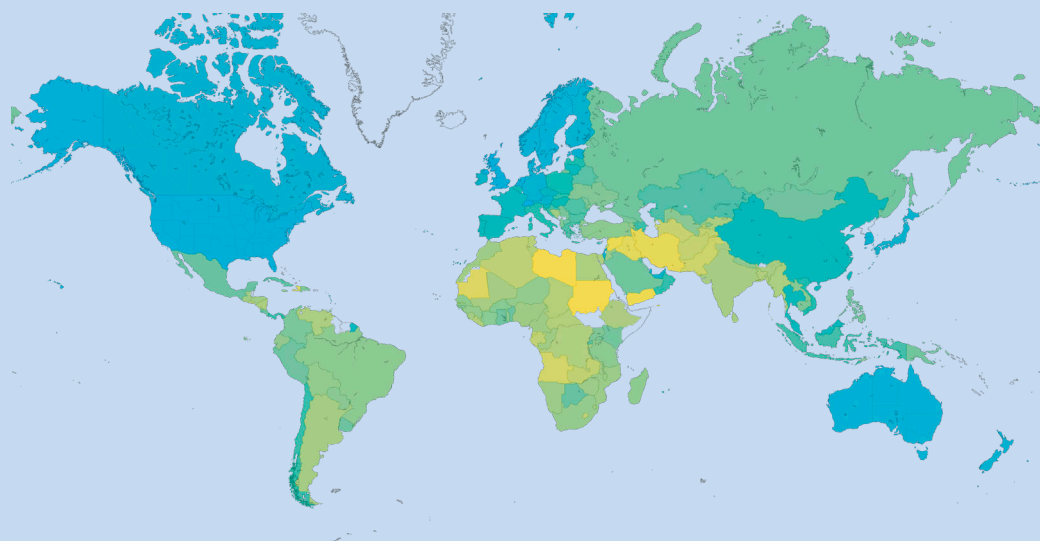


This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2021

The United States of America: Building back better,
but to whom are American politicians beholden?

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The United States of America: Building back better, but to whom are American politicians beholden?

As the United States begins to transition from Donald Trump's so-called 'America First' policies to the 'Build Back Better' paradigm of President Joe Biden, the 2021 Elite Quality Index provides an interesting window into the structure of the US Economy and the position of elites within it.

Without doubt, the US is an engine for Value Creation and a very good place to do business, a conclusion supported by the country's overall ranking of fifth position in the EQx. A look at the important Level 4 indicators helps to explain this aggregate score. The US ranks first for *Entrepreneurship* (ENT, ii.6, rank # 1), *Venture capital finance* (VCF, ii.6, rank # 1), *Venture capital availability* (VCA, ii.6, rank # 1), R&D (RDR, iv.10, rank # 1), *Number of patent applications per 100,000 people* (PAT, iv.10, rank # 1), and *number of Unicorns per million people* (UNC, iv.11, rank # 1). Part of the explanation for these high assessments can be found in the conducive regulatory environment and laws (Regulatory Capture Pillar, i.2, rank # 3) that have allowed for the emergence and operation of a strong private finance sector that operates alongside, but in large measure independent of, both the private banking sector and the Federal Reserve. Moreover, the US ranks first in terms of the *Ease to challenge regulations* (ECR, i.2, rank # 1) pointing to a regulatory regime that can be challenged by both businesses and financial actors.

With all of this good news, one might wonder why American voters decided to jump horses in the November 2020 election. The EQx2021 provides some answers in this regard.

Although American business elites lead in terms of innovation, the benefits of America's economic model are not enjoyed across all Sections of the population. The *Labor force participation rate* (LFP, iv.12, rank # 72) is relatively low, with the US ranking only slightly above halfway amongst the 151 countries assessed this year. The *Youth unemployment rate* (YUN, iv.12, rank # 52) is also high and the US economy lags behind other industrialized democracies in the inclusion

of women (WBL, i.3, rank # 32) and *LGBT+ Inclusiveness* (LIN, i.3, rank # 34). Relatively low rates of *Social mobility* (MOB, i.1, rank # 74) suggest the 'American Dream' is increasingly only a dream. Americans' average life expectancy scores are low for both men and women (LEW, iii.7, rank # 31 & LEM, iii.7, rank # 30). Given its aggregate and per capita wealth, the performance of the US during the COVID-19 crisis is a national embarrassment, with an appalling country ranking in *COVID-19 mortality, age-adjusted* (COM, iii.7, rank # 119). Even if we ignore the high *Homicide rate* (HOM, iii.8, rank # 69), as American gun policies make it an outlier within its peer group, the shockingly high *Suicide rate per 100,000 people* (SUI, iii.8, rank # 126) and *Death rates from substance use disorders per 100,000 people* (SUB, iii.8, rank # 142) suggest economic vitality is not translating into overall societal health.

Presumably, President Biden's USD1.9 trillion stimulus package passed in March 2021 and his USD2 trillion infrastructure and jobs proposal are directed at redressing these persistent inequities and societal ills. The question, however, is how to pay for them. To date, fiscal spending has been largely debt financed. Will *Government debt as a percentage of GDP* (DBT, iii.9, rank # 135), already high in comparison to other wealthy economies, balloon further? Or, will the Democrats succeed in their efforts to shift the relative tax burden from labor to capital (DCT, iii.8 rank # 33)?

Despite their congressional majorities, a closer look at the data suggests that the latter will be a difficult task. *Crony capitalism* scores are too high (CRO, i.2, rank # 39), and despite a first-place ranking for *Political decentralization* (PDE, i.1) and tenth place for *Government's responsiveness to change* (RTC, i.1), the US ranks very poorly in terms of *Regional redistribution as % of government budget* (REG, iii.7, rank # 111). Taken together, the data suggest a question: To whom are American politicians beholden?

Prof. James W. Davis, PhD
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United States

EQx2021 Country Scorecard

Population **328 million**
 GDP (nominal) **21 433 billion USD**
 GDP per capita **65 298 USD**



Level 1 - Index

EQx Rank / 151
5

EQx Score
64.1

Very High Quality Elites

Level 2 - Sub-Indices & Index Areas

EQx Sub-Indices

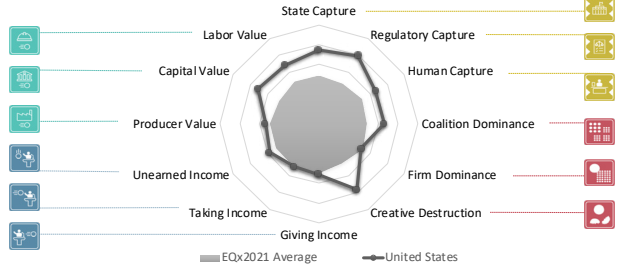
Power		Value	
Rank / 151	Score	Rank / 151	Score
1	70.2	18	61.0

EQx Index Areas

Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
10	74.4	3	68.2	53	52.5	4	65.3

Level 3 - Pillars

		Rank / 151	Score
Political Power (i)	State Capture	15	74.8
	Regulatory Capture	3	80.0
	Human Capture	24	66.2
Economic Power (ii)	Coalition Dominance	12	66.2
	Firm Dominance	90	49.7
	Creative Destruction	5	76.5
Political Value (iii)	Giving Income	63	51.3
	Taking Income	74	50.1
	Unearned Income	42	57.3
Economic Value (iv)	Producer Value	53	54.1
	Capital Value	3	71.1
	Labor Value	12	68.8



Level 4 - EQx Indicators

		Rank / 151	Score	
State Capture (i.1)	COR Political corruption	26	82.1	
	MOB Social mobility	74	37.5	
	PDE Political decentralization	1	100.0	
	ADE Administrative decentralization	10	84.4	
	PGL Political globalization	15	81.8	
	WPI Women's Power Index	106	33.2	
	RTC Government's responsiveness to change	10	91.8	
	EPR E-Participation Index	1	87.4	
	PFD Press freedom	35	68.5	
	COC Control of corruption	20	84.7	
Regulatory Capture (i.2)	DBI Institutional quality	4	85.5	
	CRO Crony capitalism	39	53.4	
	PMI Protecting minority investors	33	71.9	
	ECR Ease of challenging regulations	1	100.0	
	EDB Digital institutional quality	1	93.2	
	PRI Property rights	20	84.0	
	GSI Global Slavery Index	9	70.1	
	WBL Women, business and the law	32	71.7	
	LIN LGBT+ Inclusiveness	34	71.4	
	GRI Religion - Government Restriction Index	75	56.5	
Human Capture (i.3)	SHI Religion - Social Hostilities Index	76	53.6	
	WSB Women self made billionaires	7	75.1	
	HRI Human Rights Index	42	65.4	
	FDP Forcibly displaced population as % of population	1	56.2	
	AFI Academic Freedom Index	33	72.2	
	Coalition Dominance (ii.4)	IEE Top 3 industries exports as % of GDP	7	71.1
		ECI Economic Complexity Index	6	94.5
		IVA Top 3 industries as % of VA	75	29.4
		CON Construction as % of GDP (dev. fm optimum)	13	63.7
		MIL Military expenses as % of GDP (dev. fm optimum)	45	64.9
UNI Unionization rate (dev. fm optimum)		2	72.9	
CBC Collective bargaining coverage		15	70.7	
BSN Barriers in service & network sectors				
Firm Dominance (ii.5)		PRO Top 10 firms profitability	85	50.4
		SME SMEs per 1,000 people	41	45.5
	BIW Billionaires' wealth as % of GDP	141	16.3	
	FKG Top 10 firms market cap as % of GDP	62	41.2	
	FRG Top 3 firms revenues as % of GDP	5	60.0	
	FRR Top 30 firms revenues as % of GDP	9	65.9	
	TUL Listed firms turnover, long run 15 years	24	33.0	
	TUS Listed firms turnover, short run 3 years	22	41.3	
	ENT Entrepreneurship	1	100.0	
	VCK Venture capital finance	1	100.0	
Creative Destruction (ii.6)	RND R&D as a % of GDP	8	82.2	
	ENR Firm entry ratio			
	EXR Firm exit ratio			
	BCD Billionaire's creative destruction	38	39.7	
	IWE Index of Women Entrepreneurs	2	89.2	
	VCA Venture capital availability	1	100.0	
	GSE Governmental support to entrepreneurship	23	55.1	

		Rank / 151	Score
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	92	20.2
	REG Regional redistribution as % of government budget	111	28.7
	EDU School life expectancy	25	65.7
	GPS Expenditure on general public services as % of GDP (dev. f	34	52.4
	INT Internet access	23	76.3
	NRI Network Readiness Index	8	94.7
	LEW Life expectancy women	31	69.9
	LEM Life expectancy men	30	70.0
	FSQ Global Food Security Index - availability, quality and safety	4	90.6
	COV COVID-19 excess deaths, age-adjusted	28	46.6
Taking Income (iii.8)	COF COVID-19 fatality rate, age-adjusted	32	60.3
	CGD COVID-19 growth differential	77	52.4
	COM COVID-19 mortality rate, age-adjusted	119	26.3
	CLS COVID-19 lost schooldays	137	14.3
	OSI Online Service Index	6	85.0
	DCT Corporate tax rate (dev. fm optimum)	33	65.3
	HOM Homicide rate	69	36.9
	INE Top 10% share of pre-tax national income	78	47.1
	FDE Fiscal decentralization	16	64.5
	DTR Tax revenue as % of GDP (dev. fm optimum)	15	77.2
Unearned Income (iii.9)	BRD Battle-related deaths per 100,000 people	1	53.8
	GCI Global Cybersecurity Index	2	86.5
	SUI Suicide rate per 100,000 people	126	26.0
	SUB Death rates from substance use disorders per 100,000 pe	142	0.0
	OCR Organized crime	50	59.4
	DUT Dutch disease propensity	39	62.1
	EPI Environmental Performance Index	21	85.0
	DBT Government debt as % of GDP	135	18.9
	TRF Trade freedom	65	60.6
	FDI FDI net inflows as % of GDP	113	41.0
Producer Value (iv.10)	BTF Barriers to FDI	50	53.7
	EGL Economic globalization	24	80.8
	HEI Health Efficiency Index	52	6.4
	OFB Open for business	2	91.9
	ESG ESG company scores	30	51.8
	RDR R&D as % of revenue Top 10 firms	1	100.0
	FSA Global Food Security Index - affordability	6	80.0
	PAT Number of patent applications per 100,000 people	1	100.0
	IPM Share of imports targeted by protectionist measures	131	31.7
	DGI Share of discriminatory government interventions as % of t	116	29.5
Capital Value (iv.11)	DNI Neutral interest rate (dev. fm optimum)	4	73.0
	DOI Inflation (dev. fm optimum)	1	62.7
	GOL Gold demand as % of GDP	4	67.3
	DMA M&A as % of investment - 3 yrs. rolling average (dev. fm. c	64	41.6
	DKI Delta capital gains tax vs income tax	58	28.0
	UNC Unicorns per 1 million people	1	100.0
	BSG Billionaires self-made number per 1 million people	5	93.6
	BSM Billionaires self-made as % of total billionaires	24	58.1
	FMI Financial Markets Index	1	100.0
	UEM Unemployment rate	25	61.4
Labor Value (iv.12)	LFP Labor force participation rate	72	50.5
	WLP Delta real wage vs labor productivity increases	10	64.0
	LDR Labor dependency ratio	34	68.0
	YUN Youth unemployment rate	52	64.4
	GWG Gender wage gap	7	92.3
	BRN Net brain drain	4	82.2
	LFM Labor force participation ratio - male vs female	59	62.8

The Elite Quality Report 2021 (EQx2021) provides Country Scores and Global Rankings for 151 countries
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