



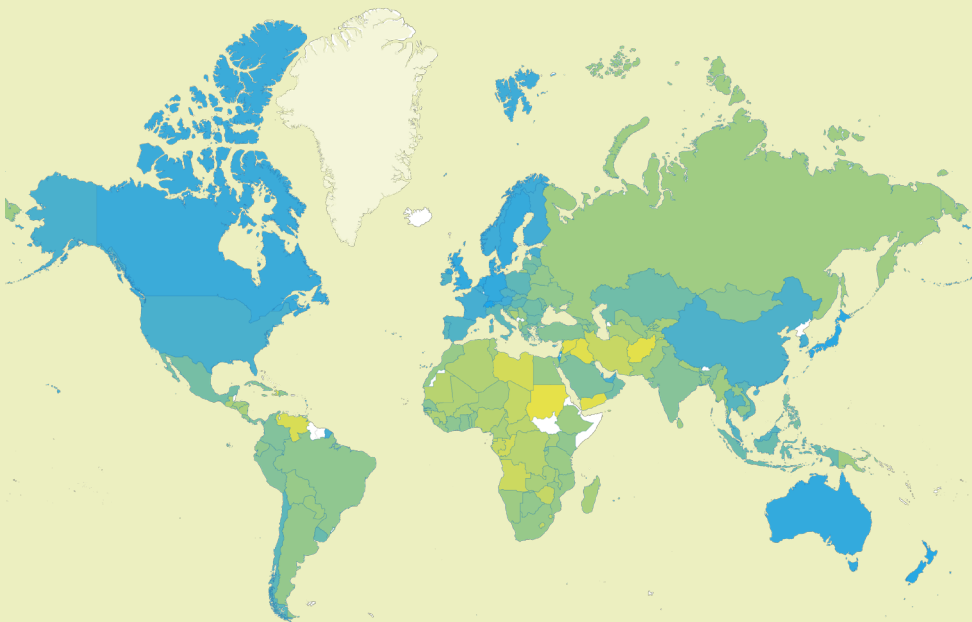
**ELITE QUALITY  
INDEX**  
EQx2023

This PDF includes a contribution from the following book:

# ELITE QUALITY REPORT 2023

Germany: Elite Quality reaches new heights, but the gap between elite power and elite value is a cause for concern

Dr. Christian Pfeiffer, Deputy Director, Zukunft-Fabrik.2050



Cite as:

Pfeiffer, C. (2023). Germany: Germany's elite quality reaches new heights, but the gap between elite power and elite value is a cause for concern. In T. Casas-Klett & G. Cozzi. (Eds.), *Elite Quality Report 2023: Country Scores and Global Rankings*. Zurich: Seismo. <https://doi.org/10.33058/seismo.30882.4308>

Published by Seismo Press AG, Zurich and Geneva in partnership with the Foundation for Value Creation.

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## Germany: Elite Quality reaches new heights, but the gap between elite power and elite value is a cause for concern

Germany's EQx2023 scorecard looks impressive. For the first time in three years, Germany is back among the overall top ten countries in the world (rank # 8). The country ascended from rank # 15 in 2021 to # 11 in 2022, showing that it handled the disruptions of the COVID-19 pandemic better than some of its peers. Germany also occupies first place in the EQx Power Sub-Index, which limits the potential for future Value Extraction since there can be no Value Extraction without power. The Economic Power (ii) of Germany's elites improved from rank # 11 to # 3, a positive change that at the same time reflects the fact that despite limits on Political Power (i, rank # 9), economic elites still manage to extract given the evidence provided by Economic Value (iv, rank # 20).

68 In terms of potential improvements, Russia's war against Ukraine means that Germany's *Military expenses as % of GDP* (MIL, ii.4, rank # 123), will increase from its current low position. Also, the role of women in the workforce needs to be strengthened, as they remain extremely underrepresented in senior and middle management positions (WMA, i.3, rank #72). Germany is ranked a lowly # 54 with respect to its *Gini coefficient on income distribution* (GIC, i.1) and # 61 with respect to its *Gini coefficient on net national wealth distribution* (GWL, i.1). One hopes that Germany, with the elite now less powerful, will see a closing of the economic gap between elites and non-elites. Yet this is by no means certain because in 2023, while Germany's Power ranking went up to # 1, its Value counterpart dropped by 6 positions to # 20. This gap is rather worrying, as it indicates that while Germany's elite may have less power, they still manage to extract value.

How was value extracted in the economic arena? Inflation is a highly extractive business model which is reflected by Indicators such as the *Global Food Security Index - affordability* (FSA, iv.10) where Germany dropped 16 places to rank # 26, or *Inflation* (DOI, iv.11) where it continued to deviate from the optimum, dropping to rank # 64. While this is a European-wide problem, it is one that cannot be solved through transfers from other sub-groups in society, as is the case with energy subsidies. Another problem is the remarkably low *Labor force participation rate* (LFP, iv.12, rank # 69).

At the political level, value was created as Germany improved by eight places in the Political Value (iii) area to rank # 13. However, not all Indicators are positive, and the German state needs to adjust its *General government expenditure as % of GDP* (GEX, iii.7, rank # 98) as well as its *Government education expenditure* (GEE, iii.7, rank # 61). The state is also failing to protect its citizens as well as it could as is reflected in an increased *Homicide rate* (HOM, iii.8, falling from rank # 26 to rank # 112) and sub-optimal death rate indicators such as *Death rates from substance use per 100,000 people* (SUB, iii.8, rank # 128) or *Suicide rate per 100,000 people* (SUI, iii.8, rank # 116). Moreover, Germany's elite might also want to consider adjusting their *Corporate tax rate* (DCT, iii.8, rank # 79) which are a burden, especially when combined with other factors that hamper Value Creation incentives. On the other hand, Germany's *Unearned Income* (iii.9) climbed from rank # 22 to a stellar # 4, which is partly due to the change in the number of Indicators (from 5 to 15) and especially because of the addition of Value Extraction from nature (see the expanded Ecology EQx-Indicator Family). Despite its excellent overall showing, the country needs to work on the key aspects of its green transformation, as it ranks poorly on *Red meat consumption kilograms per capita* (MET, iii.9, rank # 137), *CO2 emissions* (CDO, iii.9, rank # 131), *Deforestation Rate* (DER, iii.9, rank # 96), and *Fertilizer usage kg per hectare* (FUS, iii.9, rank # 96).

Germany's elite is recovering its top position in comparative terms, while overall global elite quality seems to be in decline. The great institutional quality implied by its showing in the Power Sub-Index contrasts with a not so good performance in Economic Value (iv). Economic elites are not doing enough to address increases in social inequality, inflation and other problems. Germany's elites need to leverage their great institutions to create more value in order to overcome this unusual gap between Power and Value.

Dr. Christian Pfeiffer  
Deputy Director, Zukunft-Fabrik.2050

# Germany

## EQx2023 Country Scorecard

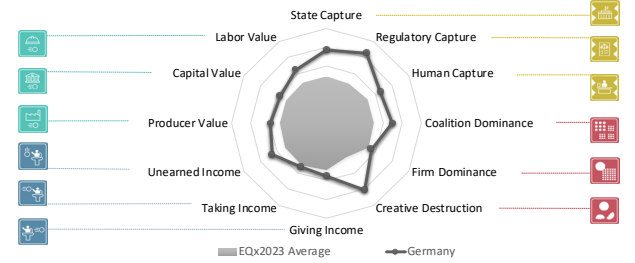
Population **83.2 million**  
 GDP (nominal) **4'260 billion USD**  
 GDP per capita **51'204 USD**



<b>Level 1 – Index</b>	<b>EQx Rank / 151</b> <b>8</b>	<b>EQx Score</b> <b>64.4</b>	<b>NextGen VCB Rank</b> <b>Rank 9</b>	<b>Very High Quality Elites</b>
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Level 2 – Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas									
	Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)			
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score		
	<b>1</b>	<b>74.1</b>		<b>20</b>	<b>20</b>	<b>59.6</b>	<b>9</b>	<b>77.3</b>	<b>3</b>	<b>72.5</b>	<b>13</b>	<b>57.5</b>	<b>22</b>	<b>60.6</b>

Level 3 – Pillars		Rank / 151	Score
Political Power (i)	State Capture	8	77.4
	Regulatory Capture	4	85.6
	Human Capture	24	65.8
Economic Power (ii)	Coalition Dominance	5	69.3
	Firm Dominance	69	54.4
	Creative Destruction	5	81.1
Political Value (iii)	Giving Income	42	55.5
	Taking Income	63	52.8
	Unearned Income	4	66.4
Economic Value (iv)	Producer Value	36	59.1
	Capital Value	32	56.9
	Labor Value	19	65.3



Level 4 – EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	7	90.4
	COC Control of corruption	9	99.6
	OPG Open government	11	92.3
	RTC Government's responsiveness to change	17	76.8
	EPR E-Participation Index	29	73.6
	PFJ Press freedom	13	85.9
	NJK Nr. of journalists killed per 1 million people (2yrs avg.)		
	PDE Political decentralization	11	76.9
	ADE Administrative decentralization	29	76.6
	PGL Political globalization	3	91.0
Regulatory Capture (i.2)	WPI Women's Power Index	30	71.5
	MOB Social mobility (upward) (dev. fm optimum)	13	81.2
	INE Top 10% share of pre-tax national income	32	71.9
	GWL Gini coefficient on net national wealth dist. - level	61	62.0
	GWC Gini coefficient on net national wealth dist. - 3-year growth	21	54.8
	GIL Gini coefficient on income dist. - level	34	67.8
	GIC Gini coefficient on income dist. - 1-year growth rate	54	38.7
	ECR Ease of challenging regulations	8	91.9
	CGP Constraints on government power	5	96.1
	REQ Regulatory quality	10	92.7
Human Capture (i.3)	REN Regulatory enforcement	1	100.0
	PRI Property rights	6	92.5
	CRO Crony capitalism	24	60.2
	INO Informal output as a % of GDP	14	84.4
	GSI Global Slavery Index	31	66.2
	FDP Forcibly displaced population as % of population	6	56.5
	HRI Human Rights Index	8	95.4
	AFI Academic Freedom Index	1	79.9
	GRI Religion - Government Restriction Index	73	56.4
	LIN LGBT+ inclusiveness	19	81.4
Coalition Dominance (ii.4)	WSB Women self made billionaires	18	45.1
	WBL Women, business and the law	11	78.8
	WMA Proportion of women in senior and middle mgmt positions	72	39.1
	IEE Top 3 industries exports as % of exports	21	80.1
	IEO Top 1 industry exports as % of exports	30	70.9
	IVA Top 3 industries as % of VA	33	63.9
	HHI Domestic market diversification	3	71.8
	ECI Economic Complexity Index	3	99.5
	PUE Public employees as a % of total employment		
	MIL Military expenses as % of GDP (dev. fm optimum)	123	34.3
Firm Dominance (ii.5)	UNI Unionization rate (dev. fm optimum)	53	60.3
	BSN Barriers in service & network sectors		
	CRA Criminal actors	56	58.3
	SME SMEs per 1,000 people	47	44.0
	FAM Family business revenues as percentage of GDP	1	100.0
	BIW Billionaires' wealth as % of GDP	135	31.4
	FKG Top 10 firms market cap as % of GDP	45	55.4
	FRG Top 3 firms revenues as % of GDP	50	44.7
	FRR Top 30 firms revenues as % of GDP	39	32.1
	ENT Entrepreneurship	13	93.9
Creative Destruction (ii.6)	GSE Governmental support to entrepreneurship	22	70.2
	VCK Venture capital finance	16	69.5
	VCA Venture capital availability	4	99.8
	RND R&D as a % of GDP	9	87.4
	EXR Firm exit ratio	14	54.3
	BCD Billionaire's creative destruction	25	84.3
	IWE Index of Women Entrepreneurs	6	77.8
	LEW Life expectancy women	22	79.3
	LEM Life expectancy men	23	81.0
	YAX COVID-19 vaccination rate	43	51.5
Giving Income (iii.7)	COM COVID-19 mortality rate, age-adjusted	95	40.5
	COF COVID-19 fatality rate, age-adjusted	11	60.9
	COV COVID-19 excess deaths, age-adjusted	39	58.3
	CLS COVID-19 lost schooldays	73	50.9
	SCI UHC Service coverage index	6	83.1
	PTR Pupil-teacher ratio	25	72.7

	Rank / 151	Score	
Giving Income (iii.7)	EDU School life expectancy	16	78.6
	PIS PISA mean scores	17	71.0
	UNV Top universities	19	50.3
	GEE Government education expenditure	61	53.1
	OSI Online Service Index	41	70.6
	NRI Network Readiness Index	8	92.2
	INT Internet access	22	71.4
	FSQ Global Food Security Index - availability, quality & safety	22	74.5
	GPS Expenditure on general public services as % of GDP (dev. fm opt.)	43	51.7
	GEX General government expenditure as % of GDP (dev. fm opt.)	98	19.0
Taking Income (iii.8)	SNT Subsidies and transfers as % of expenses	124	0.0
	REG Regional redistribution as % of government budget	136	0.0
	SUB Death rates from substance use per 100,000 people	128	22.6
	BRD Battle-related deaths per 100,000 people	1	54.2
	HOM Homicide rate	112	51.1
	SUI Suicide rate per 100,000 people	116	40.2
	DTR Tax revenue as % of GDP (dev. fm optimum)	5	78.8
	DCT Corporate tax rate (dev. fm optimum)	79	47.2
	DPS Delta public vs private sector salaries		
	FDE Fiscal decentralization	1	100.0
Unearned Income (iii.9)	GCI Global Cybersecurity Index	27	76.2
	GEG Gender education gap (dev. fm optimum)	14	66.7
	CRM Criminal markets	60	55.9
	DBT Government debt as % of GDP	98	46.6
	NRR Natural resources rents as % of GDP	15	83.5
	GPA Green patents	1	100.0
	EPI Environmental Performance Index	10	90.1
	DER Deforestation Rate	96	51.3
	FUS Fertilizer usage kg per hectare	96	52.2
	TLP Terrestrial land protected	13	94.2
Producer Value (iv.10)	CDO CO2 emissions (metric tons per capita)	131	31.6
	AIR Air quality index	18	69.9
	HAZ Hazardous Waste per capita	42	54.1
	WPC Waste collected per capita	84	48.5
	MWR Municipal Waste Recycling Rate	4	82.1
	FIS Fishing consumption as % of population	84	55.3
	MET Red meat consumption kilograms per capita	137	20.0
	PAT Nr. of patent applications per 100,000 people	5	82.0
	FBH Financial burden of healthcare	6	70.8
	HEI Health Efficiency Index	43	28.7
Capital Value (iv.11)	DMS Density of medical staff	1	100.0
	FSA Global Food Security Index - affordability	26	74.2
	FDS Inward FDI as a % of GDP, Stock	107	42.8
	BTF Barriers to FDI	13	68.8
	OFL Open for business	22	61.6
	EGL Economic globalization	21	83.4
	TRF Trade freedom	18	70.8
	IPM Share of imports targeted by protectionist measures (flow)	106	17.9
	IPS Share of imports targeted by protectionist measures (stock)	118	6.5
	DGI Share of discriminatory government interventions as % of tota	74	63.9
Labor Value (iv.12)	DGS Share of discriminatory government interventions as % of tota	145	7.2
	DOI Inflation (dev. fm optimum)	64	56.4
	DEF GDP deflator index growth rate (dev. fm optimum)	30	57.8
	DNI Neutral interest rate (dev. fm optimum)		
	FMI Financial Markets Index	9	98.1
	GFC Gross capital formation	76	47.1
	DMA M&A as % of investment - 3 yrs rolling avg. (dev. fm optimum)	36	53.2
	GOL Gold demand as % of GDP	18	33.3
	UNC Unicorns per 1 million people	12	46.8
	BSG Billionaires self-made nr. per 1 million people	17	54.5
	BSM Billionaires self-made as % of total billionaires	55	25.2
	LPG Labor productivity growth	84	45.2
	WLP Delta real wage vs labor productivity increases	19	60.5
	LFP Labor force participation rate	69	52.0
	LFR Labor force participation ratio - male vs female	42	67.7
	UEM Unemployment rate	26	69.2
	YUN Youth unemployment rate	21	73.6
	BRN Human flight and brain drain	15	89.8

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