



Media Release, 2 September 2020

## The Elite Quality Index

*New economic ranking from the University of St.Gallen provides insight into how elites enable or impede economic and political growth*

**The way in which elites create or extract value can help determine the business opportunity, growth and development of a nation. Research by Tomas Casas, Research Institute for International Management (FIM-HSG), and Guido Cozzi, Institute for Economics (FGN-HSG), at the University of St.Gallen along with academic and strategic partners from around the globe and the St. Gallen-based Foundation for Value Creation, have developed a way to measure the quality of elites with the Elite Quality Index (EQx).**

Economists and management scholars are always looking for novel ways to measure and predict how firms, societies and countries will achieve success. The EQx specifically looks into and measures how elites contribute or hinder a country's future progress.

Casas and Cozzi argue that assessing the business models of a country's elites in terms of value creation - as opposed to value extraction from society at large - is a critical factor to understanding and predicting a country's general business opportunity set, its risk profile and future growth potential.

Moreover, they assert that the EQx is an important resource for our leaders to help understand how their actions contribute to development outcomes.

Using over 70 indicators and looking at 32 countries, the EQx looks at four main areas to determine the quality of the elites in a given country. These are: Economic Power, Economic Value, Political Power and Political Value. Elites that are a positive force are categorized as 'high quality'. Country scores and global ranks provide insight into the positive or negative role elites play in their given societies.

No matter what our thoughts and views are on elites, their importance and their political, economic, and social effect in all countries warrants our attention. The EQx is an important resource to help leaders and policy-makers understand how their actions directly affect general welfare and prosperity.

In compiling this data, the EQx seeks to elicit a discussion among academics and initiate conversations with political, business and societal leaders. The EQx allows for an analytical approach to these conversation as it has developed a comprehensive architecture to determine the quality of elites.

This being the first of what will be an annual report, Singapore is ranked first in the 2020 ranking. The city state's business elites are by far the highest value creators on the planet. Rounding out the top five are Switzerland (2nd) and Germany (3rd) the U.K. (4th) and the U.S. (5th).



### Switzerland

Only behind Singapore, Switzerland is ranked second in the EQx Global Ranking, and is thus at the frontier of Elite Quality. However, despite its decentralized political system, based on direct democracy elites still manage to exert considerable influence in the political and economic realm. Crucially though, this power is not generally converted into rent seeking – Swiss elites appear to use their power wisely, giving back more to society than they take.

### Germany

The last country to climb the EQx podium is Germany, taking the 3rd place. Europe's 'economic powerhouse' impresses with its balanced overall performance, ranking within the Top 5 on all EQx Sub-Indices and Index Areas. Still, the EQx multi-level architecture makes it possible to identify considerable improvement potential in various areas. For instance, despite the rhetoric about climate change, Germany lags behind European peers, including the United Kingdom and Spain, on the environmental performance indicator.

### The U.K.

The United Kingdom misses the EQx podium by just one position, finishing fourth. Attaining excellent scores in the Power Sub-Index, the EQx suggests British elites are among the least powerful within the EQx2020 Global Rank. The UK's diverse economy hampers the emergence of dominant industries and is characterized by a business environment conducive to entrepreneurship and innovation. Remarkably however, this comes with a twist: despite their relative weakness, British elites manage to rent seek. This is primarily done via the political realm. For instance, within the EQx Index Area Political Value, which encompasses aspects such as how taxes as well as subsidies and (regional) transfers are organized, the UK is ranked only in the 23rd position.

The Elite Quality Index (EQx2020) can be found [here](#) and you can follow it on [Facebook](#), [LinkedIn](#), and [Twitter](#).

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#### University of St.Gallen (HSG)

Founded in 1898, the University of St.Gallen (HSG) is Switzerland's leading business university, and consistently ranks among the top European business schools. In 2019, it ranked fourth in the Financial Times European Business School Ranking and its Strategy and International Management (SIM-HSG) programme was No. 1 in the world among master's programs for the ninth straight year.

The university, which offers bachelor's, master's and Ph.D. degrees, also is internationally recognized for the excellence of its integrative education on the highest academic level through EQUIS, AACSB and AMBA accreditation. Its focus on international, integrative and practical programmes in business administration, economics, law, social sciences and international affairs attracts a diverse and a motivated student body of 9000 students from 83 countries. A public university of the Canton of St.Gallen, HSG also offers comprehensive, world-class, executive-education programmes for more than 6,000 participants annually.

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