

## United States: Low elite power for a great future, and surprisingly high Value Extraction

U.S. elites are value creators second to none: consider GAFA, Wall Street or the energy industry, innovative powers and competitiveness have made them global leaders. Many across the world are watching the rising capabilities of Chinese elites with anticipation and trepidation, with Value Creation similar to their American counterparts in key areas like artificial intelligence, e-commerce or new materials. However, looking forward, the U.S. seems to have a decisive advantage over all other countries in the Index: it ranks 1<sup>st</sup> in the Power Sub-Index, an indication of future Value Creation potential.

At the same time, it seems paradoxical that U.S. elites place only 8<sup>th</sup> in the second Sub-Index: Value. This is certainly a high score, but not the level of excellence found with the Power Sub-Index. One might wonder how American elites manage, despite having so little power (compared to elites in other political economies), to succeed at rent seeking?

Perhaps an indication of how value is extracted – certainly not yet reflected in the 5<sup>th</sup> rank seen in *Trade freedom* (TRF, iv.10) – is President Trump’s trade war not only against China, but at one time even against European and North American allies. Steel or Aluminum tariffs are a license to engage in Value Extraction activities - from other Americans no less! U.S. citizens are now forced to pay higher input prices when manufacturing cars or beer kegs (or when consuming these). Maybe the discontent reflected in the election of President Trump, the subsequent scandals, and the George Floyd protests and riots, all relate to the U.S. 13<sup>th</sup> place for *Political corruption* (COR, i.1), or to the appalling 28<sup>th</sup> rank in *Government debt as % of GDP* (DBT, iii.9), which make social relief and spending on health care highly unlikely.

At a domestic level, the American people seem increasingly concerned about inequality. While the index places the U.S. 24<sup>th</sup> for *Billionaire’s wealth as % of GDP* (BIW, ii.5), itself a measure of dominance and not of Value Extraction, it could still serve as proof of the worrisome rising narrative of the death of the American dream<sup>14</sup>. Alarming in this regard is for example the U.S.’s 21<sup>st</sup> place in *Social mobility* (MOB, i.1), meaning that many value creators don’t have the opportunity to realize their potential.

EQx scores suggest that the United States is in an unparalleled position to succeed if elites have the will to stop cold rent seeking tendencies. The 1<sup>st</sup> place ranking in the Creative Destruction Pillar (ii.6), and in the *Entrepreneurship* (ENT, ii.6) Indicator is evidence that America is loaded with wealth creation potential. Although 2019 was characterized as a year that “unicorns stumbled”<sup>15</sup>, with some of Silicon Valley’s most famous creations such as Uber and Lyft disappointing upon IPO, the tech hub remains the envy of countries worldwide. It is there where Value Creation, if encouraged appropriately and inclusively, can further boost the U.S. EQx ranking.

In conclusion, any problems the U.S. has are fixable. The top Power Sub-Index rank means that the U.S. is a self-correcting system. If elites would only unleash the full potential of America’s institutional strengths for the sake of creating new value, while stopping pork and other Value Extraction rackets, the U.S. could easily climb atop the world’s Elite Quality ranking, while the inclusive American Dream of opportunity for all might be realized.

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**Visual40:** United States performance overview by EQx Pillar vs overall distribution

