

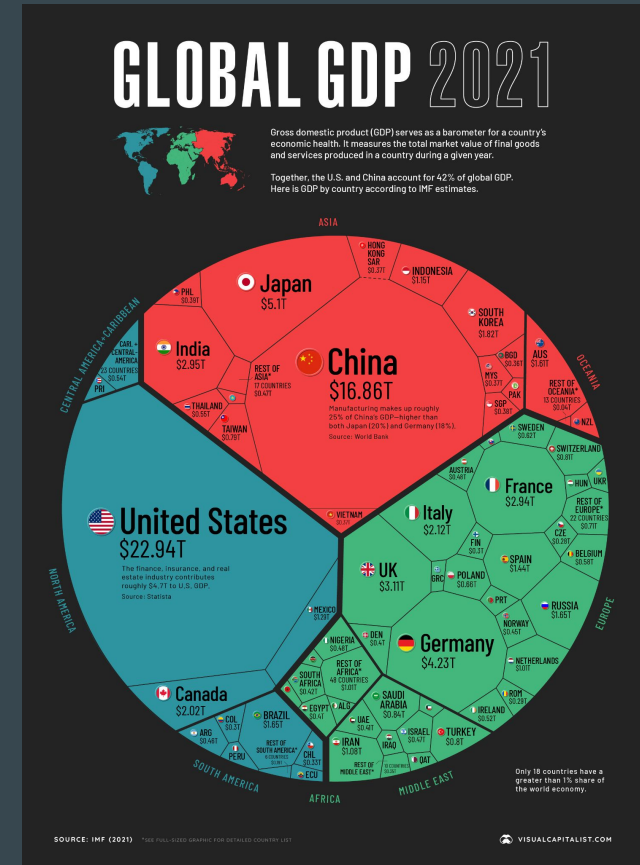
Additional Factors for Evaluating Economic Health



By: Ricardo Jimenez, Rafael Santos, and Annika Lambach

Traditional Economic Indicators

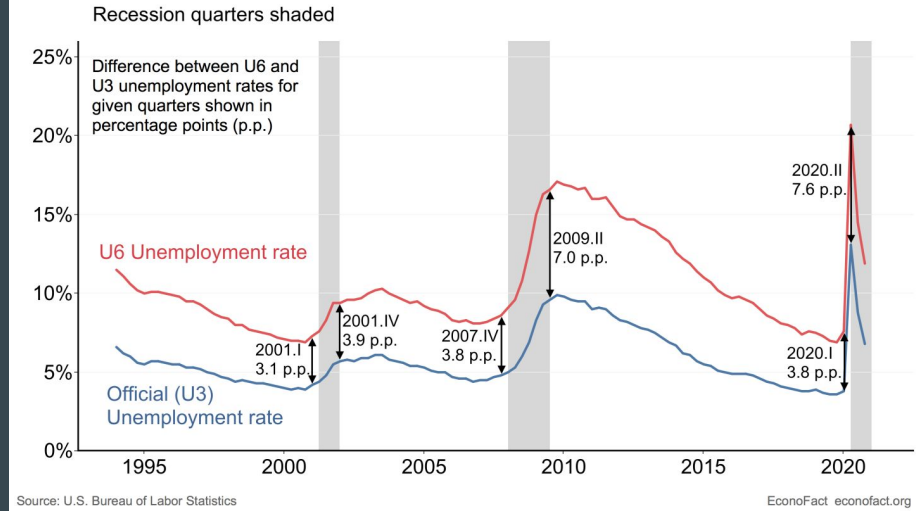
- Gross domestic product (GDP)
 - A country's productivity
 - Limitations
 - Doesn't tell the whole story
- Citizens are affected by other factors besides monetary
 - Wellbeing
 - Health
 - Relationships
 - Emotions



Labor Market Indicators

- Determine job opportunities for citizens
- Unemployment rates are a good indicator of economic health
- Employment & wage growth = more opportunities for high skilled jobs
- Can be misleading
 - Official unemployment does not include the unemployed who are not actively seeking employment

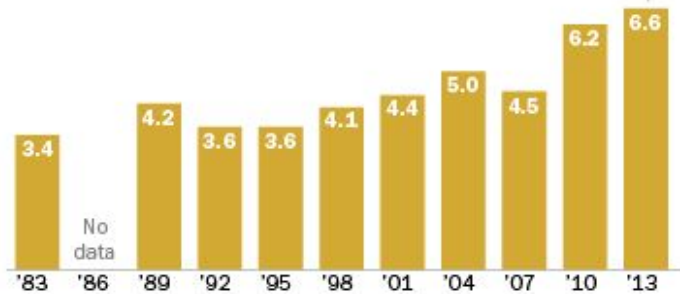
UNEMPLOYMENT RATES AND RECESSION PERIODS U3 (OFFICIAL) AND U6 UNEMPLOYMENT RATES, 1994 TO 2020



Social Factors

Wealth Gap Between Upper- and Middle-Income Households at Record High

Median net worth of upper-income families is ... times greater than that of middle-income families



Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

PEW RESEARCH CENTER

- Levels of income inequality can be indicators of economic health
 - Dispersed upper, middle, and lower class = diverse economy
 - Majority lower class = bad economical position
- A countries social structure
 - Leads to long term success
 - Or failure of their economy

Health and Demographic Factors

Top 10 countries with the highest life expectancy

Current health expenditure (% of GDP)

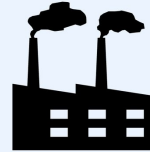
Source: World Bank, 2019 (The data was retrieved on Jan 30, 2022)



- Good economy = healthier citizens who live longer
 - Better health care
 - Easier access to food and water
- Better economies tend to value health highly

Environmental Factors

- How sustainable a country's practices are
 - Influence on long-term economic health
- Good economies = caring more about the environment
 - Restrictions on pesticides
 - Emission restrictions
 - Limitations on waste



Air pollution
and emissions



Animals



Water
pollution



Drilling and
extraction

Innovation and Technology

- Robust infrastructure = a better off country
- Digital infrastructure is now paralleled to economic infrastructure
- “Strong infrastructure will act as a multiplier of growth for the nation”
 - Rapid growth in India



Subjective Well-being and Happiness

ALL ELEMENTS OF WELL-BEING 10 HIGHEST COUNTRIES AND AREAS

PURPOSE

	% Thriving
Panama	60.5
Costa Rica	53.8
Puerto Rico	48.8
Chile	46.3
Guatemala	44.9
Denmark	42.7
Colombia	41.5
Belize	41.2
Mexico	40.5
Uruguay	39.2

SOCIAL

	% Thriving
Puerto Rico	63.0
Panama	62.6
Costa Rica	59.3
Uruguay	57.8
Chile	54.5
El Salvador	49.4
Guatemala	49.3
Myanmar	48.4
Belize	48.2
Argentina	48.2

FINANCIAL

	% Thriving
Norway	68.9
Sweden	67.9
Switzerland	66.1
Netherlands	60.8
Austria	59.5
Germany	57.4
Luxembourg	57.3
Denmark	55.0
Singapore	52.4
Finland	50.7

COMMUNITY

	% Thriving
Sri Lanka	50.1
Panama	50.0
Belize	49.3
Denmark	48.8
Switzerland	48.7
Norway	47.8
Myanmar	47.7
Puerto Rico	47.7
United Arab Emirates	46.8
Costa Rica	46.1

PHYSICAL

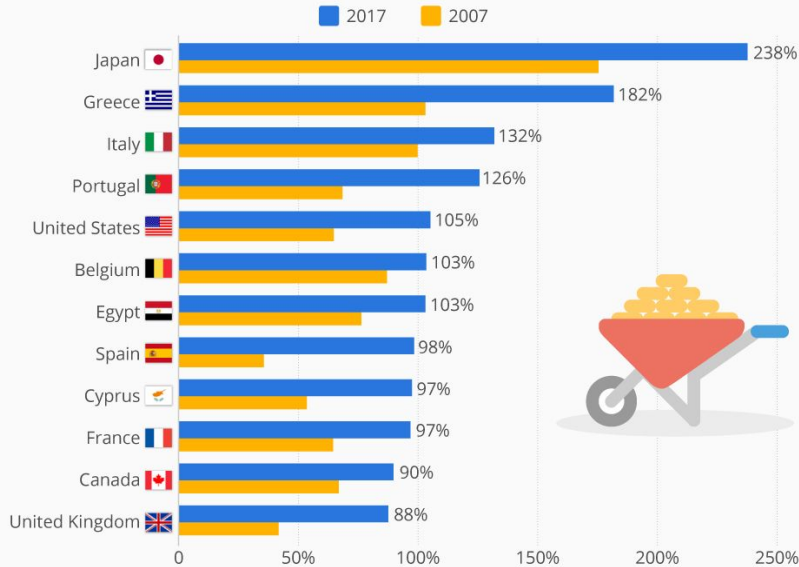
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Colombia	39.4
Chile	39.2
Myanmar	38.8

- Well being tends to be subjective
 - Purpose
 - Physical
 - Community
- Can help tell if progress is being made or if government is succeeding
- Poor economic health = unhappy citizens

Financial Sector Indicators

The Most Indebted Countries in the World

General government debt as a percentage of GDP in 2007 and 2017*



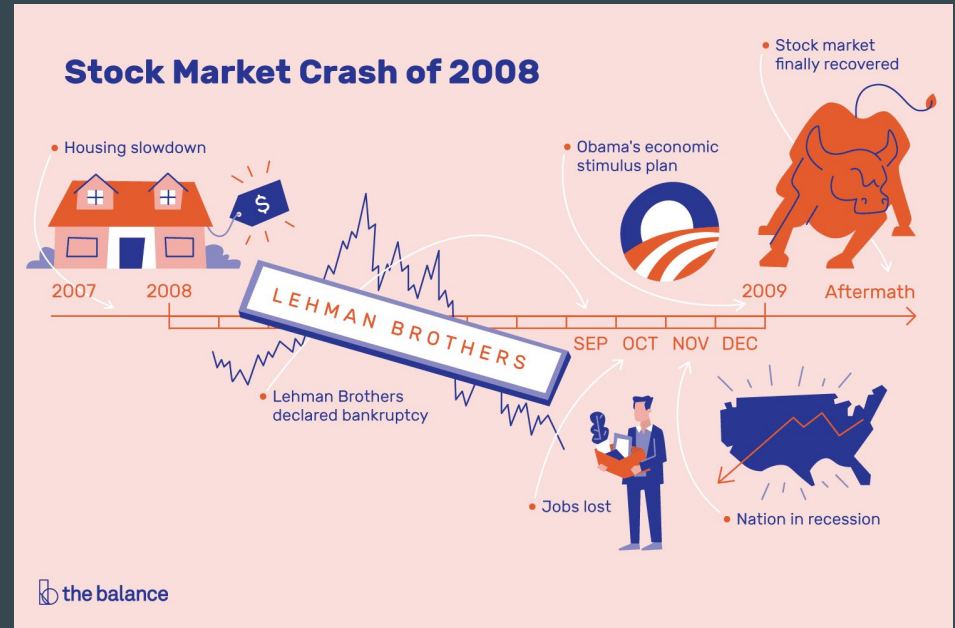
* total stock of debt liabilities issued by the general government as a share of GDP
@StatistaCharts Source: IMF

statista

- National and household financial levels
- “Correlation between economic growth and social security”
- Better economy = better resources for citizens
- Debt levels as indicator

Resilience and Stability

- Shows if a country can withstand economic shock
- Good economy = higher chance of recovery
- U.S. 2008 economy crash
 - Cash holdings
 - Cross-border sales
 - Foreign capital markets



Trade and International Relations

- Foreign Direct Investment (FDI)
- More investment from foreign countries = better economy
- Can lead to better working conditions



Thank you!
Any Questions?