

# Misery Index

## 1 Macroeconomic objectives (in addition to 'economic growth')

- Price stability ➔ no or modest inflation
  - Full employment ➔ no or little unemployment
- High inflation and high unemployment are macroeconomic problems.

## 2 The misery indices

A high misery index indicates macroeconomic problems because either the inflation rate or the unemployment rate or both rates are high.

### 21 Misery index I

Misery index I = Inflation rate + unemployment rate

### 22 Misery index II

Misery index II = Inflation rate + 2\*unemployment rate  
Unemployment is considered to be worse than inflation.

## 3 Examples of misery indices 2021

Countries	Inflation rate (%)	Unemployment rate (%)	Misery index I	Misery index II
US	6.8	4.2	11.0	15.2
Britain	5.1	4.2	9.3	13.5
Euro area	4.9	7.3	12.2	19.5
China	2.3	5.0	7.3	12.3
Japan	0.6	2.8	3.4	6.2

Source: <https://www.economist.com> (Economic data, 1 of 2) (dig. ed. 8.1.2022)