ELITE QUALITY INDEX
EQx2022

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ELITE QUALITY REPORT 2022

Georgia: Political Power has weakened, but Economic Power has grown

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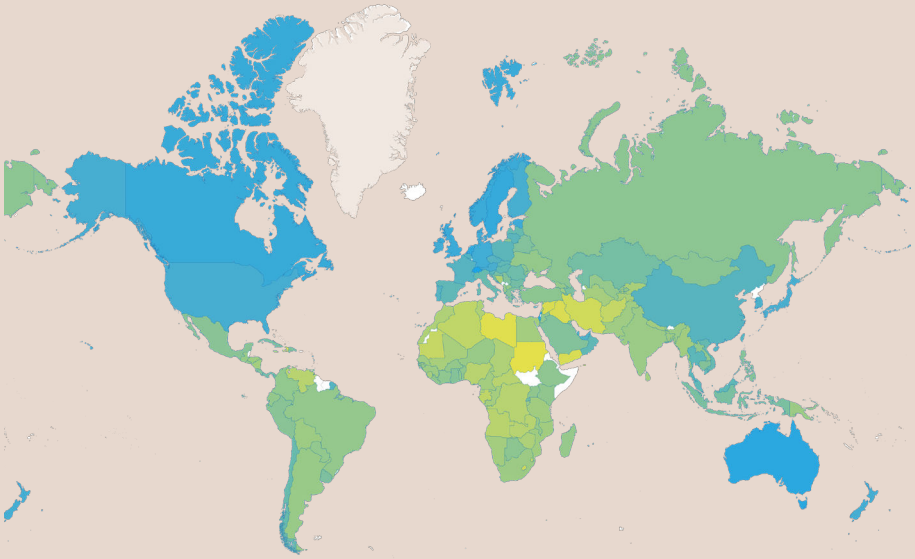

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Georgia: Political power has weakened, but economic power has grown

In the 1990s, after the restoration of independence in Georgia, chaos reigned and was reflected in political and economic instability. For many years, Georgia suffered from the growth of the extractive business model of crime, which hampered competition and free enterprise and hindered the development of industries such as tourism. Before the adoption of the first constitution in 1995, illegal armed groups roamed the country and were in some cases even associated with what was then the political elite of the country. Georgia gradually managed to turn the tide and from the 2003 'Rose Revolution' onwards, began to eradicate crime. With this act of elite leadership the new revolutionary government declared a 'zero tolerance' policy in relation to the criminal world and, as a result, Georgia has become one of the safest countries in the world. Therefore, it is not surprising that in the EQx2022 Georgia is a global leader in its rankings for *Criminal actors* (CRA, ii.4, rank # 3) and *Criminal markets* (CRM, iii.9, rank # 4). The country has become a profitable place for doing business and is one of the most popular global destinations for international tourists.

While Georgia is located in a potentially dangerous and unstable region, often engulfed in military conflicts, it retains the status of a stable country. This is well reflected in the Indicator, *Battle-related deaths per 100,000 people*, where Georgia's impressive shared # 1 ranking (BRD, iii.8) is very meaningful. The poor rating of Georgia in terms of the *Number of journalists killed per 1 million people* seems surprising at first sight (NJK, i.1, rank # 144), but can be explained by the fact that in 2021 several violent actions by ultra-right groups against the media took place. This is exceptional and uncharacteristic of the political system and should abate. Although Georgia is a poor country, its business elites are trying to strengthen their position, as the Economic Power (ii, rank # 129) Index Area shows. The *Unemployment rate* rose sharply during the pandemic, and has resulted in one of the country's worst positions in all of the EQx Indicators (UEM, iv.12, rank # 140).

The responses to COVID-19 were haphazard at best, and certainly don't reflect high Elite Quality. Initially, after the appearance of a single COVID-19 case, a complete shutdown of the Georgian economy was ordered during the first wave of 2020. The economy suffered but the virus continued to spread and in 2021 both the incidence and mortality rate in Georgia increased dramatically as is illustrated by the poor ratings the country received in the *COVID-19 mortality rate, age-adjusted Indicator* (COM, iii.7, rank # 116). The government shunned lockdowns in 2021 and all sectors of the economy worked almost as usual in stark contrast to the previous year. The low level of vaccination across the country is reflected in the *COVID-19 vaccination rate* (VAX, iii.7, rank # 94).

Another notable development in the EQx2022 is the sharp deterioration of Georgia's ranking in the Political Power Index Area, where country now ranks at # 80. This may also be partly due to the pandemic and can thus be associated with the deterioration of its results in the Pillar results, as is seen for example, in Regulatory Capture (i, rank # 92), which is directly related to the regulations implemented to combat the pandemic.

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Georgia

EQx2022 Country Scorecard

Population	4 million
GDP (nominal)	16 billion USD
GDP per capita	4'260 USD

Level 1 – Index

EQx Rank / 151	EQx Score
84	46.6

Middle Quality Elites

Level 2 – Sub-Indices & Index Areas

EQx Sub-Indices

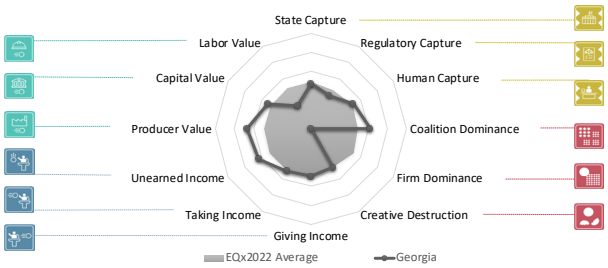
Power		Value	
Rank / 151	Score	Rank / 151	Score
110	41.3	67	49.3

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
80	45.8	129	39.1	43	53.4	87	47.2

Level 3 – Pillars

		Rank / 151	Score
Political Power (i)	State Capture	78	47.5
	Regulatory Capture	92	39.9
	Human Capture	73	51.7
Economic Power (ii)	Coalition Dominance	14	62.4
	Firm Dominance	151	0.0
	Creative Destruction	65	46.3
Political Value (iii)	Giving Income	73	49.3
	Taking Income	75	50.4
	Unearned Income	16	62.8
Economic Value (iv)	Producer Value	6	66.9
	Capital Value	54	51.7
	Labor Value	131	27.7



Level 4 – EQx Indicators

			Rank / 151	Score
State Capture (i.1)	COR	Political corruption	30	80.0
	MOB	Social mobility (upward)*	92	30.8
	MOD	Social mobility (downward)* (n)	95	30.5
	PDE	Political decentralization	88	41.5
	ADE	Administrative decentralization	23	78.7
	PGL	Political globalization	118	27.6
	WPI	Women's Power Index	71	44.9
	RTC	Government's responsiveness to change	73	46.1
	EPR	E-Participation Index	76	52.9
	PFD	Press freedom	44	61.0
	COC	Control of corruption	33	68.9
	OPG	Open government (n)	39	57.1
	NJK	Nr. of journalists killed per 1 million people (2yrs avg.) (n)	144	0.0
Regulatory Capture (i.2)	REQ	Regulatory quality (n)	22	78.4
	CRO	Crony capitalism	63	0.0
	ECR	Ease of challenging regulations	46	57.6
	EDB	Digital institutional quality		
	PRI	Property rights	40	66.7
	INO	Informal output as a % of GDP (n)	139	0.0
	CGP	Constraints on goverment power (n)	50	49.0
	REN	Regulatory enforcement (n)	42	53.7
Human Capture (i.3)	GSI	Global Slavery Index	78	54.8
	WBL	Women, business and the law	46	62.7
	LIN	LGBT+ inclusiveness	42	68.8
	GRI	Religion - Government Restriction Index	85	51.8
	SHI	Religion - Social Hostilities Index	105	42.7
	WSB	Women self made billionaires	15	39.1
	HRI	Human Rights Index	55	56.7
	FDP	Forcibly displaced population as % of population	145	26.4
	AFI	Academic Freedom Index	38	70.6
	FLS	Financial Literacy Score (n)	86	37.8
	WMA	Prop. of women in senior and middle mgmt. positions* (n)	45	57.8
Coalition Dominance (ii.4)	IEE	Top 3 industries exports as % of exports	58	48.8
	ECI	Economic Complexity Index	62	52.8
	IVA	Top 3 industries as % of VA	33	62.2
	CON	Construction as % of GDP*		
	MIL	Military expenses as % of GDP*	23	67.3
	UNI	Unionization rate*		
	CBC	Collective bargaining coverage		
	BSN	Barriers in service & network sectors		
	PUE	Public employees as a % of total employment (n)	107	34.0
	CRA	Criminal actors (n)	3	97.6
Firm Dominance (ii.5)	SME	SMEs per 1,000 people		
	BIW	Billionaires' wealth as % of GDP	142	0.0
	FKG	Top 10 firms market cap as % of GDP		
	FRG	Top 3 firms revenues as % of GDP		
	FRR	Top 30 firms revenues as % of GDP		
Creative Destruction (ii.6)	TUL	Listed firms turnover, long run 15 yrs		
	TUS	Listed firms turnover, short run 3 yrs		
	ENT	Entrepreneurship	63	40.9
	VCK	Venture capital finance	73	40.3
	RND	R&D as a % of GDP	83	42.9
	EXR	Firm exit ratio		
	BCD	Billionaire's creative destruction	20	57.0
	IWE	Index of Women Entrepreneurs		
	VCA	Venture capital availability	97	33.6
	GSE	Governmental support to entrepreneurship	14	82.2

			Rank / 151	Score
Giving Income (iii.7)	SNT	Subsidies and transfers as % of expenses	94	30.9
	REG	Regional redistribution as % of government budget	91	43.6
	EDU	School life expectancy	42	61.6
	GPS	Expenditure on general public services as % of GDP*	28	56.6
	INT	Internet access	65	62.1
	NRI	Network Readiness Index	64	47.3
	LEW	Life expectancy women	52	60.3
	LEM	Life expectancy men	70	48.2
	FSQ	Global Food Security Index - availability, quality & safety		
	COV	COVID-19 excess deaths, age-adjusted	30	61.6
	COF	COVID-19 fatality rate, age-adjusted	29	62.7
	COM	COVID-19 mortality rate, age-adjusted	116	35.4
	CLS	COVID-19 lost schooldays	40	66.5
	VAX	COVID-19 vaccination rate (n)	94	40.5
	OSI	Online Service Index		
	UNV	Top universities (n)	57	37.7
	PIS	PISA mean scores (n)	63	17.3
	GEX	General government expenditure as % of GDP* (n)	1	74.4
Taking Income (iii.8)	DCT	Corporate tax rate*	105	30.2
	HOM	Homicide rate	63	54.7
	INE	Top 10% share of pre-tax national income	101	38.3
	FDE	Fiscal decentralization	31	47.3
	DTR	Tax revenue as % of GDP*	84	38.9
	BRD	Battle-related deaths per 100,000 people	1	54.2
	GCI	Global Cybersecurity Index	60	65.6
	SUI	Suicide rate per 100,000 people	96	50.8
	SUB	Death rates from substance use per 100,000 people	43	62.8
	DPS	Delta public vs private sector salaries (n)		
	GEG	Gender education gap (n)		
Unearned Income (iii.9)	EPI	Environmental Performance Index	88	40.6
	DBT	Government debt as % of GDP	88	52.3
	NRR	Natural resources rents as % of GDP (n)	19	78.7
	CDO	CO2 emissions (metric tons per capita) (n)	63	44.5
	CRM	Criminal markets (n)	4	97.9
Producer Value (iv.10)	TRF	Trade freedom	7	81.5
	FDS	FDI inflows as % of GDP, stock	14	56.4
	BTF	Barriers to FDI	6	69.9
	EGL	Economic globalization	19	84.3
	HEI	Health Efficiency Index		
	OFB	Open for business		
	ESG	ESG company scores		
	RDR	R&D as % of revenue Top 10 firms	56	41.1
	FSA	Global Food Security Index - affordability		
	PAT	Nr. of patent applications per 100,000 people	48	45.8
	IPM	% of imports targeted by protectionist measures (flow)	67	57.5
	IPS	% of imports targeted by protectionist measures (stock) (n)	14	74.8
	DGI	% of discr. govt. interventions as % of total interv. (flow)	64	37.9
	DGS	% of discr. govt. interventions as % of total interv. (stock) (n)	63	57.8
Capital Value (iv.11)	DNI	Neutral interest rate*		
	DOI	Inflation*	130	51.5
	GOL	Gold demand as % of GDP		
	DMA	M&A as % of investment - 3 yrs rolling avg.*	37	52.7
	DKI	Delta capital gains tax vs income tax	61	45.8
	UNC	Unicorns per 1 million people	28	43.0
	BSG	Billionaires self-made nr. per 1 million people	16	58.0
	BSM	Billionaires self-made as % of total billionaires	1	83.6
	FMI	Financial Markets Index	84	30.6
Labor Value (iv.12)	UEM	Unemployment rate	140	4.3
	LFP	Labor force participation rate	67	53.0
	WLP	Delta real wage vs labor productivity increases		
	YUN	Youth unemployment rate	136	13.9
	BRN	Human flight and brain drain	73	45.8
	LFR	Labor force participation ratio - male vs female*	97	48.7

* Calculated as the deviation from a conceptual optimum

(n) Refers to Indicators newly incorporated in the EQx2022

The Elite Quality Report 2022 (EQx2022) provides Country Scores and Global Rankings for 151 countries

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