

# SOCIAL PROGRESS INDEX



Many have argued that economic measurements such as GDP (Gross Domestic Product) or GDP per Capita do not reflect the true wellbeing of societies.

A nonprofit organisation called The Social Progress Imperative has launched a new measure of social wellbeing called the Social Progress Index, available on <https://www.socialprogress.org>.

This comprehensive index captures different aspects of social progress (how free and inclusive societies are, how well they protect the rights of individuals and minority groups, what opportunities they present, environmental quality, health and so on).

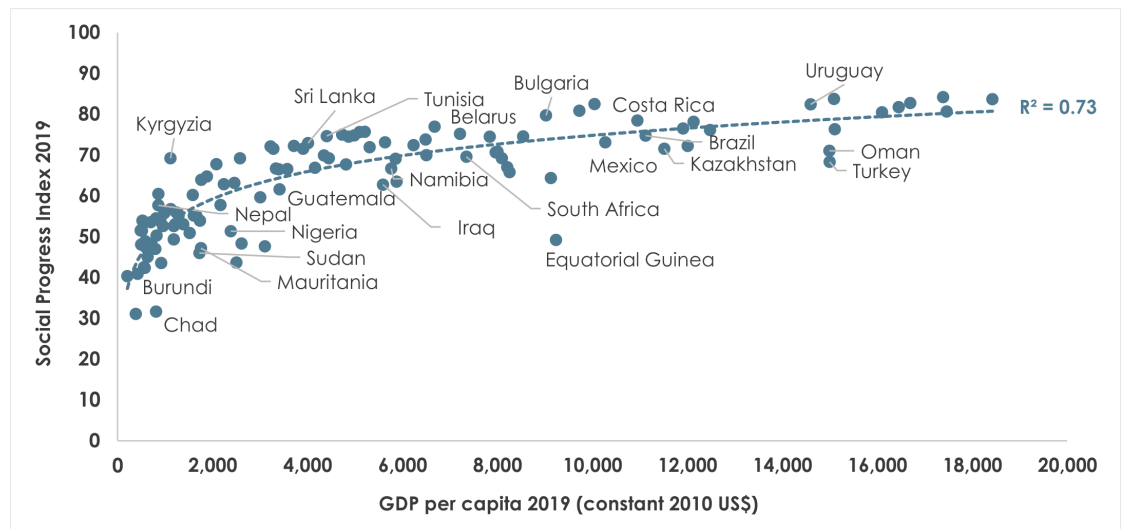
We decided to compare Social Progress Index rankings with GDP per capita.

As shown in Chart 1 and Chart 2, these two measures are highly correlated. However, we can also conclude that there is a difference between developing and developed countries.

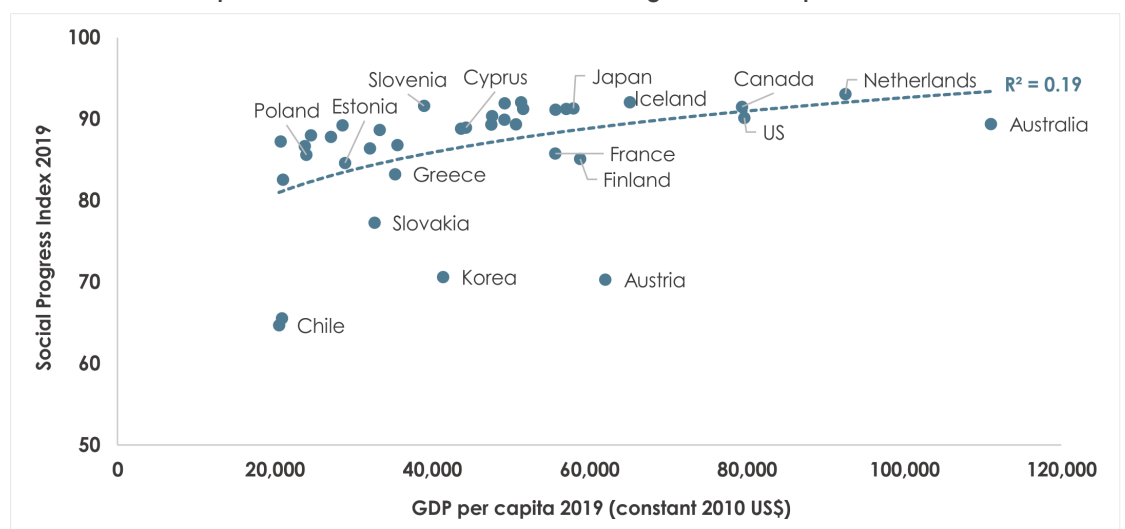
For developing countries (countries with GDP per capita below \$20,000 we define as developing), GDP per capita is still the most important indicator of progress. For developing countries, the correlation between GDP per capita and Social Progress Index is very high (at around 0.85).

For developed countries (GDP per capita above \$20,000), other non-economic factors play a larger role and therefore the correlation between GDP per capita and Social Progress Index is not significant (at around 0.44).

**Chart 1. GDP Per Capita is Highly Correlated with Social Progress in Developing Countries**



**Chart 2. GDP Per Capita is Not the Main Indicator of Social Progress in Developed Countries**



Source: World Bank, Social Progress Imperative



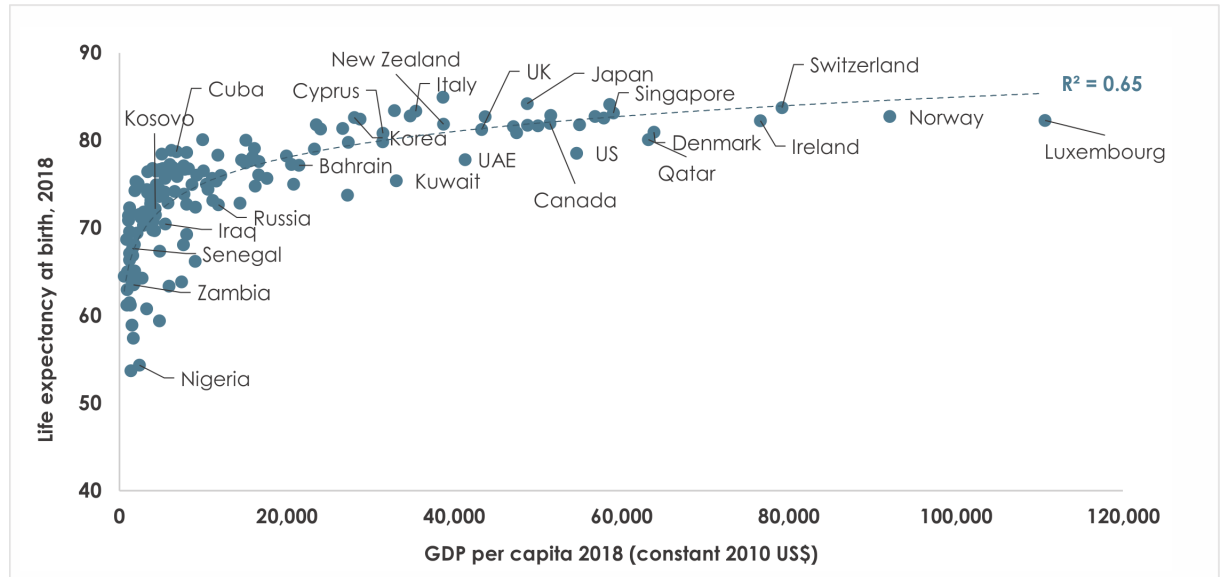
FUTURES STUDIO

Think to connect!

Around 85% of the world population still lives in developing countries. For more information see our previous report on Economically Benevolent Autocracies available [here](#).

In general, GDP per capita is an extraordinary measurement. It correlates with an incredible number and variety of other metrics, from life expectancy to freedom of expression. After a certain point, however, GDP per capita stops playing a critical role. That point seems to be around \$20,000 – \$25,000 GDP per capita.

**Chart 3. Starting From \$20,000-\$25,000 the Effect of GDP Per Capita Diminishes**



Source: World Bank

When measuring GDP per capita, we use current exchange rates because PPP (purchasing power parity) measurements are utterly unreliable for developing countries. For example, according to PPP the Russian ruble's fair value is at around 25.0 rubles per 1.0 US\$ yet it currently trades at 75.0 rubles per 1.0 US\$. Anyone who knows anything about Russia will agree that there is no way that the Russian ruble will ever trade at 25.0. We will circulate a separate note on PPP calculations.

With Best regards,

*Futures Studio Analytics Team*

## Terms and Conditions

### © "Armenia 2041" Charity Foundation

All rights reserved.

"Armenia 2041" Charity Foundation (the "Foundation") has exclusive property rights to the report.

You may not modify, edit, copy, reproduce, publish, create derivative works of the report. All unauthorized reproduction or other use of material from the Foundation shall be deemed violation of the Foundation intellectual property rights. The Foundation may pursue remedies for the violation of its rights.

The Foundation is not responsible for the accuracy or completeness of the information contained in this report. The report is current only for the date stated on the report.

The report is provided for informational purposes and does not contain advice on any matter. The Foundation does not warrant the accuracy of information/analysis contained in the report. The Foundation or inaccuracies shall not be liable what is written in this report and/or for the use of any information/analysis contained in this report and/or for any errors or omissions or inaccuracies in the report and/or or for any actions taken or not taken based on the report. Your use of this report is at your own risk.

When you open or download the report from the Foundation web page, the Foundation does not guarantee against any virus or malware of your computer.