

What You Measure is What You'll Get

By Anuradha Kataria

When we assess countries, there is a tendency to focus on the GDP figures, almost exclusively. No doubt the size of an economy counts as a big driver of global power, but a GDP does not tell the whole story. It is not a good measure of quality of life for the average citizen, care for the environment, freedom or long term sustenance. As more and more nations figure their ways about market oriented reforms, there is economic growth all around but it is ill matched by progress on other counts. What we measure is what we will improve. So to drive holistic development around the world, let us measure them on 10 factors.

1. Human Development Index – this is a composite index based on per capita income, literacy and health parameters.
2. Gini Coefficient of Inequality – this measures how evenly the income is distributed within a country.
3. Inflation Rate – this affects the cost of living especially for the working class and is also a good indicator of economic stability.
4. Corruption Perception Index – for long term sustenance, corruption has to decrease or else it tends to vitiate the economic and political environment of a country.
5. Global Peace Index – although an important criterion, the index itself is based on too many factors and does not seem discriminatory enough in the scores that result.
6. Carbon Dioxide Emission as Percent of World Emission – while debate about global warming is far from settled, greenhouse gases are undesirable and ought to be curtailed.
7. Environment Performance Index – this is essentially based on the air and water pollution in a country, primarily its key cities. It is ironic how developing nations often protest about focus on environment goals, citing poverty as an excuse. But turning the argument on its head, there is no reason why people have to suffer a poor environment on top of the poverty they already face. A clean safe environment is the minimum a nation must provide to its citizens. It is not some sort of an external global agenda but ought to be every nation's internal first priority.
8. Press Freedom Index – freedom of thought and expression is an important measure of freedom.

Apart from these eight indices, two others that would really help complete the picture are:

9. Crime Index – street crime is an important determinant of day to day freedom. In a small way it is captured in the Global peace index but again that index is too much of a potpourri and not discriminatory enough.
10. Infrastructure Index – Roads, public transport, water and power supply, drainage, toilets and other utilities are core to a decent living standard but not really captured in any index. We don't measure it and so we don't know if public utilities are improving or deteriorating in a country.

Let us look at a snapshot of nations from different global blocs on the eight criteria that we do already measure:

	HDI	Gini	Inflan.	Corrup	Global	CO2	Envt.	Press
		Coeff.	Rate	Percpn.	Peace	% of	Perf.	Freedom
				Index	Index	World	index	Index
Brazil	0.73	54.7	5.5	42	2.05	1.34	53	32.75
Russia	0.795	40.1	5.3	28	2.94	5.55	54	43.42
India	0.554	33.4	6	36	2.55	6.41	31	41.22
China	0.699	47	3.1	40	2.14	26.43	43	73.07
South Africa	0.629	63.1	5.2	42	2.29	1.47	54	24.56
Chile	0.819	52.1	2.8	71	1.59	0.23	70	26.24
UAE	0.818	31	1.1	69	1.68	0.53	73	33.49
Poland	0.821	34.1	3.6	60	1.53	1.01	70	13.11
Japan	0.912	38.1	0.1	74	1.29	3.73	72	25.17
US	0.937	45	1.5	73	2.13	17.33	68	18.22
Germany	0.92	28.3	2	78	1.43	2.38	81	10.24

BRICS Bloc - Emerging

In analyzing the table, let us first look at the BRICS bloc (Brazil, Russia, India, China, South Africa), which has shored up a mid level HDI between 0.6 – 0.8, of which India is the least developed country but does better than others on equality. Inflation is a constant struggle for all these nations though China does best. All of them face corruption issues and Russia is the worst on that count. BRICS’ global peace index is not too good but is the best for Brazil. China is the world’s largest emitter of greenhouse gases. In terms of environmental performance index, India does worse than others mainly due to its polluted waters as well as air. All nations score moderately on the Press freedom index, and South Africa does the best on this count.

Overall, the BRICS have a long way to go in terms of improving on issues like transparency, human rights and environmental performance.

CUP Bloc - Emerged

Chile, the United Arab Emirates and Poland have managed to shore up an HDI between 0.8 – 0.9. UAE does the best in terms of income equality, low inflation, low greenhouse gas emissions as well as high environment performance index. It is quite a regional role model. Poland too scores well across and notably has high press freedom. Not too long ago it was a poor nation but is clearly now on a fast track among the East European nations. Chile is the least corrupt of all and does well on environment performance though has high income inequality. Overall, the whole bloc does well on transparency and lack of corruption.

JUG Bloc – Post Emerged

Japan, the United States and Germany are three economies where HDI is higher than 0.9. Here Germany stands out with lowest inequality, lowest corruption perception, lowest CO2 emissions, highest Environmental performance index and highest level of press freedom. It is no coincidence that Germany does so well on all parameters. It is a result of strong systems – a balanced constitution that allows the executive to be strong enough to function, and measures such that governments don't fall too often and coalition partners are minimal in number. Further, it has one of the highest levels of central bank independence as well as strong judicial review over a constitution that is sacrosanct. It proves how strong but prudent systems can deliver good governance. Although often resented for its power, it really is one of the stabilizing forces in Europe and quite a pioneer whose contribution to evolving great democratic institutions and making them work is not recognized enough. And to top it all, it has the highest HDI as well.

Overall, we could say that BRICS have a long way to go in terms of improving transparency as well as care for the environment. In the middle section, Poland seems to be doing quite well and UAE is really a model Middle Eastern country with better press freedom than most developing world so-called democracies.

Again it needs to be mentioned that level of public services and infrastructure as well as the general crime level in a country are two benchmarks we need to measure to develop a better understanding of which nations are doing the best for their citizens; the basic premise being that a state exists for the sake of its people. On both these counts we may find China doing quite well.

So, again, what we measure is what we will get. If the size of GDP or its growth rate is all we measure, then that is what most nations will strive towards without much care for the environment, corruption, freedom or living standards for the common man. But if we seek a balanced world with holistic all round development, then we need to measure nations on these 10 criteria.

About the Author

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