THE  Misery index, an economic indicator, was created by the US economist Arthur Okun in the 1960s. The index, many argue, is as relevant today as it was in Okun’s time. It is designed to help determine how the average citizen is doing economically, calculated by combining the annual inflation rate and the unemployment rate.

Although citizens globally are not doing at all well on the economic front, there are exceptions — some company CEOs are doing extremely well. As Harvard professor Larry Summers points out, in 1965 the ratio of CEO compensation to the compensation of the average worker in the US was 20:1. Today it is 331:1.

SA has one of the biggest pay gaps in the world. A recent report by Mergence Investment Managers found that CEOs of JSE-listed companies earn, on average, 140 times more than the average worker. Among some top-listed companies it increases to as much as 725 times their workers’ average salary.

If we place this figure alongside our unemployment rate, conservatively pegged at 25%, and add it to the inflation rate and the population growth rate, the future is looking severe for most South Africans.

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WE NEED  to revisit radically the basis on which the performance of economies (gross domestic product: GDP) and companies (return on net assets) are measured if we are seriously interested in creating a more equal society and a more equal world.

As Social Progress Imperative CEO Michael Green puts it, "GDP is not destiny". In a TED talk, "How we can make the world a better place by 2030", he shows even if the average global GDP per capita were to move from $14,000 to $23,000 by 2030, the global average Social Progress index score moves only from 61/100 to 62.4/100.

A 64% increase in economic wealth results only in a 2.3% improvement in social progress.

As Green says: "As we get richer, each dollar of GDP buys less social progress." We have used up the easy wins, he says. Social progress doesn’t come by just getting richer, either. The costs may outweigh the benefits, particularly in relation to the social and environmental effects of a sole focus on economic growth.

SA’s Social Progress index score is slightly better than the global average at 65.64.

Yet, even if we grow our economy by 5% or 7% annually, the dent in our social progress is likely to be negligible.

In many countries economic growth has not translated into prosperity for all.

Okun warned about this trend 40 years ago. In Equality and Efficiency: The Big Tradeoff, he explains that when it comes to economic growth, governments cannot have their cake and eat it. The pursuit of efficiency (the horseman of economic growth) leads to inequality. And vice versa.

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OKUN was referring to efficiency through greater mechanisation, more cutting-edge technology and fewer human-dependent systems.

When President Jacob Zuma meets with business to discuss how to boost GDP and economic growth, it is not only staggeringly late, it is also not enough. Assuming a bit of a GDP boost will reduce unemployement and inequality or tangibly improve social progress is a fallacy.

What we should be looking at is what Harvard professor Clayton Christensen refers to as "market-creating innovation". At the heart of it is a movement away from short-term profits and quick financial returns.

We need to approach skills development, unemployment and the growth of the economy in a different way. All of us must address our preoccupation with the self and self-advancement, and share a bit more.

Shareholders have to dampen their expectations of immediate returns on investment, and companies must play their part by offering staff the opportunity to become shareholders or sponsoring student education or outsourcing to young, lean, start-up innovations.

Providers and spenders of capital need to focus on integrated value creation. We need to create more companies, manufacture more, produce more food, and become more productive.

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WE NEED transdisciplinary conversations to forge a new way forward, where greater market innovation can meet greater equality along the way.

We need  all our best thinkers on deck. The conversations must be targeted at specific themes and produce rapid, agile response plans and implementation timelines for a better way forward.

Otherwise, attempts at implementing any kind of National Development Plan will fail. We will find ourselves overtaking Argentina and Venezuela with a heightened fight response of every man for himself. The stakes are high. How will we respond?

*• Skae is president of the South African Business Schools Association and the director of Rhodes Business School*