

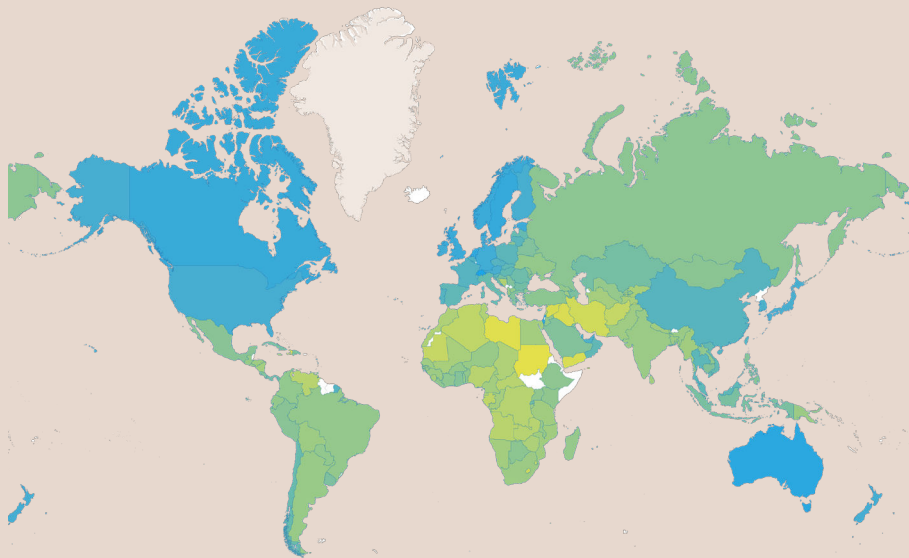
This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2022

Measuring intergenerational fairness:
A conceptual framework and results of the NextGen
Value Creation Barometer

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1.2 Measuring intergenerational fairness: A conceptual framework and results of the NextGen Value Creation Barometer

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Brundtland, G. (1987). Report of the World Commission on Environment and Development: Our Common Future. United Nations General Assembly document A/42/427.

The conceptual anchor of sustainability is the next generation. Our common understanding of sustainability expresses a fundamental human desire: to leave those that come after us a better world than we inherited. This is the basis for human development and progress. It is also the logic that informs various strands of ethics and science, or institutions like the family and the state. The idea of a “generational contract” captures the principle that generations depend on each other to provide mutual support across different stages of their lives and that those currently alive have a responsibility to future generations.

At the heart of the generational contract is the powerful idea of intergenerational fairness, originally framed in *Our Common Future*, published in 1987, and quoted above. More than three decades later, at the 76th session of the United Nations General Assembly in 2021, UN Secretary General António Guterres warned governments of a growing intergenerational divide. Young people, he said, will “inherit the consequences—good and bad” of decisions made by today’s leaders in politics and business. This lack of future-oriented decision-making equally concerns future generations—the more than 10 billion people that are projected to be alive by the end of the century, compared to the 7.7 billion people alive today.

As those currently alive, we have inherited a world that previous generations have built. Most of what we cherish today—our knowledge, infrastructure, institutions, and values—are the consequences of the efforts of our forebears. The development of educational systems, the institutions that secure peace, and technological advances that have enhanced living standards are the equivalent of planting a tree that will bear fruit when we are no longer here. This is the essence of Sustainable Value Creation. The moment a given generation stops providing for, and instead takes away from the next, the course of history shifts into reverse. Today’s generation is also planting trees, but both literally and metaphorically more trees than ever are being felled. That is, value is being both created for and extracted from future generations.

Therefore, the St.Gallen Symposium—the world’s most long-standing and relevant platform for cross-generational dialogue—is partnering with the Club of Rome to launch a joint initiative in May 2022. ‘A New Generational Contract’ will foster dialogue and impactful actions that elevate concerns for intergenerational fairness and place them firmly at the center of the decisions that we take today.



A framework for cross-generational awareness and action

Dialogue and action that is focused on the next generation is most impactful when guided by a conceptual framework and benchmarked by measurements. The Elite Quality Index (EQx), an international comparative measurement of Sustainable Value Creation, provides both of these elements. The EQx assumes that elite business models shape institutional change and that if such models are based on value creation, they support economic and human development. Elites who run Sustainable Value Creation business models can have a positive impact on future generations. However, some elite business models are based on rent seeking and extraction from various sub-sectors of society. Moreover, such extractive business models may also be based on transfers of value away from the next (future) generation to the present one.

The NextGen Value Creation Barometer has been jointly designed by the St.Gallen Symposium and the EQx team to provide insights on key dimensions of intergenerational fairness and how the value creation business models of different countries compare in this regard. The Barometer uses five equally weighted categories, comprising a total of 20 component Indicators (out of the 120 Indicators included in the full EQx), as measurements to highlight intergenerational relationships, both in terms of value creation and extractive transfers. The categories selected build on a literature review of intergenerational equity, as well as a global, cross-generational survey that asked respondents to rank the importance of key intergenerational issues.

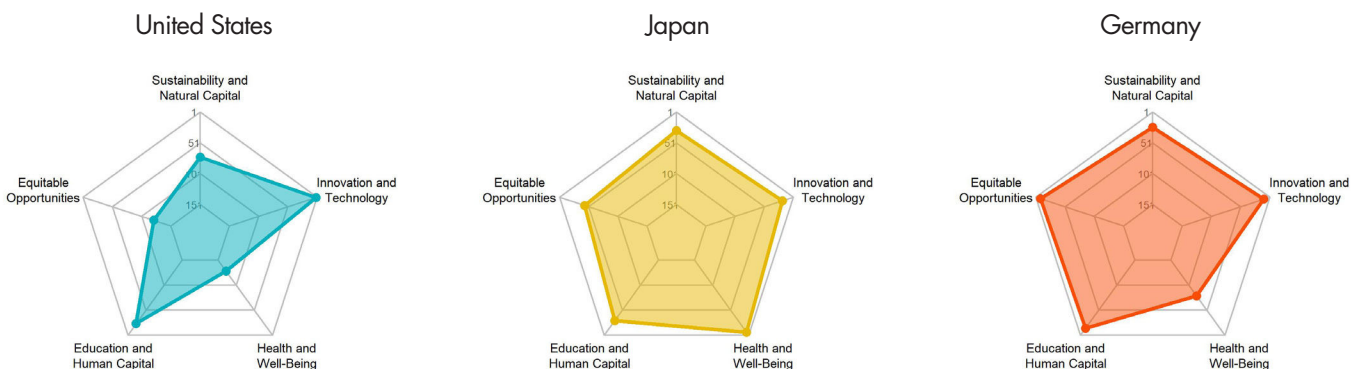
The first category, Sustainability and Natural Capital, focuses on the extent to which dominant elite business models deplete or preserve natural resources and ecosystems for future generations. The second category, Equitable Op-

portunities, measures the distribution of economic opportunities across generations, focusing on factors such as social mobility, youth unemployment and government debt. The third category, Education and Human Capital, stresses the importance of the present generation’s value creation for the next, in terms of investments in—and inclusive access to—high-quality learning and education. The fourth category, Health and Well-Being, measures the quality and key outcomes of national health care systems, while the fifth category, Innovation and Technology, explores the capacity provided to the next generation to drive scientific discovery and develop disruptive business models.

Through the NextGen Value Creation Barometer, the Foundation for Value Creation and the EQx team have partnered with the St.Gallen Symposium to foster greater intergenerational fairness and leadership “with the next generation in mind”. The Barometer is a unique global assessment in terms of its framework, measurements, and implications. Its findings will help to raise awareness among stakeholders in business, policy, academia and civil society—as well as the general public—on the need for greater intergenerational equity, while encouraging ambitious actions to launch value creation business models with the next generation in mind. At the same time, it will also identify business models that are based on value transfers away from future generations, such as those that allow environmental degradation or result in long-term debt. Given that many intergenerational challenges are deeply embedded in the fabric of the political economy, the findings should inform policy initiatives as well as the transformation of elite business models towards more Sustainable Value Creation.

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Visual 1.1: NextGen Value Creation Barometer 2022 country comparison



Visual 1.2: NextGen Value Creation Barometer 2022 table of Global Rankings with component categories

	NextGen Value Creation Barometer Rank	Difference vs. EQx2022	Sustainability & Natural Capital	Equitable Opportunities	Education & Human Capital	Health & Well-Being	Innovation & Technology		NextGen Value Creation Barometer Rank	Difference vs. EQx2022	Sustainability & Natural Capital	Equitable Opportunities	Education & Human Capital	Health & Well-Being	Innovation & Technology
Sweden	1	5	7	22	4	58	1	Vietnam	77	-39	132	108	63	50	61
New Zealand	2	12	34	5	3	10	24	Bosnia and Herz.	78	53	91	65	101	77	82
Denmark	3	9	16	4	8	78	9	Cambodia	79	-21	86	54	122	60	90
Switzerland	4	-2	9	30	12	40	6	Liberia	80	-6	94	38	46	98	132
Israel	5	-1	54	23	23	3	2	Argentina	81	10	89	146	34	81	66
Netherlands	6	-1	30	8	7	38	12	Mexico	82	-17	82	83	61	130	63
United Kingdom	7	1	15	36	11	63	4	Congo, Dem. Rep.	83	49	14	13	137	128	107
Finland	8	8	21	45	1	67	5	Egypt, Arab Rep.	84	29	110	140	133	21	46
Australia	9	-6	51	15	5	34	15	Azerbaijan	85	-33	107	62	136	56	70
Singapore	10	-9	10	128	22	2	13	Kazakhstan	86	-40	140	7	81	126	75
Norway	11	-2	18	41	9	41	21	Burkina Faso	87	-2	25	52	97	127	104
Ireland	12	1	35	68	6	30	19	Syria	88	60	4	132	151	25	137
Germany	13	-2	26	9	15	80	11	Georgia	89	-5	115	135	71	54	77
Belgium	14	9	1	107	2	137	17	Honduras	90	15	87	50	85	68	138
Korea, Rep.	15	4	77	20	17	28	16	Ukraine	91	-5	104	47	65	145	68
Japan	16	2	31	44	30	7	20	Gabon	92	49	88	129	48	111	76
Cyprus	17	15	52	24	19	12	28	Belarus	93	-39	28	80	88	149	44
Canada	18	-11	70	61	13	64	7	Russian Federation	94	-27	44	43	50	151	49
Austria	19	-2	17	96	14	66	18	Sri Lanka	95	21	78	97	84	61	112
Estonia	20	-10	81	17	10	109	14	Brazil	96	-15	57	141	95	108	43
France	21	3	11	101	28	62	10	Papua New Guinea	97	1	106	21	41	96	151
Portugal	22	3	3	113	16	69	33	Iran, Islamic Rep.	98	47	127	98	119	76	48
Spain	23	11	22	115	18	13	25	Algeria	99	41	117	116	129	27	79
Slovenia	24	7	33	14	27	87	23	Benin	100	-23	148	19	69	42	125
Czech Republic	25	1	48	31	21	57	30	Botswana	101	-32	124	131	40	112	65
Slovak Republic	26	10	2	57	36	101	37	Ghana	102	-42	102	99	78	107	80
Italy	27	13	27	136	26	8	35	Bolivia	103	-2	99	102	73	89	96
Poland	28	1	6	64	29	124	27	El Salvador	104	-9	63	78	90	115	99
United States	29	-14	74	122	24	129	3	Moldova	105	-37	113	82	62	132	74
UAE	30	-10	131	25	77	59	8	Yemen, Rep.	106	41	13	76	145	95	120
Lithuania	31	-3	43	28	20	142	36	Burundi	107	-3	29	6	143	123	139
Greece	32	27	37	147	25	17	42	South Africa	108	-9	135	88	52	143	53
Turkey	33	37	114	56	79	6	40	Lebanon	109	27	121	145	102	53	60
Qatar	34	-12	139	27	98	4	29	Guinea-Bissau	110	-4	39	95	59	136	115
Chile	35	6	79	111	32	48	34	Senegal	111	-3	147	93	100	32	91
Romania	36	7	5	105	55	97	50	Turkmenistan	112	6	105	10	139	93	126
Cuba	37	13	75	2	110	43	59	Uganda	113	-38	20	71	126	114	140
Bahrain	38	-17	40	63	112	14	54	Rwanda	114	-70	143	26	147	49	85
Latvia	39	0	47	46	31	131	39	Tanzania	115	-4	146	37	124	39	101
Thailand	40	-10	91	40	116	22	38	Nigeria	116	21	98	86	39	144	100
Malaysia	41	-8	126	66	72	29	32	Kyrgyz Republic	117	6	108	70	92	113	116
Croatia	42	6	41	89	37	82	45	Chad	118	10	32	12	135	141	135
China	43	-16	142	73	64	33	22	Madagascar	119	-32	38	77	104	86	150
Tunisia	44	86	76	126	42	24	58	Nicaragua	120	-3	69	60	141	83	127
Mauritius	45	-3	112	18	53	73	71	Togo	121	-48	149	91	76	51	111
Colombia	46	34	42	109	89	23	64	Tajikistan	122	0	133	42	144	47	131
Kuwait	47	15	138	29	82	19	67	India	123	-26	136	139	111	105	41
Costa Rica	48	9	45	138	45	31	62	Sierra Leone	124	-4	151	123	44	35	110
Peru	49	14	83	58	57	44	88	Mongolia	125	-59	144	48	38	146	95
Hungary	50	-13	46	100	86	100	26	Zambia	126	7	58	127	96	118	114
Philippines	51	10	130	3	117	18	98	Myanmar	127	-17	120	90	123	70	133
Albania	52	40	67	114	68	20	84	Afghanistan	128	14	60	81	120	106	147
Uruguay	53	-2	64	121	33	84	56	Bangladesh	129	-29	150	124	128	1	142
Paraguay	54	24	55	33	51	94	92	Guinea	130	-28	71	74	130	119	130
Serbia	55	1	19	87	66	121	51	Mozambique	131	-22	36	110	114	138	121
Saudi Arabia	56	-1	103	85	118	46	31	Guatemala	132	-38	119	104	94	104	136
Oman	57	-22	145	59	87	11	47	Mali	133	-12	62	51	150	122	109
Trinidad and Tob.	58	35	72	55	49	75	93	Namibia	134	-19	101	149	74	120	87
Jamaica	59	66	93	130	35	16	97	Côte d'Ivoire	135	-63	96	72	103	140	124
Timor-Leste	60	4	141	32	58	5	119	CAF	136	-1	12	117	80	147	148
Jordan	61	21	56	118	134	9	57	Iraq	137	12	134	103	106	88	123
Bulgaria	62	-17	84	79	67	85	55	Haiti	138	8	73	142	75	135	105
North Macedonia	63	26	68	120	83	36	69	Congo, Rep.	139	-20	95	119	105	117	146
Ecuador	64	19	65	94	43	71	86	Cameroon	140	-26	53	125	127	134	118
Gambia, The	65	59	59	11	47	116	113	Mauritania	141	2	123	39	142	99	149
Panama	66	-19	85	92	99	15	89	Pakistan	142	-35	111	133	131	102	117
Morocco	67	62	97	67	121	52	52	Lao PDR	143	-64	129	53	149	79	144
Malawi	68	22	8	49	56	110	141	Venezuela, RB	144	-10	109	150	140	37	94
Niger	69	27	23	1	125	103	145	Libya	145	5	125	148	109	65	128
Kenya	70	6	49	106	54	91	78	Eswatini	146	-7	100	112	115	148	106
Indonesia	71	-22	122	84	107	26	73	Equatorial Guinea	147	-20	137	34	148	133	134
Dominican Rep.	72	-19	90	75	93	72	72	Angola	148	-10	118	143	113	125	143
Nepal	73	39	66	69	60	74	103	Sudan	149	2	61	151	146	90	102
Ethiopia	74	-3	24	35	108	92	108	Zimbabwe	150	-24	80	144	138	139	122
Armenia	75	28	50	137	70	45	83	Lesotho	151	-7	128	134	91	150	129
Uzbekistan	76	12	116	16	132	55	81								

NextGen Value Creation Barometer key findings

The complete NextGen Value Creation Barometer rankings by country are presented in Table 2. Some of the results, such as the following highlights, might be surprising;

- First, the NextGen Value Creation Barometer rankings differ from those of the complete EQx. That is, the intergenerational value relationship is a distinct social phenomenon warranting discrete attention, research, and action.
- The top 14 countries in the ranking are diverse but generally small nations—with the exception of the UK (rank # 7) and Australia (rank # 9). This begs the question of why smaller political economies appear to care more about the future generation than large economies.
- Sweden (for Europe), New Zealand (for the Pacific), Israel (for the MENA region), Singapore (for Asia), Canada (for North America), Niger (for Sub-Saharan Africa) and Chile (for South America) are the regional champions of the NextGen Value Creation Barometer and offer important lessons for their neighbors.
- The US (rank # 29) scores much lower than expected and considerably worse than in the full EQx (rank # 15). Despite the fact that its advanced technologies and innovation system creates enormous amounts of value, the overall focus of elites in the world’s largest economy seems to be on the present, not






the future, with a high level of government debt, low levels of social mobility, and unequal access to health care.

- Many highly ranked countries do well in most areas, but this is not true across the board. For instance, many score poorly for Health and Well-Being because of high rates of suicide and substance abuse that disproportionately affect the young. As an illustration, although Sweden leads the overall NextGen Value Creation Barometer, its Health ranking is # 58; for Switzerland, the respective outcomes are # 4 and # 40; and for the US, # 29 and # 129. The inheritance left for the next generation is multidimensional, and even countries scoring highly must continue to address all of the extractive aspects of their relationship with future generations.
- The NextGen Value Creation Barometer offers a comprehensive view of the intergenerational relationship, highlighting what works and what doesn’t. For instance, Belgium (rank # 14) does very well in Education and Human Capital (rank # 2) and in Sustainability and Natural Capital (rank # 1). Yet, it scores dismally in terms of Equitable Opportunities (rank # 107). The conceptual framework supports a refined interpretation of the results and the design of actionable projects.

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Visual 1.3: NextGen Value Creation Barometer, 5 categories and 20 component Indicators.

 Sustainability and Natural Capital	 Equitable Opportunities	 Education and Human Capital	 Health and Well-Being	 Innovation and Technology
iii.9_EPI Environmental Performance Index	iv.11_DOI Inflation	iii.7_EDU School life expectancy	iii.7_LEW Life expectancy women	iii.7_INT Internet access
iii.9_CDO CO2 emissions (metric tons per capita)	iii.9_DBT Government debt as % of GDP	iii.7_UNV Top universities	iii.7_LEM Life expectancy men	ii.6_ENT Entrepreneurship
	iv.12_YUN Youth unemployment rate	iii.7_PIS PISA mean score	iii.8_SUI Suicide rate per 100,000 people	ii.6_RND R&D as a % of GDP
	i.1_MOD Social mobility (downward)	i.3_AFI Academic Freedom Index	iii.8_SUB Death rates from substance use per 100,000 people	ii.6_VCK Venture capital finance
	i.1_MOB Social mobility (upward)		iv.10_HEI Health Efficiency Index	