgebender Weise zu diesem Resultat bei.

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Relative economic performance

Les misérables

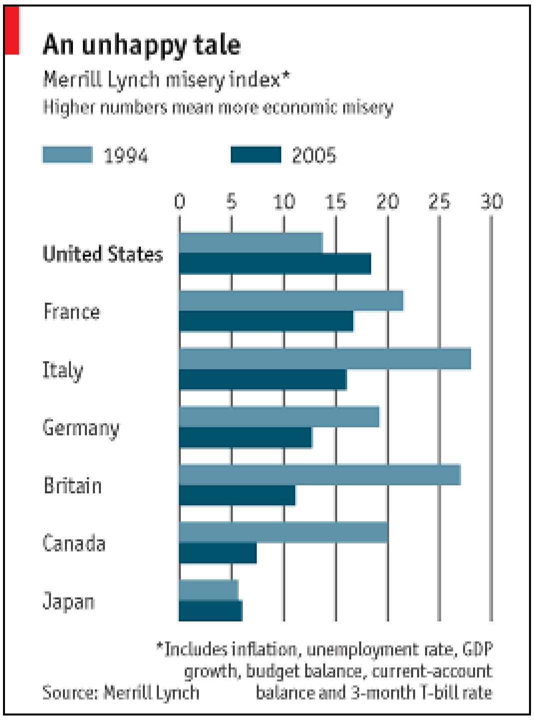
Jan 12th 2006
From The Economist print edition

The misery index celebrates its 30th birthday. Time for a revamp?

IS THE economy in a better or worse state than ten years ago? The "misery index" (the sum of unemployment and inflation rates) is a back-of-the-envelope gauge of economic health. The higher the score, the greater the economic misery. It was invented by Arthur Okun, an American economist, just after the first oil crisis of the 1970s caused a sharp rise in both unemployment and inflation. Jimmy Carter popularised the misery index during his successful presidential campaign in 1976.

The classic misery index makes America's economy look pretty good, compared both with the past few decades and with much of Europe, burdened by higher jobless rates. But like many people when they hit 30, the index may be due for a spruce-up.

Merrill Lynch's economists have come up with a broader, international index. In addition to unemployment and inflation, it also adds interest rates and the budget and current-account balances, but then subtracts GDP growth (a good thing). In other words, the index not only reflects how cheery an economy feels today, but, by including budget and external balances, it also captures the ability of a country to sustain its merriment. For example, a large budget deficit probably implies higher taxes in future.



This new index could wipe the smile off the faces of exuberant Americans. The United States has the highest score (see chart), ie, it has the most wretched economy among the big G7 countries, thanks to its huge deficits. In the 1990s, by contrast, before its imbalances exploded, its index was one of the lowest. The United States is the only country to have seen a large increase in its misery index over the past decade. Virtually all the other G7 countries—including Europe—have seen sizeable improvements.

Japan, after a decade of woe, is now back to where it was in 1994. However, Japan's misery index is somewhat misleading, since, in effect, it treats deflation as good, not bad.

The superstar that deserves to smile is Canada. Over the past decade it has seen the biggest reduction in its misery index of any G7 economy. It is the only country running both current-account and budget surpluses—in happy contrast to its southern neighbour.

The Misery Index

(Quelle: http://www.tutor2u.net/newsmanager/templates/?a=948&z=1)

Economists are often fond of finding novel ways of measuring the overall performance of a country both over time and relative to that of her major competitors. One indicator is known as the Misery Index. It is thought to have been first used by the economist Robert Barro from the University of Chicago although some people credit the Misery Index to another American economist Arthur Okun.
Writing in the 1970s, Barro simply added the rate of inflation to the rate of unemployment to give a crude measure of macroeconomic misery! Assuming that rising consumer price inflation and increasing rates of unemployment were both bad things, the measure quickly gained some currency especially during an age of stagflation, a combination of slow growth, fast-rising prices and more people out of work.

This measure of the misery index has often come under criticism. Firstly it tends to imply that price deflation is a good thing, try asking that to Japanese consumers and businesses who have struggled to come to terms with a decade or more of deflationary recession that only now appears to be coming to an end. And secondly the measure ignores other possible indicators such as interest rates.

Measuring the misery index for the UK economy

	1	2	3	4	5	6	7
	Unemployment	Inflation	Interest rates	Budget deficit	Current account	GDP growth	Misery Index
	LFS measure	CPI	3 month rate	net borrowing			
Year	% of labour force	% change	per cent	% of GDP	% of GDP	per cent	
1990	6.9	7.0	14.0	1.0	-4.0	0.7	32.2
1991	8.5	7.5	10.9	3.8	-1.8	-1.4	33.9
1992	9.8	4.3	7.2	7.6	-2.1	0.3	30.7
1993	10.5	2.5	5.3	7.8	-1.9	2.4	25.6
1994	9.8	2.0	6.5	6.3	-1.0	4.4	21.1
1995	8.8	2.6	6.5	4.8	-1.3	2.9	21.1
1996	8.3	2.5	6.4	3.5	-1.0	2.7	19.0
1997	7.2	1.8	7.5	0.8	-0.2	3.2	14.4
1998	6.3	1.6	6.2	-0.4	-0.5	3.2	10.9
1999	6.1	1.4	5.9	-1.7	-2.7	3.0	11.4
2000	5.6	0.8	5.8	-1.7	-2.6	4.0	9.1
2001	4.9	1.2	4.0	0.0	-2.2	2.2	10.1
2002	5.2	1.3	3.9	2.3	-1.6	2.0	12.3
2003	5.0	1.4	4.0	3.1	-1.5	2.5	12.4
2004	4.8	1.4	4.8	3.3	-2.0	3.2	13.1
2005							

Misery Index (7) = column 1 + 2 + 3 + 4 + - (5) – 6
The higher the number the worse in the state of economic misery!
A negative current account deficit is assumed to add to the Misery Index
Source of data: UK Treasury, OECD

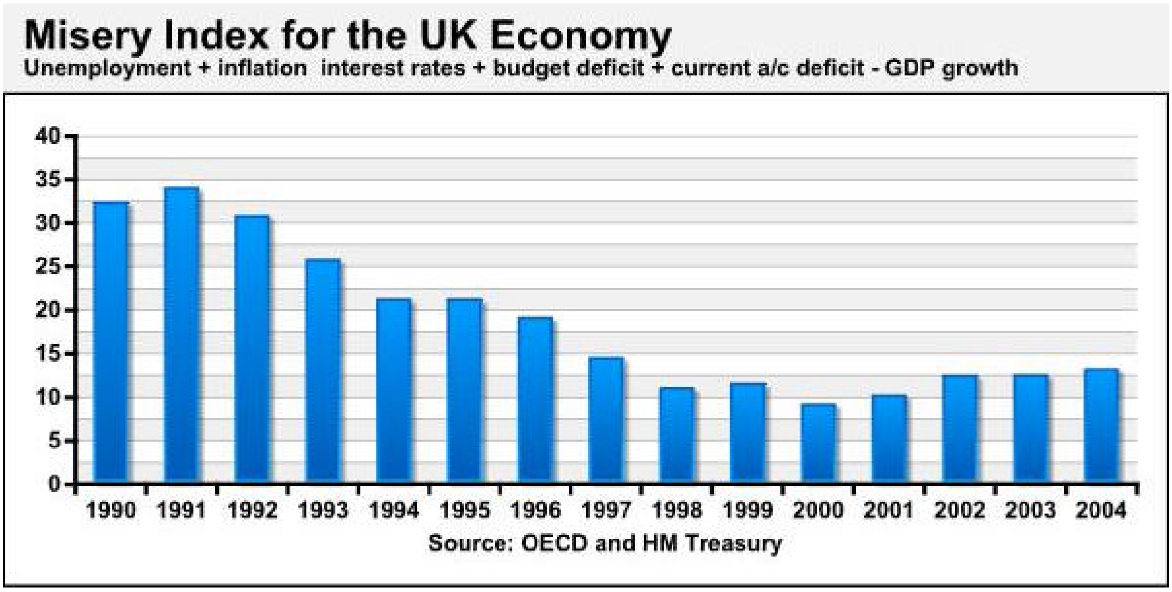
Economists at the US investment bank Merrill Lynch have recently published their own updated version of the misery index. Their calculation contains six macroeconomic indicators:

1. Unemployment - measured as a percentage of the labour force
2. Inflation – measured by the annual percentage change in consumer prices
3. Interest rates – the measure I have taken is the annual average for 3-month inter-bank lending
4. The budget deficit – e.g. government net borrowing as a percentage of national income
5. The current account balance taken from annual balance of payments statistics
6. Economic growth – measured by the annual percentage change in real GDP

According to the Merrill Lynch methodology, higher interest rates are assumed to add to our misery (is this true for people who are net savers?) and they assume that a rising budget deficit is also bad news because it implies higher taxes in the future if government borrowing leads to an unsustainable rise in the accumulated national debt. A country running a current account deficit on its balance of payments is also considered a negative factor for the misery index because it suggests that a country is not paying its way in international trade with other countries. (A counter argument to this is that a deficit in trade is not necessarily bad since it might reflect increased imports of new technology or simply a preference among domestic consumers to enjoy lower priced foreign-produced goods and services).

Finally the Merrill Lynch calculation takes away from the index the annual rate of growth of GDP. So faster growth reduces the overall state of misery (no account is taken of the sustainability of this short term growth in the years to come).

Reading the tea leaves for the United Kingdom



Taking data from the last fifteen years, the year 2000 appears to have been the sweet-spot for the UK macroeconomy over recent times. In that year a combination of strong growth, falling unemployment, low inflation and low interest rates were instrumental in reducing the misery index. Since then there has been a gradual but noticeable deterioration in the index. Growth has been weaker and the economy has experienced a widening of the current account of the balance of payments and also a higher government budget deficit. Unemployment has stopped falling but inflation and interest rates remain low.

The Merrill Lynch economists have done their number-crunching for all of the Group of Seven countries. Top of the pile using data for 2004 is Canada, the nation that has done most to improve her overall economic performance using these six indicators over the last decade. At the bottom lies the United States, her soaring current account and budget deficits currently push the USA to the worst-placed of all G7 countries. Britain came third behind China but ahead of Germany.

Here are some questions that you might want to think about and discuss:

1. Does the Merrill Lynch misery index exclude factors that are potentially useful in measuring the degree of economic misery? Can you think of other indicators? Personal bankruptcies? House prices, share valuations? Perhaps we might include a factor that combines these and considers the annual change in people's wealth?
2. In the calculation used in this article we assign no weightings between the various indicators, so a 0.5% increase in consumer price inflation has the same effect as a 0.5% decrease in the percentage of the labour force out of work. What case is there, if any, for applying some form of weighting to the calculations?

Of course the Misery Index in reality is really a light hearted way of expressing how well or how badly a country is doing in meeting some of the important macroeconomic indicators. Inevitably there will be some trade-offs between these objectives over time, although the trade-offs themselves can change as we have seen in Britain over the last twenty years. But the Misery Index does have some validity in my opinion. Britain has built up a fairly enviable record for "macroeconomic stability" over the last ten years or more and this is shown clearly both in a lower Misery Index for the UK and our high rankings when compared to other leading countries.

Suggestions for further reading

US misery index: www.miseryindex.us/

The Economist: "Revamping the misery index" www.economist.com/displaystory.cfm?story_id=5389316

Wikipedia: http://en.wikipedia.org/wiki/Misery_index_%28economics%29

I have included a final row for the 2005 data, as this becomes available you might want to add it to the table and then calculate whether 2005 was a better year for the UK than 2004! Did we get close to beating the best figure achieved in 2000?