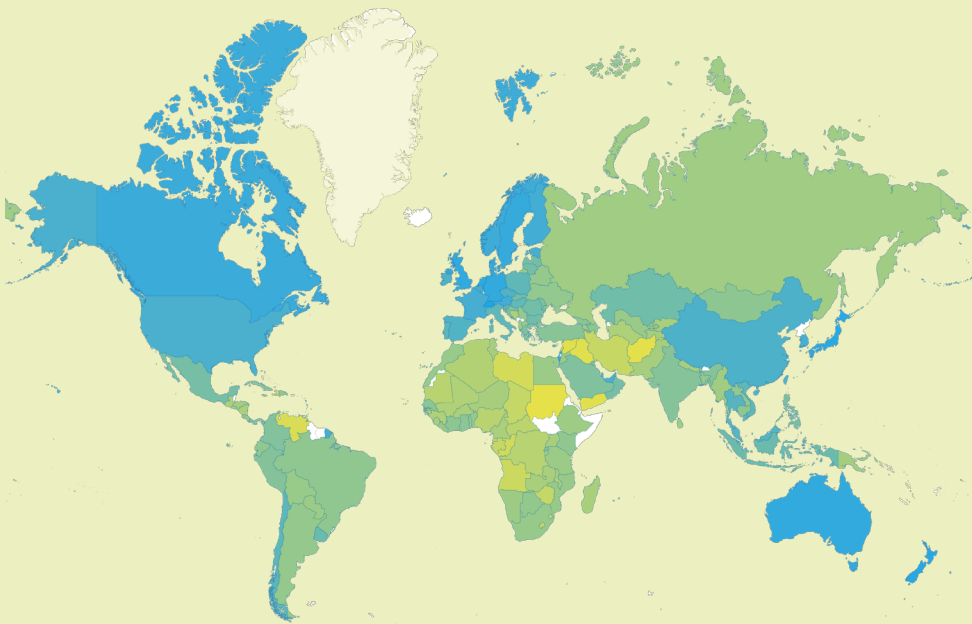


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ELITE QUALITY REPORT 2023

Sustainable national security requires mindful elite agency

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Sustainable national security requires mindful elite agency

Military spending is the budgetary expression of a nation's socioeconomic and political need for security. The *Military expenses as % of GDP (MIL, ii. 4)* Indicator is meant to identify those countries whose military elites have achieved a country-specific optimum level of military expenses (as a percentage of GDP) in cooperation with a country's political elites, thereby creating value. The optimum is determined for each country based on their income levels and the country's risk of being involved in armed conflict and set at 1, 2, 3, or 5% of GDP respectively. The Indicator disincentivizes both excessive military spending, as overinvestment is an indication of extractive military elites exploiting conflict-based business models (see Morocco: MIL, ii.4, rank # 143, devoting 4.2% of its GDP to military spending despite falling into the category of being a low-income country); as well as underinvestment, as this endangers a country's basis for political and economic Value Creation.

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Western European countries like the United Kingdom, France, Austria, Germany, Ireland, Belgium, the Netherlands, and Switzerland rank highly in terms of overall Elite Quality (from Ireland's EQx ranking of # 24 to Switzerland's EQx ranking of # 1). These countries have a mean overall EQx score of 63.4, with a standard deviation of 2.61 showing how narrowly they are positioned around the top of the index. However, this success is not matched by their performance or similarities in the MIL indicator (ii.4). Here, they have a mean score of 45.8, and a standard deviation of 9.09, placing them between rank # 125 (Ireland) and rank # 60 (The Netherlands). The situation shifts when moving towards the eastern borders of Europe to Hungary, the Slovak Republic, Poland, Romania, Bulgaria, Sweden, Finland, Estonia, Latvia, and Lithuania. Despite these

countries' lower mean scores in the overall EQx (56.3), their military elites outperform their western counterparts with a mean MIL score (ii.4) of 66.1 and a standard deviation of 4.92. Eastern European military elites, given their 20th century historical heritage as satellites or republics of the former Soviet Union, have an acute awareness of their countries' geopolitical position and security needs.

Western European elites lack this awareness, and their underperformance results from a decades-long trend of budgetary exploitation of the 'peace dividends' accentuated by the end of the Cold War. Here, the underinvestment in the defence industry, a 'demand problem' arising from the decisions of a nation's political elite, has spawned ineffective supply capabilities, as defence firms are unable to satisfy the heightened demands of today's European countries. The impaired nature of the European defence industry is the result of decades of underfunding by the wealthy and technologically advanced Western part of Europe, which disincentivized the sustainable development of its defence production capabilities, a critical matter that has now reached the public discourse. The consequence is that, as Western EU countries are squeezed between the need to increase their own military preparedness and the imperative to provide Ukraine with urgent military aid in response to Russia's expansionism, the European defence industry is unable to keep up, deepening the reliance of the European continent on the US for its security.



Sub-Index (Level 2)	Power
Index Area (Level 2)	Economic Power
Pillar (Level 3)	Coalition Dominance
Indicator ref. (Level 4)	ii.4_MIL
Indicator wgt. (in EQx)	0.5%
Indicator wgt. (in Pillar)	10.0%
Countries covered	147
Inclusion year	2021
Conceptual optimum	Yes
Data Source	Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database

Description

Military expenses as % of GDP (dev. fm optimum) measures a country's total military expenditure (on the armed forces, defence ministries, paramilitary forces and military space activities) divided by the country's GDP.

Rationale

Security is a necessary public good that some countries overinvest in, while others underinvest. Overinvestment in military expenditure could be an indication of a powerful military-industrial complex. Underinvestment is equally problematic as it may endanger national security and the basis of socioeconomic life and indicate sub-optimal levels of the power of military elites to the detriment of other elites. *The optimal MIL is linked to levels of income and conflict. For low- and lower-middle-income countries, it has been set at 1% of GDP; for upper-, middle- and high-income countries it has been set at 2%; for 'great' powers and superpowers (CHN, GBR, RUS, USA, DEU, FRA) it has been set at 3%; for Israel and the countries of the Middle East it has been set at 5%.

Rank /147	Country	Score	Rank /147	Country	Score	Rank /147	Country	Score
1	Tajikistan	71.3	51	Ethiopia	61.0	101	Paraguay	48.5
2	Cyprus	71.2	52	Italy	60.8	102	Yemen, Rep.	48.4
3	Sudan	71.2	53	United States	60.7	103	France	47.9
4	Jordan	71.1	54	Guinea	60.7	104	Russian Federation	47.3
5	Australia	71.1	55	Ghana	60.2	105	South Africa	46.8
6	Lithuania	71.1	56	Mozambique	60.1	106	Bosnia and Herzegovina	46.8
7	Cameroon	71.0	57	Bolivia	59.3	107	Kazakhstan	46.1
8	Nigeria	70.9	58	Rwanda	59.3	108	Austria	44.7
9	Finland	70.9	59	Czech Republic	58.9	109	China	43.2
10	Chile	70.7	60	Netherlands	58.6	110	Vietnam	42.8
11	Philippines	70.7	61	Albania	58.4	111	Switzerland	42.7
12	Romania	70.5	62	Jamaica	58.4	112	Cambodia	42.0
13	Liberia	70.4	63	Moldova	58.4	113	Mexico	42.0
14	Malawi	70.4	64	Honduras	58.0	114	Dominican Republic	41.3
15	Turkey	70.1	65	Papua New Guinea	57.5	115	Mauritania	40.7
16	Tanzania	70.0	66	Denmark	57.5	116	Colombia	40.1
17	Portugal	69.9	67	New Zealand	57.4	117	Uganda	39.6
18	Serbia	69.6	68	Spain	57.4	118	Argentina	39.4
19	Kenya	68.9	69	United Arab Emirates	57.1	119	Bahrain	39.2
20	Poland	68.8	70	Kyrgyz Republic	56.5	120	Guatemala	36.7
21	Sri Lanka	68.7	71	Thailand	56.3	121	Saudi Arabia	35.8
22	Angola	68.6	72	Canada	56.2	122	India	34.4
23	Estonia	68.1	73	Equatorial Guinea	56.0	123	Germany	34.3
24	Norway	68.0	74	Eswatini	55.9	124	Kuwait	33.7
25	Israel	67.7	75	Sweden	55.3	125	Ireland	32.7
26	Qatar	67.2	76	Croatia	55.1	126	Chad	31.3
27	Madagascar	66.4	77	Senegal	54.6	127	Venezuela, RB	30.7
28	Gambia, The	65.9	78	United Kingdom	54.1	128	Mali	30.7
29	Cote d'Ivoire	65.9	79	Korea, Rep.	54.1	129	Mauritius	30.5
30	Uruguay	65.8	80	Slovenia	54.0	130	Greece	29.7
31	Bangladesh	65.5	81	Guinea-Bissau	54.0	131	Burkina Faso	29.2
32	Latvia	65.3	82	Togo	54.0	132	Congo, Rep.	28.7
33	Lesotho	65.1	83	Brazil	53.4	133	Lebanon	27.5
34	Gabon	65.0	84	Lao PDR	53.4	134	Tunisia	22.9
35	Slovak Republic	64.9	85	Haiti	53.4	135	Ukraine	21.6
36	Indonesia	64.7	86	Niger	52.7	136	Myanmar	19.2
37	Zambia	64.7	87	Belarus	52.6	137	Oman	19.0
38	Georgia	64.2	88	Central African Republic	52.3	138	Armenia	16.9
39	Nepal	64.0	89	Botswana	52.3	139	Uzbekistan	14.3
40	Mongolia	63.8	90	Cuba	51.9	140	Iran, Islamic Rep.	11.0
41	Afghanistan	63.5	91	Peru	51.7	141	Iraq	10.7
42	Hungary	63.4	92	Trinidad and Tobago	51.6	142	Pakistan	8.1
43	El Salvador	63.1	93	Belgium	51.0	143	Morocco	0.2
44	Sierra Leone	62.8	94	Burundi	50.9	144	Azerbaijan	0.0
45	Nicaragua	62.7	95	Japan	50.8	144	Algeria	0.0
46	Bulgaria	62.5	96	Malaysia	50.4	144	Egypt, Arab Rep.	0.0
47	Congo, Dem. Rep.	61.7	97	Syrian Arab Republic	50.4	144	Libya	0.0
48	Benin	61.7	98	Singapore	49.6			
49	Ecuador	61.3	99	Zimbabwe	49.4			
50	North Macedonia	61.3	100	Namibia	49.1			

The Elite Quality Report 2023 (EQx2023) provides Country Scores and Global Rankings for 151 countries
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