

A New Indicator for Economic Development: the Global Integration and Individual Potential Index (GIIP)

A proposal for a non-comparative index, looking at development as context-specific and not competitive Alice Lassman

The GIIP- a measurement for the 21st Century

The ease of transferring ideas and technology no longer makes these economic transactions clear-cut: if a Chinese market stall owner is selling a counterfeit Apple iPhone charger on the streets of Beijing, is China's marginal gain in GDP a fair reflection of the input of US innovation and technical skill? When tracing back actions of individuals, we find an interconnected web of impact that sprawls across the globe. Countries must be assessed by a number of different factors and the causes behind these must play a key part in measuring economic activities. A poor indicator enforces labels, such as those with a low GDP as considered 'underdeveloped', but these labels are not always fair or accurate.

Comparative?

Metrics are more important than just measuring development, they also define how we conceive the entire concept of development. The continued prominence of GDP as an indicator for development, the modern formation of which was brought into mainstream economic policy by Kuznets (1934), symbolises the continued value placed on economic outcomes for development and attributes little value to all other forms of development. Hence, each indicator is inherently political, as each choice of how development should be measured explicitly includes and implicitly excludes factors that suit some countries and not others. Metrics, which are supposed to reflect the most accurate depiction of what they are trying to measure, thus fall short in their ability to remain neutral, diminishing their utility. In the case of development, a concept so pivotal to how a country directs its policy, the impact a metric can have on an how an economy and its people function means that the metric attempting to measure development must be considered with a great deal of caution. The main conclusion is thus to make the GIIP the first indicator that isn't comparative

4 aspects of the index:

Perception An individual's perception of their country's state and awareness of global issues is a very telling indicator of its social and economic conditions. Individuals will be surveyed on their perception of the educational standards, political freedoms, position in the global economy, social interactions and international relations, factoring in the existing Corruption Perception Index..

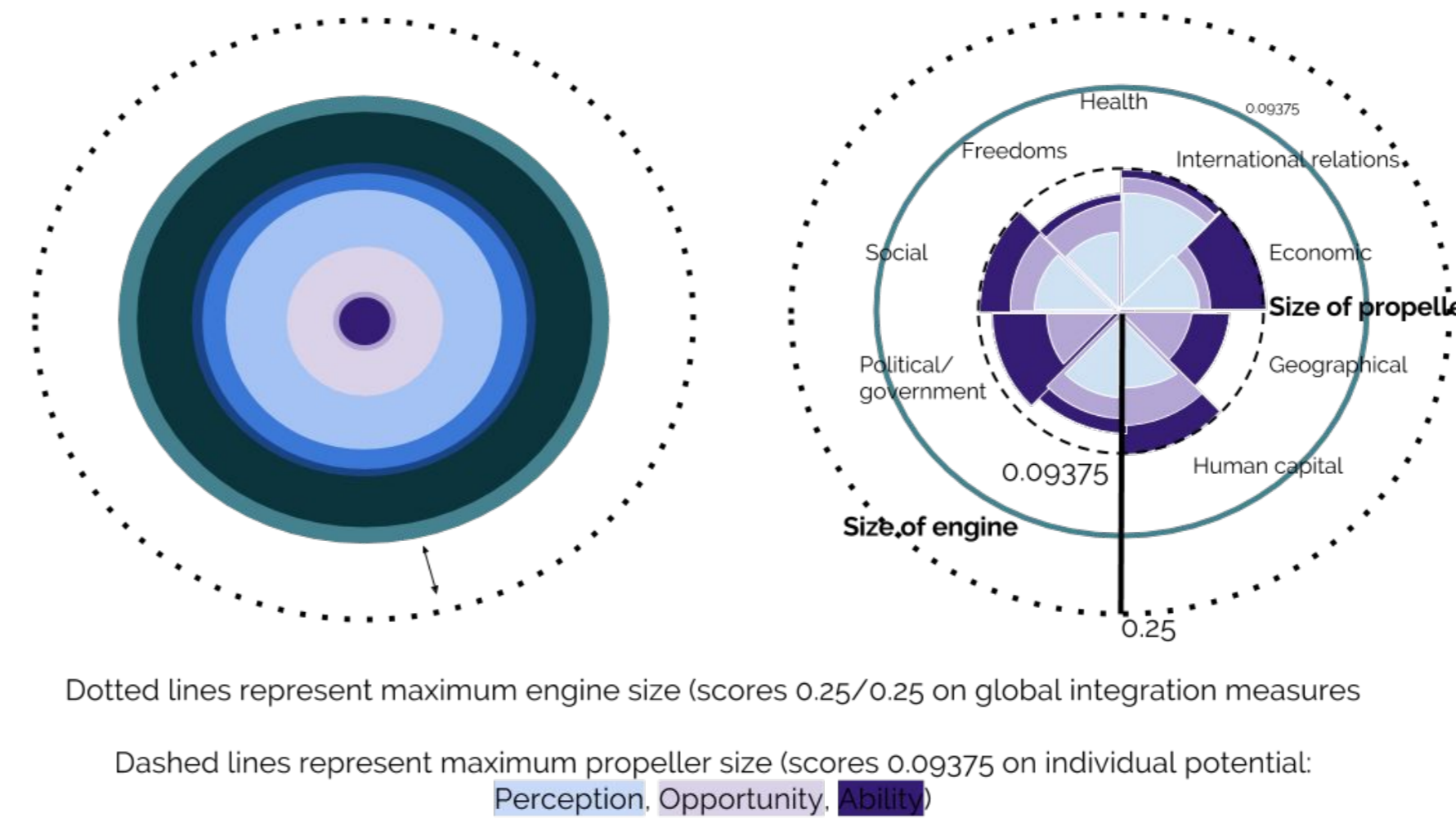
Opportunities Opportunities for individuals can be quantified by state policies and its ability to pass appropriate laws, security, connectedness with economic centres and capital, and inclusion of minorities and women.

Ability: the ability for citizens to execute their ideas and dreams. Providing suitable conditions to foster innovation and creativity is primarily a government's role through promoting SMEs and entrepreneurial skills, teamed with infrastructure to house research, trade and major employers while overcoming the confines of their history and physical geography.

Global Integration: Extrapolating the impact of individual potential gives us a clear picture of state's economic and cultural personality, which influences interactions with other countries. Global integration, weighted equally to perception, opportunity and ability, will include aid, remittances, trade and trade bloc integration, national TNCs, debt, involvement in supranational organisations and transport links.

Urgency: There is an urgency about this change. Changing our metrics is the first step to changing how we understand and quantify development and thus allows us to see where policy is providing positive and negative solutions. Scores of countries are being left behind by GDP and it remains a mechanism for exerting power or support over other countries, enhancing an unequal world economy. A new indicator would present development as the responsibility of more than just the economy, and encourage long term investment instead of policies for political gain. Rewarding countries for these factors will also create a more equal world economy, where cooperative measures promote mutual prosperity instead of competition.

Example GIIP index engine diagram

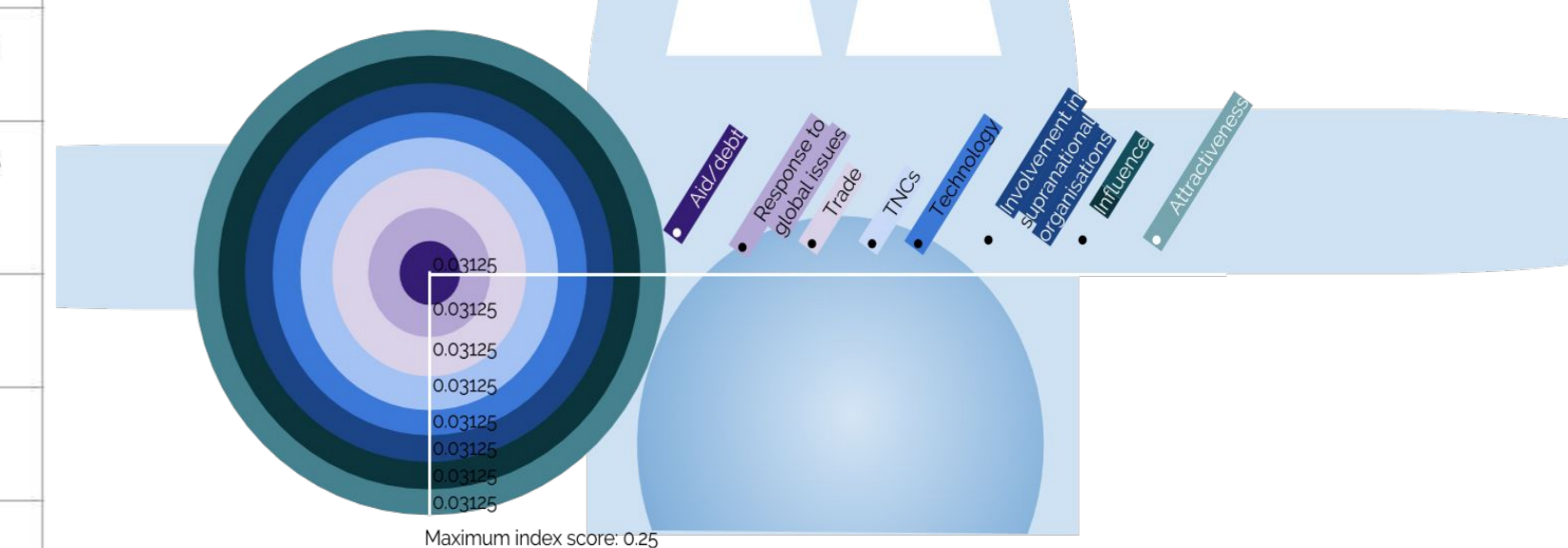


Concept: Engine Economics

The symbolism is that an engine allows us to imagine the potential a plane has before take-off - how fast is their ascent, how high they are able to fly, and how long the plane is able to fly for. A large engine without suitably large propellers will not function properly, nor a small engine with large propellers: both must be of a similar size for an economy to function sustainably.

Indicator	Composite	Comparative?	Method	Priority
GDP	No	Yes	\$	Economic growth
HDI	Yes	Yes	Index	GDP/Health/Education
Happy Planet Index	Yes	Yes	Index	Perception of happiness
Donut Economics	Yes	Yes	Donut	Environmental viability
OECD Better Life	Yes	Yes	Index	Wellbeing
GIIP	Yes	No	Dashboard	Context and individuals

Engine size: Global Integration



References:

Coyle, D. (2017) Rethinking GDP, IMF Finance and Development, Vol. 54, No. 1, available at: <http://www.imf.org/external/pubs/ft/fandd/2017/03/coyle.htm> [accessed 30th August]; **Gertnermay, J. (2010)** The Rise and Fall of the G.D.P., available at: <https://www.nytimes.com/2010/05/16/magazine/16GDP-t.html> [accessed 18th July]; **Kuznets, S. (1934)** National Income, 1929-1932, National Bureau of Economic Research, Vol. 54; **Lassman, A. (2017)** GIIP Index: Indigo Prize Entry [accessed 14th September], available at: <http://global-perspectives.org.uk/wp-content/uploads/2017/10/Alice-Lassman-1.pdf>; **Peterson, R.A (2005)** Problems in comparative research: the example of omnivorousness, Poetics 33, 257-282, Elsevier; **Press, E. (2011)** The Sarkozy-Stiglitz Commission's Quest to Get Beyond GDP, [accessed 4th September], available at: <https://www.thenation.com/article/sarkozy-stiglitz-commissions-quest-get-beyond-gdp/>; **Sen, A. (1999)** Human Development Report [accessed 2nd September], available at: http://hdr.undp.org/sites/default/files/reports/260/hdr_1999_en_nostats.pdf