



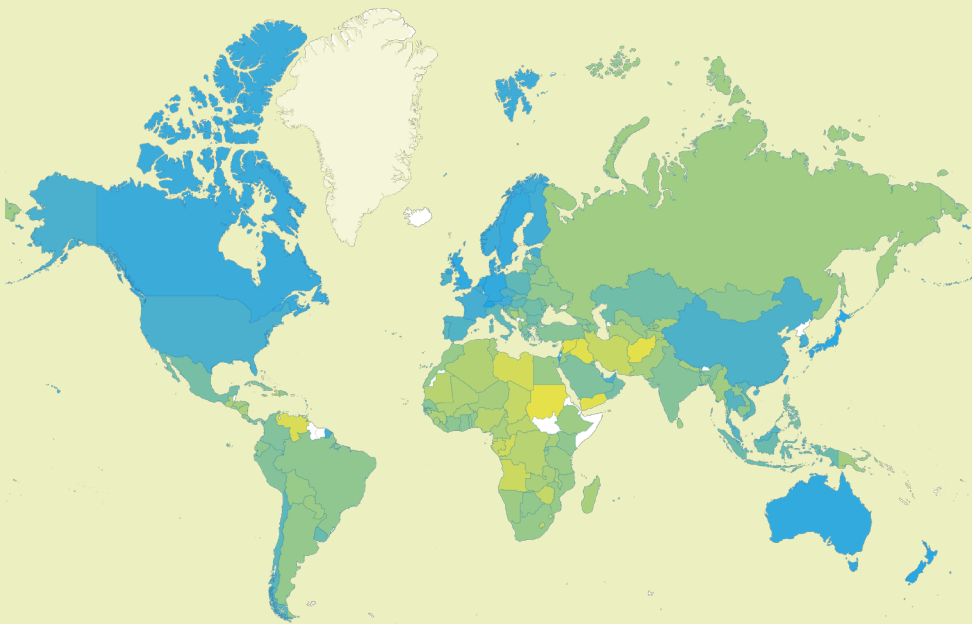
**ELITE QUALITY
INDEX**
EQx2023

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ELITE QUALITY REPORT 2023

The United States: Striking strengths and underlying weaknesses

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The United States: Striking strengths and underlying weaknesses

While continuing to exhibit some striking strengths compared to others, the position of the United States has fallen in the Elite Quality Index for the third year in a row. Ranked fifth in 2021, it slipped to 15th spot in 2022. This year, the world's largest economy has fallen behind six additional places to 21st. This certainly doesn't reflect America's level of ambition or the self-view of its place in the world. What's going on? The EQx2023 Indicators provide the evidence.

First, the good news. The US remains the world's best place to start a business. It ranks first for *Entrepreneurship* (ENT, ii., rank # 1), *Women entrepreneurs* (IWE, ii.6, rank # 1), *Number of patent applications per 100,000 people* (PAT, iv.10, rank # 1), the *Financial Markets Index* (FMI, iv.11, rank # 1) and *Venture capital availability* (VCA, ii.6, rank # 1). Moreover, entrepreneurship pays off, with the United States claiming first place in the number of *Unicorns per 1 million people* (UNC, iv.11, rank # 1) and sixth place in *Self-made billionaires per 1 million people* (BSG, iv.11, rank # 6). Overall taxes are low and a great amount of wealth passes to the next generation largely intact, while new wealth is also massively created a fact suggested by the twenty-first place score for *Billionaires self-made as a % of total billionaires* (BSM, iv.11, rank # 21).

Scores for many political Indicators suggest further reasons why the US has succeeded in creating a flourishing entrepreneurial ecosystem. As reflected by its first-place score for *Political decentralization* (PDE, i.1, rank # 1), America's federal system forces the fifty states and fourteen territories to compete for talent and encourages public policy experimentation. Although only placing fifteenth in *Regulatory quality* (REQ, i.2, rank # 15), industry and consumers are well positioned compared to those in other countries to challenge regulations they regard as unfair or burdensome (ECR, i.2, rank # 6).

That this sort of system also produces losers, however, is also clear. Inequality is unacceptably high for a country that regards itself to be the

land of opportunity (GWL, i.1, rank # 121). The US also continues to underperform in educational opportunity (*Pupil-teacher ratio*, PTR, iii.7, rank # 35; *Government education expenditure*, GEE, iii.7, rank # 24; *Top universities*, UNV, iii.7, rank # 26) and educational outcomes (*School life expectancy*, EDU, iii.7, rank # 27; *PISA mean scores*, PIS, iii.7, rank # 23). And despite a number one ranking in the *Density of medical staff* (DMS, iv.10, rank # 1), healthcare remains too expensive for average Americans (*Financial burden of healthcare*, FBH, iv.10, rank # 46; *Health Efficiency Index*, HEI, iv.10, rank # 52) at a time when mental illness (*Suicide rate per 100,000 people*, SUI, iii.8, rank # 131) and substance abuse (*Death rates from substance abuse per 100,000 people*, SUB, iii.8, rank # 145) constitute ongoing national crises.

The obvious public policy response to such disparities would be to increase investments in education and access to healthcare and transfer payments to those most in need. Indeed, the welfare state in the United States remains small in comparison to other advanced economies (see, for instance, *General government expenditure as % of GDP*, GPS, iii.7, rank # 46; *Subsidies and transfers as % of expenses*, SNT, iii.7, rank # 122; *Regional redistribution as % of government budget*, REG, iii.7, rank # 132). But a high ratio of *Government debt as % of GDP* as compared to other states (DBT, iii.9, rank # 138) and a suboptimal *Inflation rate* (DOI, iv.11, rank # 67) betray the constraints faced by policymakers in Washington. It is too early to judge whether the 2022 Inflation Reduction Act, with its estimated USD 739 billion in additional revenue and USD 433 billion of additional spending will help square the circle. But without such additional revenue to fund new investments, the underlying weaknesses are likely to continue to drag down the EQx ranking of the United States.

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United States

EQx2023 Country Scorecard

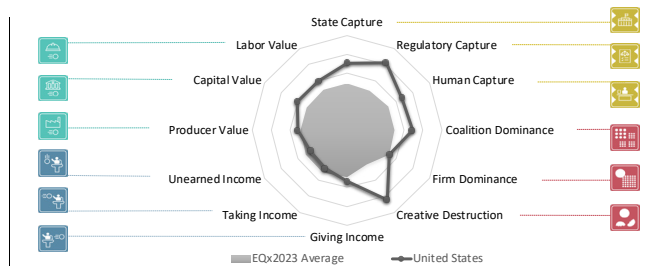
Population **331.9 million**
 GDP (nominal) **23'315 billion USD**
 GDP per capita **70'249 USD**



Level 1 – Index	EQx Rank / 151 21	EQx Score 61.0	NextGen VCB Rank Rank 76	High Quality Elites
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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	
	2	73.6		37	54.7	15	73.4	1	73.8	90	48.5	29	57.8

Level 3 – Pillars		Rank / 151	Score
Political Power (i)	State Capture	16	71.0
	Regulatory Capture	11	82.3
	Human Capture	16	67.5
	Coalition Dominance	6	69.1
	Firm Dominance	80	51.8
	Creative Destruction	2	84.5
	Giving Income	56	53.9
	Taking Income	106	46.5
	Unearned Income	118	44.1
	Producer Value	71	51.9
Economic Power (ii)	Capital Value	18	60.6
	Labor Value	35	60.0



Level 4 – EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	22	84.2
	COC Control of corruption	20	80.5
	OPG Open government	15	86.9
	RTC Government's responsiveness to change	10	91.8
	EPR E-Participation Index	10	91.5
	PFJ Press freedom	34	72.1
	NJK Nr. of journalists killed per 1 million people (2yrs avg.)		
	PDE Political decentralization	1	100.0
	ADE Administrative decentralization	10	86.5
	PGL Political globalization	16	82.2
Regulatory Capture (i.2)	WPI Women's Power Index	37	67.7
	MOB Social mobility (upward) (dev. fm optimum)	76	40.1
	INE Top 10% share of pre-tax national income	73	50.1
	GWL Gini coefficient on net national wealth dist. - level	121	28.1
	GWC Gini coefficient on net national wealth dist. - 3-year growth	33	53.2
	GIL Gini coefficient on income dist. - level	100	37.0
	GIC Gini coefficient on income dist. - 1-year growth rate	37	45.9
	ECR Ease of challenging regulations	6	96.6
	CGP Constraints on government power	27	72.0
	REQ Regulatory quality	15	88.2
Human Capture (i.3)	REN Regulatory enforcement	20	80.5
	PRI Property rights	6	92.5
	CRO Crony capitalism	41	51.0
	INO Informal output as a % of GDP	1	98.4
	GSI Global Slavery Index	9	70.1
	FDP Forcibly displaced population as % of population	13	56.5
	HRI Human Rights Index	50	59.8
	AFI Academic Freedom Index	36	62.8
	GRI Religion - Government Restriction Index	73	56.4
	LIN LGBT+ inclusiveness	29	75.5
Coalition Dominance (ii.4)	WSB Women self made billionaires	8	69.2
	WBL Women, business and the law	31	69.9
	WMA Proportion of women in senior and middle mgmt positions (12	80.4
	IEE Top 3 industries exports as % of exports	18	82.0
	IEO Top 1 industry exports as % of exports	28	71.1
	IVA Top 3 industries as % of VA	20	73.2
	HHI Domestic market diversification	21	68.9
	ECI Economic Complexity Index	8	91.2
	PUE Public employees as a % of total employment	59	56.2
	MIL Military expenses as % of GDP (dev. fm optimum)	53	60.7
Firm Dominance (ii.5)	UNI Unionization rate (dev. fm optimum)	6	71.8
	BSN Barriers in service & network sectors	12	66.0
	CRA Criminal actors	80	49.0
	SME SMEs per 1,000 people	40	45.3
	FAM Family business revenues as percentage of GDP	13	59.3
	BIW Billionaires' wealth as % of GDP	140	19.3
	FKG Top 10 firms market cap as % of GDP	51	52.0
	FRG Top 3 firms revenues as % of GDP	19	66.0
	FRR Top 30 firms revenues as % of GDP	25	51.9
	ENT Entrepreneurship	1	100.0
Creative Destruction (iii.6)	GSE Governmental support to entrepreneurship	68	34.5
	VCK Venture capital finance	4	90.7
	VCA Venture capital availability	1	100.0
	RND R&D as a % of GDP	5	89.1
	EXR Firm exit ratio		
	BCD Billionaire's creative destruction	39	68.4
	IWE Index of Women Entrepreneurs	1	86.6
	LEW Life expectancy women	36	70.0
	LEM Life expectancy men	37	68.9
	YAX COVID-19 vaccination rate	51	48.0
Giving Income (iii.7)	COM COVID-19 mortality rate, age-adjusted	139	10.1
	COF COVID-19 fatality rate, age-adjusted	54	58.9
	COV COVID-19 excess deaths, age-adjusted	57	52.8
	CLS COVID-19 lost schooldays	126	20.9
	SCI UHC Service coverage index		
	PTR Pupil:teacher ratio	35	69.1

Giving Income (iii.7)	EDU School life expectancy	27	72.5
	PIS PISA mean scores	23	68.5
	UNV Top universities	26	43.1
	GEE Government education expenditure	24	73.5
	OSI Online Service Index	9	85.3
	NRI Network Readiness Index	1	99.1
	INT Internet access	26	71.1
	FSQ Global Food Security Index - availability, quality & safety	10	81.9
	GPS Expenditure on general public services as % of GDP (dev. fm	46	51.2
	GEX General government expenditure as % of GDP (dev. fm optim	62	51.3
Taking Income (iii.8)	SNT Subsidies and transfers as % of expenses	112	15.2
	REG Regional redistribution as % of government budget	132	11.2
	SUB Death rates from substance use per 100,000 people	145	0.0
	BRD Battle-related deaths per 100,000 people	1	54.2
	HOM Homicide rate	130	0.0
	SUI Suicide rate per 100,000 people	131	27.9
	DTR Tax revenue as % of GDP (dev. fm optimum)	18	75.0
	DCT Corporate tax rate (dev. fm optimum)	31	74.0
	DPS Delta public vs private sector salaries		
	FDE Fiscal decentralization	6	94.6
Unearned Income (iii.9)	GCI Global Cybersecurity Index	2	99.8
	GEG Gender education gap (dev. fm optimum)	23	48.0
	CRM Criminal markets	97	39.1
	DBT Government debt as % of GDP	138	8.4
	NRR Natural resources rents as % of GDP	35	65.4
	GPA Green patents	10	93.1
	EPI Environmental Performance Index	33	67.5
	DER Deforestation Rate	121	0.0
	FUS Fertilizer usage kg per hectare	75	55.3
	TLP Terrestrial land protected	94	39.6
Producer Value (iv.10)	CDO CO2 emissions (metric tons per capita)	143	0.0
	AIR Air quality index	17	70.4
	HAZ Hazardous Waste per capita		
	WPC Waste collected per capita	90	43.9
	MWR Municipal Waste Recycling Rate	27	53.9
	FIS Fishing consumption as % of population	106	36.6
	MET Red meat consumption kilograms per capita	145	15.2
	PAT Nr. of patent applications per 100,000 people	1	100.0
	FBH Financial burden of healthcare	46	63.5
	HEI Health Efficiency Index	52	6.4
Capital Value (iv.11)	DMS Density of medical staff	1	100.0
	FSA Global Food Security Index - affordability	29	73.1
	FDS Inward FDI as a % of GDP, Stock	65	46.9
	BTF Barriers to FDI	49	53.5
	OFB Open for business	52	43.8
	EGL Economic globalization	44	64.6
	TRF Trade freedom	62	60.8
	IPM Share of imports targeted by protectionist measures (flow)	101	19.2
	IPS Share of imports targeted by protectionist measures (stock)	122	0.0
	DGI Share of discriminatory government interventions as % of totc	76	63.7
Labor Value (iv.12)	DGS Share of discriminatory government interventions as % of totc	147	3.8
	DOI Inflation (dev. fm optimum)	67	56.3
	DEF GDP deflator index growth rate (dev. fm optimum)	60	56.4
	DNI Neutral interest rate (dev. fm optimum)	25	0.0
	FMI Financial Markets Index	1	100.0
	GFC Gross capital formation	95	40.3
	DMA M&A as % of investment - 3 yrs rolling avg. (dev. fm optimum	64	41.5
	GOL Gold demand as % of GDP	7	60.7
	UNC Unicorns per 1 million people	1	100.0
	BSG Billionaires self-made nr. per 1 million people	6	93.3
BSM Billionaires self-made as % of total billionaires	21	61.2	
Labor Value (iv.12)	LPG Labor productivity growth	90	43.4
	WLP Delta real wage vs labor productivity increases	30	41.6
	LFP Labor force participation rate	66	54.8
	LFR Labor force participation ratio - male vs female	54	64.0
	UEM Unemployment rate	69	60.8
	YUN Youth unemployment rate	40	68.0
	BRN Human flight and brain drain	13	91.0

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