	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
Sub-Index I: Power / Index Area (i): Political Power					
Pillar (i.1): State Capture					
COR	Political corruption	*Political corruption* is based on the political corruption subset of the *Varieties of Democracies Dataset*. As such, the Indicator "includes measures of six distinct types of corruption that cover both different areas and levels of the polity realm, distinguishing between executive, legislative and judicial corruption. (…) The measures thus tap into several distinguished types of corruption: both 'petty' and 'grand'; both bribery and theft; both corruption aimed and influencing law making and that affecting implementation" (VDEM, website).	*Political corruption* (COR) uses data from: Varieties of Democracies (V-DEM) Dataset, sub-set on Political Corruption	*Political corruption* is a direct measure of Value Extraction facilitated by State Capture, which is anchored in Political Power. It is one of the most blatant and direct forms of rent-seeking, as corruption is theft. *Political corruption* also erects barriers to the emergence of Value Creation business models, thus distorting the market.	Value Extraction
MOB	Social mobility	*Social mobility* references the Global Database on Intergenerational Mobility (GDIM) to measure the differences between economic mobility across generations. The current main focus of the EQx is on the mobility of education. At present, MOB measures the proportion of individuals from the 1980s cohort who were born into the bottom half and have now reached the top quartile in terms of educational achievement (World Bank, website).	*Social mobility* (MOB) uses data from: The World Bank (Development Research Group), Global Database on Intergenerational Mobility (GDIM) database, 2018	A population's social and economic mobility is a reflection of the use of Political Power by elites. Across countries, the possibility of climbing the economic ladder varies significantly. *Low Social mobility* points to State Capture and to a lack of political will to invest in measures that enable the less privileged within society to advance. The supply of education is such a measure. If access to it is restricted, incumbent elite status is less challenged and elite circulation is thus impeded, preventing the emergence of new Value Creation agents. Existing elites deter competition to retain the benefits of holding leading political and economic positions. Moreover, higher elite incumbency levels reduce the competitive pressures for elite Value Creation, thus facilitating rent-seeking behavior and Value Extraction business models.	Value Creation
PDE	Political decentralization	*Political decentralization* examines the self-governance powers afforded to local governments and assesses the degree of decentralization at the legislative and executive levels, as well as the provisions for direct democracy (Ivanyna & Shah, 2014).	*Political decentralization* (PDE) uses data from: Ivanyna & Shah (2014)	*Political decentralization* spreads Political Power by providing higher levels of autonomy for subnational governments. Local government is likely to be "more accountable to local citizens and more appropriate to local needs and preferences" (Johnson, 2003, p. vi) than a distant, centralized government. A direct local voice in executive and legislative institutions better supports local Value Creation models. On the other hand, Value Extraction is more likely if centralized legislative executive functions control relatively large budgets. As a counter argument, high levels of *Political decentralization* can be inefficient, eroding state capacity to provide public goods and leading to redundancy. *An optimal level for this Indicator might be established in the future.	Value Creation
ADE	Administrative decentralization	*Administrative decentralization* measures "the ability of local governments to hire and fire and set terms of employment of local employees as well as having regulatory control over own functions" (Ivanyna & Shah, 2014, p.17).	*Administrative decentralization* (ADE) uses data from: Ivanyna & Shah (2014)	*Administrative decentralization* spreads out administrative power as local governments employ local people more sensitive to implementing rules that are consistent with local needs. This produces an additional layer of checks and balances to avoid the occurrence of State Capture and Value Extraction business models. More distributed power impedes rent-seeking activities by geographically removed officials and administrative elites. As a Weberian counter argument, local administrations might be captured by local elites who may then compromise the implementation of inclusive rules and regulations. *An optimal level for this Indicator, moderated by institutional quality, might be established in the future.	Value Creation
PGL	Political globalization	Political globalization is measured by using the political dimension of the KOF Globalisation Index. It encompasses factors such as the number of embassies and international NGOs located in a particular country, as well as participation in UN peacekeeping missions. Moreover, it comprises of variables relating to the membership of international/multilateral organizations and international/multilateral treaties.	*Political globalization* (PGL) uses data from: ETHZ, The KOF Globalisation Index	The higher the level of *Political globalization*, the more constrained the Political Power of national elites becomes in the context of the sovereign state. International norms and accountability to supranational institutions such as the WTO limit elite power. International institutions are assumed to be inclusive.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
WPI	Women's Power Index	The *Women's Power Index* measures the access of women to political power at the top echelons of the state. "It analyzes the proportion of women who serve as heads of state or government, in cabinets, in national legislatures, as candidates for national legislatures, and in local government bodies" (CFR, website).	The *Women's Power Index* (WPI) uses data from: The Council on Foreign Relations (CFR)	The higher the levels of gender equality in the leading positions of Political Power, the higher the diversity of interests, business models and constituencies that will *a priori* be represented and considered for institutional legitimacy in the political economy. *The Women's Power Index* is an effective Indicator when considered in combination with other measures, such as *Social mobility or Government responsiveness to change*, that jointly constrain the potential for State Capture by narrow elite groups. As a counter argument, a high *Women's Power Index* score might signify the hold on power of family-based elites.	Value Creation
RTC	Government's responsiveness to change	*Government's responsiveness* to change is measured through an indicator included in the World Economic Forum's *Global Competitiveness Index*, which is based on the survey question: "In your country, to what extent does the government respond effectively to change (e.g. technological changes, societal and demographic trends, security and economic challenges)?" (WEF, website). The WEF Executive Opinion Survey captures the views of more than 16,000 business executives in 140 countries.	*Government's responsiveness to change* (RTC) uses data from: The World Economic Forum (WEF), The Global Competitiveness Index	*Government's responsiveness to change* is a determining factor in incentivizing Value Creation business models. A state free from change-resistant vested interests is open to new possibilities, business models and emerging interest groups inspired and enabled by technological, economic, geopolitical, etc., trends and disruptions. Value Creation opportunities are recognized and enabled from a regulatory perspective in such an environment.	Value Creation
EPR	E-Participation Index	The *E-Participation Index* aims to measure the possibilities offered by governments to its to citizens to participate online; ranging from simply accessing information to engaging with and co-designing policies (UN, website).	The *E-Participation Index* (EPR) uses data from: The UN, Department of Economic and Social Affairs, E-Government Development Knowledge Base	The *E-Participation Index* highlights the involvement of citizens in the policy-making process as well as how effectively they are enabled to be involved in developing forward looking Value Creation. E-Governments are on the rise as elites leverage increasingly available digital tools for technological transitions. More transparent and participative institutions empower non-elites to check elite Political Power and therefore better challenge rent-seeking business models. Greater participation in the political process also creates more trust in institutions and can foster a culture of innovation; an important factor in Value Creation.	Value Creation
PFD	Press freedom	*Press freedom* is measured by referencing the World Press Freedom Index and reflects the degree of freedom afforded to journalists in 180 countries. It is determined by pooling the responses of experts to a questionnaire devised by Reporters Without Borders (RSF). The questionnaire covers "pluralism, media independence, media environment and self-censorship, legislative framework, transparency, and the quality of the infrastructure that supports the production of news and information" (RSF, website).	*Press freedom* (PFD) uses data from: Reporters Without Borders, World Press Freedom Index	The greater the degree of *Press freedom* within a country leads to more Value Creation in its political economy. It contributes to the creation of a vibrant market for ideas and enhances competition in the political and economic arenas. The provision of authentic information is critical. A high level of *Press freedom* puts pressure on rentier elites and shines a light on Value Extraction and rent-seeking activities that disadvantage society.	Value Creation
COC	Control of corruption	The *Control of corruption* Indicator is derived from the World Bank's Worldwide Governance Indicators (WGI) project that: "captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests" (World Bank, website).	Control of corruption (COC) uses data from: The World Bank, Worldwide Governance Indicators (WGI)	*Control of corruption* analyzes the effects of corruption on the public and complements the *Political corruption* Indicator (COR). Perceptions of the existence of corruption are critical because they influence the level of trust in the political system, with two implications for Value Creation. First, corrupt elites have engaged in successful State Capture through extractive business models, at the cost of non-elites. Second, non-elites face barriers, distractions and costs if they wish to invest and engage in Value Creation models that would benefit society at large.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
Pillar (i.2): Regulatory Capture					
DBI	Institutional quality	The World Bank's 'Ease of Doing Business Index' serves as a proxy measure for *Institutional quality* in relation to business: "A high 'Ease of Doing Business' ranking means the regulatory environment is more conducive to the starting and operation of a local firm" (World Bank, website).	*Institutional quality* (DBI) uses data from: The World Bank, Ease of Doing Business Index	The World Bank's benchmark index of "domestic business regulatory environments" measures *Institutional quality* by examining the regulations affecting local non-elite SMEs; both those that "enhance business activity and those that constrain it". It is a measure of both Political Power and Institutional Capture as high quality institutions are inclusive, support globalization and foreign direct investments, and protect non-elites. Moreover, high quality institutions are usually the outcome of high-quality elites whose models are not based on the capture of regulators to facilitate Value Extraction.	Value Creation
CRO	Crony capitalism	The *Crony capitalism* Indicator measures the wealth accumulated by a nation's billionaires from activities in industries classified as 'crony' by *The Economist*, whereby "Industries that have a lot of interaction with the state are vulnerable to crony capitalism" (*The Economist*, 2016).	*Crony capitalism* (CRO) uses data from: *Forbes*, World's Billionaires List and The World Bank (GDP data)	Crony capitalists are defined as "individuals who earn their riches thanks to their chumminess with government", where "activities are often legal but always unfair" (*The Economist*, 2016). Thus, the indicator *Crony capitalism* serves as a measure of the number of economic rent seekers. The assumption behind this is because of favorable political policies set by government officials, tycoons are increasing their wealth and interests. As a result, they receive a larger part of people's fruits of labor, instead of generating more wealth for society as a whole". Large rent producing industries are usually heavily regulated. When financial elites (billionaires) in a country derive a comparatively large part of their wealth from such industries it signals successful Regulatory Capture on the back of having access to Political Power. Otherwise, institutions and their regulators would limit the financial returns of these activities, pre-empting the large rents that convert Political Power into Economic Power.	Value Extraction
PMI	Protecting minority investors	The World Bank's 'Ease of Doing Business Index' includes an indicator for *Protecting minority investors* which "measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse" (World Bank, website).	*Protecting minority investors* (PMI) uses data from: The World Bank, Ease of Doing Business Index	Corporate elites can expropriate value from more distributed investor groups if *Protecting minority investors* is not assured by institutional arrangements. Shleifer and Vishny (1997, p.759) point out that with weak protections "large owners gain nearly full control and prefer to use firms to generate private benefits of control that are not shared by minority shareholders". The Political Power possessed by large shareholders and the top management of corporations engaging in this form of Regulatory Capture has impact. If there is a lack of protection for minority investors this pre-empts the efficient allocation of capital to potential Value Creation projects and results in the transfer of value from distributed minority investors to concentrated interests.	Value Creation
ECR	Ease of challenging regulations	The *Ease of challenging regulations* Indicator is derived from the World Economic Forum's 'Global Competitiveness Index' and based on the survey question posed to more than 16,000 business executives in 140 countries: "In your country, how easy is it for private businesses to challenge government actions and/or regulations through the legal system" (World Economic Forum, website).	*Ease of challenging regulations* (ECR) uses data from: The World Economic Forum (WEF), The Global Competitiveness Index	*Ease of challenging regulations* by private businesses implies Regulatory Capture through legal avenues. Businesses can successfully defeat in courts regulations previously enacted to limit their rent-seeking activities; that is, rules that foster competition or otherwise keep Value Extraction activities in check. A counter argument is that a flexible legal system could serve as a contest arena to act as a check and balance on the Power of political elites. *An optimal level might be established for this Indicator in the future.	Value Creation
EDB	Digital institutional quality	The *Digital institutional quality* Indicator is based on 'Ranking 42 Countries by Ease of Doing Digital Business' developed by Chakravorti and Chaturvedi (2019). Digital businesses are defined as those that have a digital platform at the core of their business models. Half of the ranking is calculated on the basis of the actual digital performance of a country (e.g. e-commerce, digital media, sharing economy), while the other half is based on foundational factors (e.g. data availability, institutions, etc.).	*Digital institutional quality* (EDB) uses data from: Chakravorti and Chaturvedi (2019), *Ranking 42 countries by Ease of Doing Digital Business*	*Digital institutional quality* has the same Value Creation rationale as its analog counterpart, the World Bank's *Ease of Doing Business Index*, which is used along with its constituent components to calculate a number of Indicators in the EQx. This Indicator reflects the levels of Institutional Capture in the digital world. As digital businesses have created new business frameworks, they play by different rules to traditional businesses and require new, but inclusive, institutional arrangements. High institutional quality in the digital business world will realize the full Value Creation potential of new technologies and digitalization. * This Indicator is expected to be dynamic and undergo considerable revision as the institutional Value Creation aspects of digitalization and its measurements are established.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
PRI	Property rights	The *Property rights* indicator is based on the property rights sub-indicator of the 'Index of Economic Freedom' compiled by the Heritage Foundation. This assesses the "the ability of individuals to accumulate private property, secured by clear laws that are fully enforced by the state" and subsequently measures the protection of property by governments and the risk of expropriation (The Heritage Foundation, website).	*Property rights* (PRI) uses data from: The Heritage Foundation, Index of Economic Freedom (IEF)	*Property rights* are a core incentive to encourage activities and behavior that are conducive to Value Creation. Businesses, wage earners or artists retain the product of their Value Creation when their property rights are secure. If property can be expropriated by rapacious elite business models through Institutional Capture and unsecured property rights, society will be bereft of individuals willing to undertake risks and engage in productive Value Creation activities, with dire outcomes for economic development.	Value Creation

Pillar (i.3) Human Capture

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
GSI	Global Slavery Index	The *Global Slavery Index* is "an independent assessment of government progress towards achieving UN Sustainable Development Goal 8.7 (eradication of modern slavery)" (GSI website). The estimated prevalence of modern slavery per 1,000 people is measured, whereby modern slavery "refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, abuse of power or deception" (GSI, 2018, p. 7). It is an umbrella term that encompasses phenomena such as forced labor, human trafficking and other practices that are akin to slavery (e.g. forced marriage).	The *Global Slavery Index* (GSI) uses data from: The Minderoo Foundation's Walk Free Initiative, The Global Slavery Index	Modern slavery is an intolerable form of rent extraction where wealth is transferred from those that are exploited to those whose Value Extraction business models benefit from free labor or wages below the market equilibrium. Moreover, the *Global Slavery Index* goes beyond forced labor and also measures Human Capture in family settings (forced marriage) and a despicable form of trade (human trafficking).	Value Extraction
WBL	Women, business and the law	*The Women, business and the law* Indicator measures "gender inequality in the law" as outlined in a series of publications by The World Bank. The dataset identifies "barriers to women's economic participation" by analyzing "laws and regulations affecting women's economic inclusion" (World Bank, website).	*Women, business and the law* (WBL) uses data from: The World Bank, Women, Business and the Law	Laws and regulations affecting the inclusion of women are a blatant form of Value Extraction, limiting competition in the labor market. These barriers to Value Creation, potentially capturing up to half of the available human capital in an economy, are all the more detrimental because they are institutionally explicit and formalized.	Value Creation
LIN	LGBT+ Inclusiveness	The *LGBT+ Inclusiveness* Indicator is based on the 'Franklin & Marshall Global Barometer of Gay Rights' which classifies countries into five groups depending on the level of protection they offer to LGBT+ rights.	*LGBT+ Inclusiveness* (LIN) uses data from: The Franklin & Marshall Global Barometer of Gay Rights	The LGBT+ community represents a sizable proportion of available human capital. In the US, people self-identifying as LGBT+ has increased from 1.4% for people born before 1945 to 8.2% for those born between 1980 and 1999 (OECD, 2019). Offering equal rights to the LGBT+ community as part of society as a whole allows for general Value Creation, from better overall company performance (Hunt et al., 2018) to greater creativity and innovation (WEF, 2019).	Value Creation
GRI	Religion - Government Restriction Index	The *Government Restriction Index* (GRI) "measures government laws, policies and actions that restrict religious beliefs and practices. The GRI comprises 20 measures of restrictions, including efforts by governments to ban particular faiths, prohibit conversion, limit preaching or give preferential treatment to one or more religious groups" (Pew, Report, 2020).	The *Government Restriction Index* (GRI) uses data from: Pew Research Center, Government Restriction Index (GRI)	Institutionally sanctioned discrimination, in this case taking a religious form, is a form of Human Capture. Those discriminated against face barriers to realize Value Creation. Moreover, they might face specific taxes and other costs being directly extracted. Society suffers a serious loss, while the overall Value Creation potential of the economy is compromised.	Value Extraction
SHI	Religion - Social Hostilities Index	The *Social Hostilities Index* (SHI) "measures acts of religious hostility by private individuals, organizations or groups in society. This includes religion-related armed conflict or terrorism, mob or sectarian violence, harassment over attire for religious reasons, or other religion-related intimidation or abuse. The SHI includes 13 measures of social hostilities" (Pew, Report, 2020).	The *Social Hostilities Index* (SHI) uses data from: Pew Research Center, Social Hostilities Index (SHI)	Religious hostility is a form of Value Extraction. Those suffering such social hostilities are pre-empted from involvement in Value Creation, while a part of any value they create is taken away from them. The overall Value Creation potential of society is curtailed.	Value Extraction
WSB	Women self-made billionaires	*Women self-made billionaires* reflects the percentage of female self-made billionaires as a percentage of the total number of billionaires.	*Women self-made billionaires* (WSB) uses data from: *Forbes*, World's Billionaires List	As is the case for another Indicator: *Billionaires self-made number per million people* (BSG), the business models of Women self-made billionaires are likely to involve Value Creation and be based on innovation and the incorporation of emerging technologies. The Indicator is also a reflection of power and therefore part of the Human Capture Pillar. Since billionaires are evidently powerful individuals, the existence of a large percentage of women self-made billionaires provides evidence of gender advancement at the elite level.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
HRI	Human Rights Index	The *Human Rights Index* is based on data from the 'Fragile States Index' created by the Fund for Peace, that looks at widespread abuses of legal, political and social rights, including those of individuals, groups and institutions (e.g. harassment of the press, politicization of the judiciary, internal use of the military for political ends, repression of political opponents). The Indicator also considers outbreaks of politically inspired (as opposed to criminal) violence perpetrated against civilians (FSI, website).	*The Human Rights Index* (HRI) uses data from: The Fund for Peace, Fragile States Index	Human Rights are a universal right. Low levels of human rights compliance in a country results in Value Extraction from its own citizenry. The abuse of fundamental human rights strengthens the power of political elites at the cost of incumbents and is a device to prevent elite circulation. Large parts of society are powerless and excluded from full participation in the political economy.	Value Creation
FDP	Forcibly displaced population as % of population	The *Forcibly displaced population as % of population* Indicator is informed by the UNHCR's Refugee Population Statistics Database that provides information on the proportion of people that have been forced to leave their country of origin (UNHCR, website). The Indicator is adjusted for the country's population size.	*Forcibly displaced population as % of population* (FDP) uses data from: UNHCR, Refugee Population Statistics Database (for forcibly displaced populations) & The World Bank (Population data)	The Human Capture Pillar of Political Power provides data on people that that have been forced to leave their country. Forcibly displaced people have lost all power, even the right to remain in their homeland. The political and business elites that permit this state of affairs often benefit from such tragedies. Value is transferred from those who leave to those who remain, who then dominate domestic affairs and often enrich themselves as they take over the land and assets of the displaced.	Value Extraction
AFI	Academic Freedom Index	The *Academic Freedom Index*, produced by the Global Public Policy Institute, is designed to provide an aggregated measure that captures the de facto realization of academic freedom, including the degree to which higher education institutions are autonomous.	The *Academic Freedom Index* (AFI) uses data from: The Global Public Policy institute (GPPI), Academic Freedom Index	The power and freedom of knowledge elites in the political economy is reflected in the *Academic Freedom Index*. Academic freedom contributes to a robust market for ideas, which enables knowledge elites to balance the power of political and business elites within a country.	Value Creation

Sub-Index I: Power | Index Area (ii): Economic Power

Pillar (ii.4): Industry Dominance

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
IEE	Top 3 industries exports as % of exports	*Top 3 industries exports as % of GDP* reflects the sum of the exports of a nation's 3 top exporting industries divided by the country's respective GDP.	*Top 3 industries exports as % of GDP* (IEE) uses data from: United Nations, Comtrade Database (exports) & The World Bank (GDP data)	The influence of an industry, as measured by the *Top 3 industries exports as % of GDP*, depends on its level of industrial power (Coalition Dominance) in a national economy. This power can be derived from a high-level of competitiveness, historical origins, or geography (e.g. access to natural resources, maritime access). Economic concentration can be a warning of potential future Value Extraction. A diversified range of exports indicate low industry dominance and broad Value Creation across an economy. A counter argument posits that specialization in the context of international markets is beneficial, especially for smaller countries, even if it ensures that ultra-dominant exporting elites develop an extractive domestic model that complements their Value Creation activities.* An optimal level might be established for this Indicator in the future.	Value Extraction
ECI	Economic Complexity Index	The *Economic Complexity Index*, developed by Cesar A. Hidalgo from MIT Media Lab and Ricardo Hausmann from Harvard, analyses and ranks countries on the amount of productive knowledge implied in their export structures, i.e. "the relative knowledge intensity of an economy" (OEC, website).	*The Economic Complexity Index* (ECI) uses data from: The Observatory of Economic Complexity (OEC), Economic Complexity Index	The *Economic Complexity Index* is a measure of inclusive Value Creation as it measures the diversity of specialized knowledge and organizations throughout an economy, reflecting distributed Economic Power. Elites in countries with high economic complexity are Value Creators and their cashflows do not depend on Economic Power but rather on the rich, diverse, and broad economic ecosystems to which they contribute.	Value Creation
IVA	Top 3 industries as % of VA	*Top 3 industries as % of VA* (value added) is the sum of the revenues of a nation's 3 biggest industries divided by the country's total value added; i.e the net output of a sector after adding together all outputs and subtracting intermediate inputs.	*Top 3 industries as % of VA* (IVA) uses data from: United Nations Statistics Division (Economic Statistics Branch), National Accounts Estimates of Main Aggregates	T*op 3 industries as % of VA* reflects the Economic Power of leading industries without providing any indication of their competitiveness (as does, for example, *Top 3 industries exports as % of GDP*, IEE, ii.4). This measure of Coalition Dominance is an indicator of industry concentration that is based on the relative size of an activity. Such power affords increased leverage over the national political economy to leading industries and thus implies that there is potential for future Value Extraction.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
CON	Construction as % of GDP (dev. fm optimum)†	The *Construction as % of GDP (dev. fm optimum)* Indicator reflects the size of the domestic construction market (new builds and renovations) divided by the country's overall GDP.	*The Construction as % of GDP* (CON) uses data from: MarketLine, (Construction Data) & World Bank (GDP data)	The construction industry provides necessary and continuous outputs for an economy. At the same time, it is also a sector with the potential for rent-seeking behavior, with privileged access to zoning rights, and prone to excesses and price bubbles that cause distortions to the economy. These can have a profound impact on the financial system thereby compromising the efficient allocation of capital in the economy. It is thus problematic when the construction industry holds too much Economic Power (or too little), a situation that the CON Indictor aims to address. * The optimal CON level has been established at 3% of GDP + the annual GDP growth rate.	Optimum as-maximum Value
MIL	Military expenses as % of GDP (dev. fm optimum)†	*Military expenses as % of GDP (dev. fm optimum)* measures a country's total military expenditure (on the armed forces, defence ministries, paramilitary forces and military space activities) divided by the country's GDP.	*Military expenses as % of GDP* (MIL) uses data from: Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database	Security is a necessary public good that some countries overinvest in, while others underinvest. Overinvestment in military expenditure could be an indication of a powerful military-industrial complex. Underinvestment is equally problematic as it may endanger national security and the basis of socio-economic life and indicate sub-optimal levels of the power of military elites to the detriment of other elites. * The optimal MIL is linked to levels of income and conflict. For low- and lower-middle-income countries, it has been set at 1% of GDP; for upper-, middle- and high-income countries it has been set at 2%; for 'great' powers and superpowers (CHN, GBR, RUS, USA, DEU, FRA) it has been set at 3%; for Israel and the countries of the Middle East it has been set at 5%.	Optimum as-maximum Value
UNI	Unionization rate (dev. fm optimum)	*Unionization rate (dev. fm. optimum)*, i.e. the trade union density rate (%), represents the total membership of (independent) trade unions in a nation as a percentage of all employees.	*Unionization rate* (UNI) uses data from: International Labor Organisation, ILOSTAT Database	The *Unionization rate* relates to Political Power and the bargaining power or lack thereof of trade unions. High unionization rates result in a higher likelihood that unionized employees, civil servants etc., engage in Value Extraction. On the other hand, low unionization rates enable the exploitation of labor surpluses by business elites, especially under certain socio-economic situations where workers rights are unprotected, and they are disallowed from engaging in collective action. * The optimal UNI level has been set at 10%.	Optimum as-maximum Value
CBC	Collective bargaining coverage	"The *Collective bargaining coverage rate* conveys the number of employees whose pay and/or conditions of employment are determined by one or more collective agreement(s) as a percentage of the total number of employees" (ILOSTAT, website).	*Collective bargaining coverage* (CBC) uses data from: International Labor Organisation, ILOSTAT Database	*Collective bargaining coverage* refers to the bargaining power of employees or groups of employees. If such bargaining power exists, labor dominant coalitions can rent-seek. *Collective bargaining coverage* differs from the *Unionization rate* (UNI, i.3) as the latter "only measures the extent of unionization and tells us very little about the influence or bargaining power of unions. Collective bargaining may still play a very significant role and collective agreements cover a high proportion of workers in countries with low trade union density, as is the case in France." (ILO, website). At the moment, CBC is included in the EQx as a measure of union power. *An optimal level might be established for this Indicator in the future.	Value Extraction
BSN	Barriers in service & network sectors	*Barriers in service & network sectors* measures the qualitative and quantitative barriers firms face when entering and operating in specific key economic sectors.	*Barriers in service & network sectors* (BSN) uses data from: OECD Product Market Regulation Statistics	Closely linked to administrative burdens on start-ups, the existence of *Barriers in services and network sectors* enables rent-seeking by established market players. New incumbents are prohibited from actively challenging these sectors through Value Creation based on new ideas or technologies. While these barriers may be reasonable (i.e. consumer protection), they reflect the Political Power of an industry coalition whose dominance makes it more challenging (i.e. expensive or difficult) for new players to enter and participate in key economic sectors.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
Pillar (ii.5): Firm Dominance					
PRO	Top 10 firms profitability	*Top 10 firms profitability* measures the average profitability (profits divided by revenues) of a country's top 10 most profitable companies.	*Top 10 firms profitability* (PRO) uses data from: Refinitiv Eikon	Top 10 firms profitability is an indicator of Firm Dominance in the economy, which might accrue from Economic Power. The larger the profitability of the nation's top companies, the higher the likelihood that this dominance is the result of supra-competitive pricing or other types of anti-competitive Value Extraction conduct. Findings (for the last 20 years in the US) show that "profitability has risen for firms in those industries experiencing increases in concentration levels." (Grullon et al., 2019). This measure of Economic Power might correlate with future rent-seeking behavior.	Value Extraction
SME	SMEs per 1,000 people	The *SMEs per 1,000 people* Indicator is based on a subset of the SME Finance Forum's MSME Database recording the number of formally registered small and medium-sized enterprises (SMEs) per 1000 people in an economy.	*SMEs per 1,000 people* (SME) uses data from: SME Finance Forum, MSME Economic Indicators	SMEs per 1,000 people is a measure of how distributed an economy is in terms of whether it has a diversity of Value Creation models, enabled by limiting the levels of Economic Power enjoyed by large organizations. SME business models must rely on Value Creation as their low levels of Economic Power don't allow them many possibilities for Value Extraction. As a counter argument, SMEs have been found to be less efficient than large firms and their survival may be indicative of collective power levels. *An optimal level might be established for this Indicator in the future.	Value Creation
BIW	Billionaires' wealth as % of GDP	*Billionaires' wealth as % of GDP* measures the sum of a nation's billionaires' total accumulated wealth (as of the last day of the calendar year) as a percentage of GDP.	*Billionaires' wealth as percentage of GDP* (BIW) uses data from: Forbes, World's Billionaires List & The World Bank (GDP data)	Billionaires' wealth as percentage of GDP shows Firm Dominance by depicting the weight of elite firm and asset owners wealth relative to total national income. A billionaire is the narrowest type of coalition in terms of how Firm Dominance is conceived, traceable to a single individual. Such powerful individuals and the descendants of founder families might switch their business models over time from Value Creation to Value Extraction if they don't innovate and incorporate the possibilities afforded by emerging technologies into their business empires.	Value Extraction
FKG	Top 10 firms market cap as % of GDP	*Top 10 firms market cap as % of GDP* reflects the sum of the market capitalization of a country's 10 largest firms—defined by market capitalization (as of the last day of the calendar year)—divided by the country's GDP.	*Top 10 firms market cap as % of GDP* (FKG) uses data from: Refinitiv Eikon	The relative size of leading firms measured by *Top 10 firms market cap as % of GDP* is a proxy measurement of the level of Economic Power for the top 10 largest firms in a country. The Indicator belongs to the Firm Dominance Pillar and identifies relative concentrations of power that might potentially be converted into future Value Extraction.	Value Extraction
FRG	Top 3 firms revenues as % of GDP	*Top 3 firms revenues as % of GDP* measures the sum of the revenues of a country's 3 largest firms relative to its GDP.	*Top 3 firms revenues as % of GDP* (FRG) uses data from: Refinitiv Eikon	The relative size of leading firms measured by *Top 3 firms revenues as % of GDP* is a proxy measurement of the level of Economic Power for the largest three firms within a country. The Indicator belongs to the Firm Dominance Pillar and identifies relative concentrations of power that might potentially be converted into future Value Extraction. The three leading firms may have high systemic relevance. As a counter argument, such giant organizations may benefit from economies of scale and be national champions in delivering public goods such as innovation, highly paid jobs and knowledge spillovers. *An optimal level might be established for this Indicator in the future.	Value Extraction
FRR	Top 3 firms revenues as % of GDP	*Top 30 firms revenues as % of GDP* measures the sum of the revenues of a country's 30 largest firms relative to its GDP.	*Top 30 firms revenues as % of GDP* (FRR) uses data from: Refinitiv Eikon	The relative size of leading firms measured by *Top 30 firms revenues as % of GDP* is a proxy measurement of the level of Economic Power for a broad definition of a country's leading 30 firms. The Indicator belongs to the Firm Dominance Pillar and identifies relative concentrations of power that might potentially be converted into future Value Extraction. As a counter argument, leading firms may benefit from economies of scale and be national champions delivering public goods such as innovation, highly paid jobs and knowledge spillovers. *An optimal level might be established for this Indicator in the future.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
Pillar (ii.6): Creative Destruction					
TUL	Listed firms turnover, long run 15 years	*Listed firms turnover, long run 15 years* measures the long run turnover rate (i.e. replacement rate) of firms in the leading stock market indices of a country. The average turnover rate is calculated for the last 15 years.	*Listed firms turnover, long run 15 years* (TUL) uses data from: Refinitiv Eikon	The leading listed companies represent a nation's publicly owned corporate elites. Their Economic Power is reflected by the length of their tenure in national stock market indices. *Listed firms turnover, long run 15 years* therefore measures the Creative Destruction in the top rungs of the corporate world. The higher the turnover of firms, the greater the Value Creation at the expense of less efficient incumbent firms over the long run. The Schumpeterian assumption here is that incumbent firms are not as innovative as newcomers and if there is little or no turnover, non-innovators maintain their leading positions through Value Extraction. The counter argument is that Value Creation business models need time to fully realize their potential. *An optimal level might be established for this Indicator in the future.	Value Creation
TUS	Listed firms turnover, short run 3 years	*Listed firms turnover, short run 3 years* measures the short run turnover rate (i.e. replacement rate) of firms in the leading stock market indices of a country. The average turnover rate is calculated for the last 3 years.	*Listed firms turnover, long run 3 years* (TUS) uses data from: Refinitiv Eikon	The leading listed companies represent a nation's publicly owned corporate elites. Their Economic Power is reflected by the length of their tenure in the national stock market indices. *Listed firms turnover, long run 3 years* therefore measures Creative Destruction in the top rungs of the corporate world. The higher the turnover of firms, the greater the Value Creation at the expense of less efficient incumbent firms over the long-run. The Schumpeterian assumption here is that incumbent firms are not as innovative as newcomers and if there is little or no turnover non-innovators maintain their leading positions through Value Extraction. The counter argument is that Value Creation business models need time to fully realize their potential. *An optimal level might be established for this Indicator in the future.	Value Creation
ENT	Entrepreneurship	The Indicator for *Entrepreneurship* is captured through the Global Entrepreneurship and Development Index (GEDI), which measures "the entrepreneurial attitudes, abilities and aspirations of the local population (weighted) against the prevailing social and economic infrastructure" (GEDI, website).	*Entrepreneurship* (ENT) uses data from: The Global Entrepreneurship and Development Institute (GEDI), Global Entrepreneuship & Development Index	This Indicator evidences institutional and social support for new ventures with the potential for Creative Destruction and disruption. High *Entrepreneurship* levels indicate that incumbents have low levels of Economic Power and cannot prevent being disrupted. This Indicator is the measure of Schumpeterian Creative Destruction *par excellence* in economic terms. A counter argument takes issue with the broad definition of *Entrepreneurship* as it includes starting an enterprise not only from aspiration or opportunity, but also as a last resort, which is often an indication not of Creative Destruction but of an underdeveloped economy. *An optimal level might be established for this Indicator in the future.	Value Creation
VCK	Venture capital finance	*Venture capital finance* measures venture capital (VC) investment in high-growth companies in relation to the total investment in an economy.	*Venture capital finance* (VCK) uses data from: Refinitiv Eikon	*Venture capital finance* funds entrepreneurial and disruptive Value Creation business models which foster Creative Destruction and the emergence of new elites (and the renewal of incumbent elites). This is the principal (and leading) Indicator of Schumpeterian Creative Destruction in an advanced economy. There is a counter argument that sees *Venture capital finance* as being agnostic in terms of Value Creation/Extraction; that is, VCs will fund any business models (e.g., 'dominance plays') as long as they generate wealth. *A future EQx research project might consist of assessing VC activity on the basis of the Value Creation of investees.	Value Creation
RND	R&D as a % of GDP	*R&D as a % of GDP* measures investments made in research and development (R&D) divided by a country's GDP. "R&D expenditures include both capital and current expenditures in the four main sectors: Business enterprise, Government, Higher education and Private non-profit" (World Bank, website).	*R&D as a % of GDP* (RND) uses data from: The UNESCO Institute for Statistics, Global Database on Research and Experimental Development (R&D)	*R&D as a % of GDP* is a key indicator of government and private sector efforts to obtain competitive advantage in science and technology. The higher the investment in R&D the more likely it is that Creative Destruction will occur through the development of new innovative products and services that will replace old ones, along with incumbent organizational structures.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
ENR	Firm entry ratio	*Firm entry ratio* is defined as the number of new companies per 1,000 working-age people (15-64).	*Firm entry ratio* (ENR) uses data from: The World Bank, Doing Business Indicators	A high *Firm entry ratio* indicates that an economy is open to aggregate productivity shocks seized by innovative new firm entrants at the expense of incumbents. The entry (at times, replacement) processes are a mark of Creative Destruction as they weaken existing elites and are an important factor in total productivity growth.	Value Creation
EXR	Firm exit ratio	*Firm exit ratio* measures the death rate of companies, i.e. the "number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t" (OECD, Website).	*Firm exit ratio* (EXR) uses data from: OECD, Structural and Demographic Business Statistics (SDBS), Business Demography Indicators (ISIC Rev. 4)	A high *Firm exit ratio* releases resources, which are potentially used by new entrants more effectively than by organizations that have been discontinued. Moreover, firm exits are a stimulus for firm entries. A counter argument states that firm exits do not stimulate firm entry as much as they enable dominant players to achieve greater Economic Power (similar to Mergers & Acquisitions). Consolidation processes might also be accelerated by economic downturns with Value Creation non-elites exiting as a result of being comparatively disadvantaged (e.g., in being able to access financial resources to mitigate the effects of COVID-19). *An optimal level might be established for this Indicator in the future.	Value Creation
BCD	Billionaire's creative destruction	The *Billionaire's creative destruction* Indicator reflects the turnover in a country's billionaires over the last 3 years. The turnover is measured as the sum of all entries and exits from this category divided by the overall number of billionaires in the base year.	*Billionaire's creative destruction* (BCD) uses data from: *Forbes*, World's Billionaires List	This indicator measures Creative Destruction at the individual level and complements other EQx Indicators that measure the dynamics of organizational turnover in the economy (e.g., TUS or TUL). The emergence of new billionaires in a political economy are a challenge to the Economic Power of incumbents and indicate an absence of barriers within a political economy and possibilities for the circulation of elites.	Value Creation
IWE	Index of Women Entrepreneurs	The *Index of Women Entrepreneurs* "provides measures of how women in business are progressing globally, highlighting the socio-economic factors propelling and inhibiting their success across 12 indicators" (IWE, website).	*Index of Women Entrepreneurs* (IWE) uses data from: Mastercard, Index of Women Entrepreneurs	This Indicator combines the Creative Destruction of Entrepreneurship with the Creative Destruction associated with breaking gender-based existing Economic Power structures.	Value Creation
VCA	Venture capital availability	The *Venture capital availability* Indicator is derived from a survey question in the World Economic Forum's (WEF) 'Global Competitiveness Index': "In your country, how easy is it for entrepreneurs with innovative but risky projects to find venture capital?" (WEF, website). The WEF Executive Opinion Survey captures the views of more than 16,000 business executives in 140 countries.	*Venture capital availability* (VCA) uses data from: World Economic Forum (WEF), The Global Competitiveness Index	The *Venture capital availability* (VCA) Indicator measures the perceived ease of access to venture capital and therefore captures a different aspect to the related VCK Indicator that measures the actual amount of venture capital invested in an economy. Both relate to the existence or not of Creative Destruction within an economy, with VCA possibly reflecting forward sentiment and having a leading Indicator quality.	Value Creation
GSE	Governmental support to entrepreneurship	The *Governmental support to entrepreneurship* Indicator is based on the 'Government Support and Policies' sub-indicator of the Entrepreneurial Framework Conditions, the methodological foundation developed by the Global Entrepreneurship Monitor (GEM). It measures "the extent to which public policies support entrepreneurship" (GEM Website).	*Governmental support to entrepreneurship* (GSE) uses data from: Global Entrepreneurship Monitor (GEM), 'Government Support and Policies' sub-indicator of the Entrepreneurial Framework Conditions	Entrepreneurial activities are essential for the process of Creative Destruction, which ultimately creates value for all. Governments support Creative Destruction on the basis that a healthy entrepreneurial ecosystem enlarges the pie for all. At the same time, such policies create competition for existing elite business models. Thus, the higher the degree of government support for entrepreneurs and the Value Creation that they bring to an economy, the lower the level of power enjoyed by incumbent elites.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
Sub-Index II: Value | Index Area (iii): Political Value					
Pillar (iii.7): Giving Income					
SNT	Subsidies and transfers as % of expenses	The *Subsidies and transfers as % of expenses* Indicator establishes the amount of subsidies and transfers that encompass: "subsidies, grants, and other social benefits to private and public enterprises; grants to foreign governments and similar; social security and benefits in cash and in kind", divided by (government) expenses: "cash payments for operating activities of the government in providing goods and services" (World Bank, website).	*Subsidies and transfers as % of expenses* (SNT) uses data from: International Monetary Fund (IMF), 'Government Finance Statistics Yearbook'	Subsidies and other forms of government mandated financial redistributions represent direct wealth transfers and are a form of Giving Income. *Subsidies and transfers as % of expenses* measures the degree of Political Value taken away from Value Creators. The uses of these extracted resources might be legitimate and necessary (e.g., healthcare or education), that is, Value Creation that is measured elsewhere in the EQx. Transfers and subsidies, while extractive, are often investments by governments into future Value Creation that enable agents who do not have access to financial resources through market processes. *An optimal level that reflects best level practice might be established for this Indicator in the future.	Value Extraction
REG	Regional redistribution as % of government budget	The *Regional redistribution as % of government budget* Indicator measures regional government transfers and subsidies as a share of GDP. The rating for this component is equal to: (Vmax – Vi) / (V max – Vmin) multiplied by 10. The Vi is the country's ratio of transfers and subsidies to GDP, while the Vmax and Vmin values are set at 37.2 and 0.5, respectively. The 1990 data were used to derive the maximum and minimum values for this component.	*Regional redistribution as % of government budget* (REG) uses data from: The Fraser Institute (Transfers and Subsidies dataset from the Economic Freedom Database)	*Regional redistribution as % of government budget* represents direct wealth transfers and is a form of Giving Income. Such transfers are liable to rent-seeking behavior, as Political Power is leveraged to redistribute income across geographies and their elites. When Political Value is shifted from high Value Creation regions and elites to less efficient ones, overall allocative efficiency is compromised. However, regional redistribution, while extractive, is often also an investment by governments into inclusive future Value Creation for underperforming regions. *An optimal level that reflects best level practices might be established for this Indicator in the future.	Value Extraction
EDU	School life expectancy	*School life expectancy* reflects the "total number of years of schooling (primary through tertiary) that a child of school entrance age can expect to receive" (UNESCO, website).	*School life expectancy* (EDU) uses data from: UNESCO Institute for Statistics	The more developed and effective a government's education system is in the framework of Giving Income, the more competitive the labor markets, providing wider opportunities to develop Value Creation business models on the basis of human capital. This Indicator therefore accounts for future Value Creation. In addition, the existence of a highly educated public with greater understanding of Value Extraction models may deter future rent-seeking behavior.	Value Creation
GPS	Expenditure on general public services as % of GDP (dev. fm optimum)†	*Expenditure on general public services as % of GDP (dev. fm optimum)* considers the general public services subset of the OECD's Classification of the Functions of Government (COFOG) and reflects governmental expenditure on general public services divided by the respective country's GDP. It encompasses public expenses for the legislative and executive branches, financial, fiscal and external affairs, public debt transactions, transfers between different levels of government, foreign economic aid, etc. Excluded are expenses for defense and public order, economic affairs, environmental protection, health, culture, education and social protection.	*Expenditure on general public services as % of GDP* (GPS) uses data from: OECD, The Classification of the Functions of government (COFOG)	A government must provide certain public services crucial for its citizens. If, however, it offers too extensive a range of services, these might not be delivered efficiently, providing opportunities for rent-seeking and competition to the private sector and encumbering economic growth. Political Value ceases to be a factor when *Expenditure on general public services as % of GDP* goes beyond (or stays below) a certain threshold. * An optimal level is suggested at 4% and results in a v-shaped function for this Indicator.	Optimum as-maximum Value
INT	Internet access	I*nternet access* measures the "percentage of Individuals using the Internet" (as a percentage of the total population) (ITU, website).	*Internet access* (INT) uses data from: International Telecommunication Union (ITU)	Access to information and communication can be considered a basic human right, and one that leads to Value Creation. Information availability also leads to increased competition. The working assumption is that the government is responsible for delivering *Internet access* through its political elites and institutional processes. This Indicator, included in the Giving Income Pillar, asserts that the higher the access to information the greater the potential for citizens to contribute to a knowledge economy.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
NRI	Network Readiness Index	The *Network Readiness Index* measures how various stakeholders (governments, businesses and citizens) "cooperate (and/or compete) to fully leverage the possibilities offered by technological innovation to tackle current and upcoming challenges" (NRI, website). It is based on four fundamental dimensions: Technology, People, Governance and Impact.	The *Network Readiness Index* (NRI) uses data from: Portulans Institute, Network Readiness Index (NRI)	The higher the *Network Readiness Index* score for a given country is, the greater the likelihood of higher Value Creation. The working assumption is that the government is responsible through its political elites and institutional processes for network readiness.	Value Creation
LEW	Life expectancy women	*Life expectancy women* measures the life expectancy of women from birth.	*Life expectancy women* (LEW) uses data from: United Nations, Department of Economic and Social Affairs	Life expectancy is a key measure of human development and one of the most important Indicators of inclusive Value Creation provided by governments for non-elites.	Value Creation
LEM	Life expectancy men	*Life expectancy men* measures the life expectancy of men from birth.	*Life expectancy men* (LEM) uses data from: United Nations, Department of Economic and Social Affairs	Life expectancy is a key measure of human development and one of the most important Indicators of inclusive Value Creation provided by governments for non-elites.	Value Creation
FSQ	Global Food Security Index - availability, quality and safety	*Global Food Security Index - availability, quality and safety* is based on the average of the 'availability, quality and safety' sub-rankings of the Global Food Security Index (GFSI). The GFSI measures the drivers of food security across both developing and developed countries.	*Global Food Security Index - availability, quality and safety* (FSQ) uses data from: The Economist Intelligence Unit, Global Food Security Index (GFSI)	Food security is essential for life. This Political Value Indicator is part of the Giving Income Pillar. The working assumption is that the government is responsible through institutional processes for food availability, quality and safety.	Value Creation
COV	COVID-19 excess deaths, age-adjusted	*COVID-19 excess deaths, age-adjusted* measures COVID-19 excess death rates in relation to domestic age distribution (excess deaths are divided by the proportion of the population over 65 years of age).	*COVID-19 excess deaths, age-adjusted* (COV) uses data from: *The Financial Times* (via Github), Excess mortality data & The World Bank (Population aged 65 and above (% of total population))	COVID-19 has been both a tragedy and a severe shock for most countries worldwide. At the same time, the management of the pandemic and the number of deaths that have resulted from it vastly differ from country to country. It is self-evident that the lower the level of age-adjusted excess deaths due to COVID-19, the higher the Political Value provided by government elites during the pandemic. Hence, this Indicator is part of the Giving Income Pillar.	Value Extraction
COF	COVID-19 fatality rate, age-adjusted	*COVID-19 fatality rate, age-adjusted* measures the COVID-19 fatality rate worldwide per one million inhabitants in relation to domestic age distribution (the number of deaths are divided by the proportion of the population above 65). The fatality rate is calculated as total number of deaths divided by the total number of cases.	*COVID-19 fatality rate, age-adjusted* (COF) uses data from: Johns Hopkins University, Coronavirus Resource Center (COVID-19 deaths and cases) & The World Bank (Population aged 65 and above (as % of total population))	COVID-19 has been both a tragedy and a severe shock for most countries worldwide. At the same time, the management of the pandemic and the number of deaths that have resulted from it vastly differ from country to country. It is self-evident that the lower the level of age-adjusted fatalities due to COVID-19, the higher the Political Value provided by political elites during the pandemic. Hence, this Indicator is part of the Giving Income Pillar.	Value Extraction
CGD	COVID-19 growth differential	*COVID-19 growth differential* reflects the difference between the real GDP growth rates of 2020 as projected in October 2020 (as a proxy of the real 2020 GDP growth rates) and the predicted growth rates for 2020 as projected by the IMF in October 2019.	*COVID-19 growth differential* (CGD) uses data from: The International Monetary Fund (IMF)	COVID-19 has been both a tragedy and a severe shock for most countries worldwide. At the same time, the management of the pandemic and the number of deaths that have resulted from it vastly differ from country to country. The growth differential between the original IMF forecasts and the real situation after/during the global pandemic is a reflection of Political Value provided by political elites during the crisis. Hence this Indicator is part of the Giving Income Pillar.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
COM	COVID-19 mortality rate, age-adjusted	*COVID-19 mortality rate, age-adjusted* measures worldwide deaths per one million inhabitants in relation to domestic age distribution (the number of deaths are divided by the proportion of the population above 65). The mortality rate is calculated as the total number of deaths divided by the total population.	*COVID-19 mortality rate, age-adjusted* (COM) uses data from: Johns Hopkins University, Coronavirus Resource Center (COVID-19 deaths) & The World Bank (Population aged 65 and above (as % of total population))	COVID-19 has been both a tragedy and a severe shock for most countries worldwide. At the same time, the management of the pandemic and the number of deaths that have resulted from it vastly differ from country to country. It is self-evident that the lower the level of age-adjusted mortality due to COVID-19, the higher the Political Value provided by political elites during the pandemic. Hence, this Indicator is part of the Giving Income Pillar.	Value Extraction
CLS	COVID-19 lost schooldays	This Indicator reflects the number of schooldays that have been lost as a result of the pandemic by students from elementary to high school level.	*COVID-19 lost schooldays* (CLS) uses data from: UNESCO, Global Education Coalition	COVID-19 has been both a tragedy and a severe shock for most countries worldwide. At the same time, the management of the pandemic and the impact on the educational system that have resulted from it vastly differ from country to country. Key disruptions are those that impede future Value Creation, which is certainly the case when students miss out on their education, a loss that in many cases may never be recovered. Countries that have minimized *COVID-19 lost schooldays* maximize Political Value.	Value Extraction
OSI	Online Service Index	The *Online Service Index* assesses the "scope and quality of on-line services" offered by states. It measures "their use of information and communications technologies to deliver public services" (UN, website).	The *Online Service Index* (OSI) uses data from: The UN, Department of Economic and Social Affairs, E-Government Development Knowledge Base	If the quality and scope of online services offered by government is high this leads to Value Creation. This is especially true in the context of the importance of digital transformation to mitigate the effects of the COVID-19 pandemic. The working assumption is that governments are responsible, through their political elites and institutional processes, for providing incentives that lead to the development of a nation's online infrastructure and business models.	Value Creation
Pillar (iii.8) Taking Income					
DCT	Corporate tax rate (dev. fm optimum)†	*The Corporate tax rate (dev. fm optimum)* reflects "the highest statutory corporate tax rate at central government level" (KPMG, website).	*Corporate tax rate* (DCT) uses data from: KPMG (Corporate tax rates table)	A deeply studied and debated issue is operationalized in the EQx's Taking Income Pillar: the optimal *Corporate tax rate*. Corporate tax rates that are too low can foster a variety of rent-seeking behaviors, including companies free riding on public goods (such as infrastructure) paid for by other sources of government revenue like income tax or debt. On the other hand, corporate tax rates that are too high discourage productive investments. Deviation from an optimal tax rate on either side of the equation sees the emergence of Value Extraction processes that hinder Value Creation maximization. * A tentative optimum (pending further research) of 24% is suggested for this Indicator, resulting in a non-linear function.	Optimum as-maximum Value
HOM	Homicide rate	*A country's Homicide rate measures the number of homicides per 100,000 people per year.*	*Homicide rate* (HOM) uses data from: The United Nations Office on Drugs and Crime (UNODC)	The *Homicide rate* is a proxy Indicator for internal peace (and has, as its counterpart, the *Battle-related deaths* Indicator that measures external peace). The lack of internal peace compromises the ability of the agents of the political economy to develop Value Creation business models. Furthermore, the absence of domestic security signifies a failure to deliver inclusive Political Value. High crime rates, the effects of which fall disproportionally on non-elites, are effectively a tax on citizens. Hence, this Indicator is part of the Taking Income Pillar. Finally, homicide is an ultimate form of Value Extraction; if crime is a tolerated business model it results in measurable economic loss which accrues in the context of immense suffering and social breakdown.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
INE	Top 10% share of pre-tax national income	*Top 10% share of pre-tax national income* measures the share of pre-tax national income accruing to the 90-100 percentile of adult individuals (over 20 years old). Pre-tax national income is the sum of pre-tax labor income and pre-tax capital income.	*Top 10% share of pre-tax national income* (INE) uses data from: The World Inequality Lab, World Inequality database (WID)	*Top 10% share of pre-tax national income* is a measure of inequality. Excessive or structural inequality might reflect the fact that the rules of the game are rigged, acting as a disincentive to investment in Value Creation activities, including investments in new businesses or human capital. Excessive equality creates a different set of problems such as free riding which also disincentivizes Value Creation. Further research will determine other measures of inequality that reflect Value Extraction to enrich and increase the precision of this Indicator in the Taking Income Pillar. * The measures of inequality might require an optimum value to be estabished and further research may be needed to reflect both sides of the argument in a balanced fashion.	Value Extraction
FDE	Fiscal decentralization	The degree of *Fiscal decentralization* is measured by averaging the 36 Indicators of the IMF's Fiscal Decentralization dataset, which assesses "the degree to which revenue and expenditure functions of the general government are carried out by subnational governments" (IMF, website).	*Fiscal decentralization* (FDE) uses data from: The International Monetary Fund (IMF)	*Fiscal decentralization* means Taking Income from where value is generated, thereby forestalling value transfer arrangements across regions from centralized systems. The more traceable the Taking Income processes and the greater the proximity to citizens, the stronger the social impediments to Value Extraction. High fiscal decentralization leads to heterogeneity in the measures or policies implemented by local governments which could lead to either: competitive Value Creation or; excessive competition and a race to the bottom resulting in rent-seeking. The EQx takes the former position.	Value Creation
DTR	Tax revenue as % of GDP (dev. fm optimum)†	Tax revenues are "compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded" (World Bank, website). Tax revenues are divided by the respective country's GDP.	*Tax revenue as % of GDP* (DTR) uses data from: The World Bank	A deeply studied and debated issue in society—and for EQx's Taking Income Pillar—is to settle on the appropriate *Tax revenue as % of GDP*. Tax revenue that is too high can foster a variety of rent-seeking behaviors by the beneficiaries of those unearned income flows while penalizing the Value Creation potential of tax-payers. Tax revenue that is too low in relation to national income may compromise a governments ability to perform their duties in areas such as education, health or security. * A tentative optimum rate of 11% is suggested (pending further research), resulting in a v-shaped function for this Indicator.	Optimum as-maximum Value
BRD	Battle-related deaths per 100,000 people	*Battle-related deaths* are "deaths in battle-related conflicts between warring parties in the conflict dyad (two conflict units that are parties to a conflict). All deaths—military as well as civilian—incurred in such situations, are counted as battle-related deaths" (World Bank, website). The measure is adjusted to account for the size of a country's population.	*Battle-related deaths* (BRD) uses data from: The International Monetary Fund (IMF), Government Finance Statistics Yearbook & World Bank and OECD GDP estimates (retrieved from the World Bank)	*Battle-related deaths* is a proxy for external peace (and has, as a counterpart, the *Homicide rate* Indicator that measures internal peace). The lack of external peace compromises the ability of the political economy's agents to develop Value Creation business models. The absence of external security as Political Value is, in effect, a tax on citizens, hence this Indicator is part of the Taking Income Pillar. War has also been a rent-seeking mechanism for elites throughout history. Finally, if battle-related deaths, like homicides and any unnatural loss of human life, is a tolerated business model, it results in measurable economic loss that accrues in the context of immense suffering.	Value Extraction
GCI	Global Cybersecurity Index	*The Global Cybersecurity Index* measures the efforts and progress made in cyber defence. The index is comprised of 25 comprehensive sub-indicators that range from legal aspects to public awareness campaigns.	*The Global Cybersecurity Index* (GCI) uses data from: International Telecommunication Union (ITU), The Global Cybersecurity Index (GCI)	High levels of cybersecurity lead to Value Creation. This is especially true in the context of digital transformation. The working assumption is that the government is responsible, through its political elites and institutional processes, for providing the necessary institutions for cybersecurity. Cyber criminality is a Value Extraction business model that results in Taking Income and is an issue that a competent political elite or government should address, either directly or indirectly.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
SUI	Suicide rate per 100,000 people	*Suicide rate per 100,000 people* refers to the number of lives taken on a voluntary and intentional basis.	*Suicide rate per 100,000 people* (SUI) uses data from: The World Health Organization (retrieved from The Global Economy)	Suicides represent an exit from the political economy. While a proportion of suicides are inevitable, significant differences exist in the rates across countries. Exits as suicide might be the result of mental health issues, despondent life circumstances or as the result of being at the receiving end of Value Extraction business models. Institutions that address the various causes of suicide effectively create Political Value.	Value Extraction
SUB	Death rates from substance use disorders per 100,000 people	*Death rates from substance use disorders per 100,000 people* measures direct deaths from alcohol or illicit drug abuse. Death rates are measured as the number of deaths per 100,000 people. Illicit drugs include opioids, cocaine, amphetamines and cannabis.	*Death rates from substance use disorders per 100,000 people* (SUB) uses data from: Institute for Health Metrics and Evaluation (IHME), Global Burden of Disease Collaborative Network	Substance abuse deaths are an intrinsic part of extractive elite business models. They reflect the Taking of Income and the absence of Political Value.	Value Extraction
OCR	Organized crime	*Organized crime* is an Indicator used in the World Economic Forum's 'Global Competitiveness Index' that assesses the size of the organized crime business in a particular country via a survey.	*Organized crime* (OCR) uses data from: World Economic Forum, Global Competitiveness Index	Organized crime exacts high costs on Value Creation business models by Taking Income from them. Moreover, crime distorts markets and causes widespread burdens on society. Elites who refrain from implementing policies and actions that prevent organized crime are complicit in Value Extraction. High quality elites implement policies to pre-empt or eliminate organized crime business models or nudge them towards business model transformation.	Value Extraction
Pillar (iii.9): Unearned Income					
DUT	Dutch disease propensity	*Dutch disease propensity* measures the rents derived from natural resources divided by a country's GDP. These rents, which are computed as "the difference between the price of a commodity and the average cost of producing it", are calculated as the "sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents" (World Bank, website).	*Dutch disease propensity* (DUT) uses data from: The World Bank (Total natural resources rents (% of GDP) data)	If a country is afflicted by *Dutch disease propensity* it relies on one export-intensive sector based on partially earned or Unearned Income (i.e. natural resources) that distorts the economy (e.g. via higher exchange rates hurting the exports of other industries). Since the rights for national natural resources are granted through the political process, Dutch disease results in Value Extraction from an economy caused by natural resource exporting elites, to the detriment of alternative Value Creation activity. It is therefore considered to be of negative Political Value.	Value Extraction
EPI	Environmental Performance Index	The *Environmental Performance Index* "ranks countries on 32 performance indicators across 11 issue categories (covering) environmental health and ecosystem vitality. These indicators provide a gauge at a national scale of how close countries are to established environmental policy targets." (EPI, website).	*Environmental Performance Index* (EPI) uses data from: Yale Center for Environmental Law & Policy, Environmental Performance index	The *Environmental Performance Index* provides a comprehensive set of measures for the depletion and spoiling of natural resources such as forests, fisheries, biodiversity, and air and water quality. Such activities signify an intergenerational wealth transfer and a failure to deliver Political Value. Through these Value Extraction processes, older generations and extractive elites benefit from Unearned Income business models based on exploiting the environment. Future Value Creation is also impeded by forestalling the ability of younger generations to benefit from these fundamental resources.	Value Creation
DBT	Government debt as % of GDP	*Government debt as % of GDP* is based on debt which is "the entire stock of direct government fixed-term contractual obligations to others outstanding on a particular date (measured on the last day of fiscal year)" (The Global Economy, website). The level of debt is then divided by the respective country's GDP.	*Government debt as % of GDP* (DBT) uses data from: The Global Economy (Government debt as percentage of GDP data)	*Government debt as % of GDP* is an elite business model based on transferring value from the future to the present. Debt is Unearned Income for the state that will have to be repaid by future generations of taxpayers (or offset by indirect means such as inflation) that often have no voice when such obligations are made. Debt allows government spending to be higher than it would otherwise be with consequent and additional rent-seeking opportunities. There are numerous and robust counter arguments (e.g., against austerity) in the policy and academic domains as taking on additional debt can be appropriate in emergencies and helps to smoothen out economic cycles, providing Keynesian stimuli for the economy. *An optimal level might be established for this Indicator in the future.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
**Sub-Index II: Value | Index Area (iv): Economic Value**				
**Pillar (iv.10): Producer Rent**				
TRF	Trade freedom	*Trade freedom* is assessed through the 'Index of Economic Freedom' which measures the "absence of tariff and non-tariff barriers that affect imports and exports of goods and services" (Heritage Foundation, website). The measure is based on 12 quantitative and qualitative factors, grouped into four pillars: rule of law, government size, regulatory efficiency and open markets.	*Trade freedom* (TRF) uses data from: The Heritage Foundation, Index of Economic Freedom (IEF)	*Trade freedom* encourages exports, one of the highest Value Creation activities in an economy (as non-competitive firms cannot export since they lack power in foreign markets). *Trade freedom* also reflects global competitiveness and encourages innovation. A lack of free trade indicates local rent-seeking and negatively affects Producer Value, creating gaps and distortions in the market for goods and services. Since the publication of Ricardo's theory of comparative advantage, free trade has been accepted as an undisputed mechanism for Value Creation. However, counter arguments are now on the rise and at the moment the world seems to be experiencing a worrying trend towards de-globalization and fragmentation. *An optimal level might be established for this Indicator in the future.	Value Creation
FDI	FDI net inflows as % of GDP	*FDI net inflows as % of GDP* measures foreign direct investment (FDI) that takes "a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor" (World Bank, website). For comparison purposes, FDI inflows are divided by a country's GDP and averaged over the 3 last available years (2016-2018) to obtain the Indicator score.	*FDI net Inflows as % of GDP* (FDI) uses data from: UNCTAD Statistics	*FDI net Inflows as % of GDP* comparatively measures a country's attractiveness to FDI in terms of the realized amount, meaning actual Value Creation. The absence of FDI inflows reflects elite protectionism, as domestic investors limit foreign entrants thereby diminishing the value of the economic system.	Value Creation
BTF	Barriers to FDI	*Barriers to FDI* (foreign direct investment) are measured by the 'FDI Regulatory Restrictiveness Index' (FDI Index). "The FDI Index measures statutory restrictions on foreign direct investment across 22 economic sectors" (OECD, website) by looking at factors such as foreign equity limitations, discriminatory screening and approval mechanisms, or restrictions on the employment of foreigners as key personnel.	*Barriers to FDI* (BTF) uses data from: OECD, FDI Regulatory Restrictiveness Index	High *Barriers to FDI* enable producer rents by protecting domestic investors. The Indicator measures the success of domestic business elites in forestalling foreign competition from investing in Value Creation models in their domestic market. The assumption is that foreign investors have an embeddedness disadvantage that they compensate for with higher levels of efficiency and value advantages, which might potentially disrupt the rent-seeking behavior of local elites.	Value Extraction
EGL	Economic globalization	*Economic globalization* is measured by the economic dimension of the 'KOF Globalisation Index'. The measure includes both trade and financial flows and encompasses factors such as trade in goods and services, foreign investment, customs tariffs, taxes and trade restrictions, openness of the capital account and international investment agreements.	*Economic globalization* (EGL) uses data from: ETHZ, The KOF Globalisation Index	*Economic globalization* reflects the degree to which domestic elites are subject to competition from their international counterparts. The higher the degree of economic globalization, the more Economic Value will exist in a domestic economy.	Value Creation
HEI	Health Efficiency Index	The *Health Efficiency Index* is based on the 'Bloomberg Health-Efficiency Index' which tracks life expectancy and medical spending to determine which health care systems have the best outcomes. "To measure efficiency during the pandemic, the original ranking was adjusted according to two factors: the one-year change in GDP based on an October 2019 forecast by the International Monetary Fund, as well as the toll of COVID-19 on each economy." (Miller & Lu, 2020).	*The Health Efficiency Index* (HEI) uses data from: The Bloomberg Health-Efficiency Index'	Inefficient health care systems should be considered an example of Value Extraction as business elites in the health care sector receive money and resources and deliver poor outcomes (i.e., life expectancy). Efficient systems, on the other hand, have elites that coordinate their resources diligently and provide (through quality and affordable health care) broad Value Creation for non-elites. Heath sector elites in some countries have been criticized for excessive Value Extraction (e.g., high medicine prices paid for by taxpayers), but at the same time may also deliver value through the use of cutting-edge technologies at reasonable costs to society.	Value Creation
OFB	Open for business	The *Open for business* Indicator is based on the 'Open for Business' subset of the 'U.S. News, 2020 Best Countries' and includes factors such as "bureaucracy, cheap manufacturing costs, corruption levels, favorable tax environment and transparent government practices" (U.S News, website).	*Open for Business* (OFB) uses data from: U.S. News & World Report, 2020 Best Countries	*Open for Business* is a practice-oriented Indicator mainly reflecting Producer Value rent (or its absence). While not dissimilar to the *Institutional quality* Indicator, it has a stronger more direct connection to the actual activities of economic agents, and is therefore included in the Economic Value index area. Low values for this Indicator represent the existence of closed and protectionist Value Extraction elites, while a high-level of openness depicts inclusive Value Creation.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
ESG	ESG company scores	The *ESG company scores* Indicator is based on the comprehensive company-specific ESG assessments made by MSCI, measuring factors such as pollution prevention, involvement in alcoholic beverages, and business ethics. This EQx Indicator clusters company ESG ratings by country to determine and rank the ESG qualities present in each country's leading companies.	*ESG company scores* (ESG) uses data from: MSCI ESG Rating database	Countries with high *ESG company scores* benefit from corporate elites engaged in responsible Economic Value Creation. The assumption is that business elites that are sensitive to ESG issues attempt to base their business models on sustainable, fair and non-extractive activities.	Value Creation
RDR	R&D as % of revenue Top 10 firms	The *R&D as % of revenue Top 10 firms* Indicator reflects R&D expenses as a percentage of total revenues for the top 10 companies (by total revenue) of each country.	*R&D as % of revenue Top 10 firms* (RDR) uses data from: Bureau van Dijk (Orbis database)	The EQx considers innovation and transformation as essential for future Value Creation. Without this, business models will simply exhaust the value of existing technologies, processes and ideas. Existing organizations, through their commitments and investments in R&D, play an important role in Value Creation. All else being equal, the higher the level of *R&D as % of revenue Top 10 firms*, the higher the Value Creation of corporate business elites.	Value Creation
FSA	Global Food Security Index - affordability	*Global Food Security Index - affordability* is based on the 'affordability' sub-ranking of the 'Global Food Security Index (GFSI)' produced by the Economist Intelligence Unit. The GFSI measures the drivers of food security across both developing and developed countries.	*Global Food Security Index - affordability* (FSA) uses data from: The Economist Intelligence Unit, Global Food Security Index (GFSI)	When food is not affordable, non-elites are prevented from being involved in Value Creation processes. Food profiteering elite business models have developed on the basis of transferring value from the many to the few. Elite business models based on high and unaffordable food prices, natural catastrophes notwithstanding, are a reflection of poor elite quality and an inability to develop a competitive food industry.	Value Creation
PAT	Number of patent applications per 100,000 people	This indicator measures the *Number of patent applications per 100,000 people*. Worldwide patent applications are filed through the Patent Cooperation Treaty (PCT) procedure or with a national patent office.	*Number of patent applications per 100,000 people* (PAT) uses data from: The World Bank (The World Intellectual Property Organization (WIPO), WIPO Patent Report: Statistics on Worldwide Patent Activity).	Patents reflect a type of legal claim on Value Creation. The EQx assumes that these claims are a factor for sustained economic growth and innovation. The higher the number of patents filed, as measured by *Number of patent applications per 100,000 people*, the larger the number of newly documented and protected ideas. The Indicator therefore provides evidence of current and future Value Creation. A vibrant market for new ideas and innovations is complemented by the legal means to secure this knowledge.	Value Creation
IPM	Share of imports targeted by protectionist measures	This Indicator represents a flow statistic. That is, it depicts the share of imports targeted by protectionist measures implemented since 1 November 2008, which are currently in force. It is calculated based on data by the Global Trade Alert.	*Share of imports targeted by protectionist measures* (IPM) uses data from: SIAW Insitute, University of St. Gallen, The Global Trade Alert	The main assumption is that protectionism favors existing domestic business activities and therefore shields domestic producer elite business models from competitive foreign trade. However, a counter argument highlights the benefits of protecting infant industries. Hence, further research might be needed to reflect both arguments in a balanced fashion. In the EQx2021, the higher the share of imports that are targeted by protectionist measures, the lower the level of Value Creation.	Value Extraction
DGI	Share of discriminatory government interventions as % of total interventions	This Indicator represents a flow statistic, That is, it depicts newly introduced discriminatory government interventions as a share of total newly introduced interventions (rather than the general level of discriminatory government interventions) in a country. It is calculated based on data by the Global Trade Alert.	*Share of discriminatory government interventions as % of total interventions* (DGI) uses data from: SIAW Insitute, University of St. Gallen, The Global Trade Alert	The annual flow Indicator *Share of discriminatory government interventions as % of total interventions* is an important measure of protectionism. Interventions that are discriminatory are part of the Value Extraction business models of domestic elites. Therefore, the lower the level of discriminatory interventions as a share of total interventions, the better, as less value is extracted from domestic businesses and populations. In its current form, the indicator can serve as a proxy measure for the appetite of policymakers for offering wider market access.	Value Extraction

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
Pillar (iv.11): Capital Rent					
DNI	Neutral interest rate (dev. fm optimum)	A measure of the (unobservable) *Neutral interest rate (dev. fm optimum)* is derived from the following formula: k% + (M1 growth/ GDP growth) with 'k%' corresponding to Friedmann's 'k', set at 2%. The resulting measure yields an interest rate consistent with long-term growth that is determined by the supply and demand for savings (which depend on the money supply from central banks (M1)).	The *Neutral interest rate* (DNI) uses data from: OECD (Money Supply Data) & World Bank, National Accounts Data (GDP growth)	An interest rate deviation below/above the natural price of money is an extractive capital rent. In the natural price of money, also referred to as the *Neutral interest rate or Knut Wicksell's* (1898) 'natural interest rate', an R-star (R*) depicts the rate at which investment fully absorbs savings at full employment (Rachel & Summer, 2019). To operationalize this disputed concept in a simple fashion, the EQx takes the increase/decrease in the monetary base effected by central banks that adds/subtracts to/from the money supply and leads to an equilibrium in the price of money (interest rates lower/higher than the free market counterfactual) deviating from the natural rate, causing the aforementioned rents (i.e., for those benefiting from asset deinflation/inflation or from access to capital by non-market mechanisms). * The optimum in the formula [(M1 growth/GDP growth) + k%] sees an (unadjusted at this stage) alignment with Friedman's k monetary policy rule of 2% (pending further research).	Optimum as-maximum Value
DOI	Inflation (dev. fm optimum)[†]	*Inflation (dev. fm optimum)* is a measure of the annual percentage change in the Consumer Price Index (CPI). The CPI reflects changes in the cost of goods and services which are representative of a private household's consumption. This Indicator is based on the inflation subset of the World Economic Forum's (WEF) 'Global Competitiveness Index'.	*Inflation* (DOI) uses data from: The International Monetary Fund (IMF)	*Inflation* and deflation have distributional effects—Value Extraction for those on the losing side of price changes—between borrowers and lenders and constitute a capital rent. For instance, high inflation provides a rent to borrowers at the expense of lenders. * The optimum inflation rate is treated as a U-shaped function "to capture the detrimental effects of high inflation and deflation" (GCI Report, 2018, p.636). Countries with inflation rates between 0.5% and 2.5% receive the highest possible score of 100. Outside of this range, scores decrease linearly (based on an adapted version of the WEF methodology).	Optimum as-maximum Value
GOL	Gold demand as % of GDP	*Gold demand as % of GDP* measures the demand (in tons) for gold bars, coins and jewelry. The measure is then divided by a country's GDP.	*Gold demand as % of GDP* (GOL) uses data from: World Gold Council	Gold is a mostly unproductive store of value, as the noble metal is rarely used in the credit system or as means for productive investment, thereby tying up capital. Thus, *Gold demand as % of GDP* reflects a Capital Rent that makes a minimal contribution to Value Creation in the economy.	Value Extraction
DMA	M&A as % of investment - 3 yrs. rolling average (dev. fm optimum)[†]	The *M&A as % of investment* aims to capture the total value of M&A deals in a country by aggregating all M&A deals in the respective year with a transaction value greater than USD 100 million. The value of M&A deals is then divided by total investment (I) in the respective country.	*M&A as % of investment* (DMA) uses data from: Refinitiv Eikon (M&A statistics) & OECD (Total Investment)	Excessive *M&A as % of investment* in a national economy is an Indicator of rent-seeking by companies using M&A as a play for market-dominance. The counter argument is that M&A rewards Value Creation and cleans up Value Extraction models, while also leading to further Value Creation as assets are transferred from lower to higher value uses.* The optimal proportion of *M&A as % of investment* is set at 8% (pending further EQx research).	Optimum as-maximum Value
DKI	Delta capital gains tax vs income tax (dev. fm optimum)[†]	The *Delta capital gains tax vs income tax* Indicator measures the difference in taxation between financial and human capital (labor), by taking the delta between the individual capital gains tax rate and the individual income tax rate in a country.	*Delta capital gains tax vs income tax* (DKI) uses data from: PWC (capital gains tax statistics) & KPMG (personal income tax statistics)	Value Extraction (and free riding) is deemed to take place when financial and human capital are taxed differently, in the context of political Taking Income. When the capital gains tax is higher than income tax then investors are comparatively penalized and their incentives for Value Creation are discouraged. On the other hand, when income tax is higher than capital gains tax, then human capital investors are comparatively penalized and their related Value Creation is discouraged. *The tentative optimum (pending further EQx research), sees both forms of investment—human and financial—taxed equally.	Optimum as-maximum Value
UNC	Unicorns per 1 million people	The *Unicorns per 1 million people* Indicator measures the number of unicorns, i.e. companies worth at least a billion dollars that are not yet listed on public stock exchanges, per million inhabitants.	*Unicorns per 1 million people* (UNC) uses data from: The Hurun Research Institute, Hurun Global Unicorn List	Unicorns are start-ups that have achieved private valuations of more than USD one billion. Consequently, their products and services reflect Value Creation for both customers and society. We assume that the higher the value for the *Unicorns per 1 million people* Indicator, the greater the value that will be created in a country. This also means that incumbent elites have not erected barriers to market entry for emerging business models and have instead created a business environment that supports Value Creation and innovation.	Value Creation

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
BSG	Billionaires self-made number per 1 million people	The *Billionaires self-made number per 1 million people* Indicator considers the overall number of self-made billionaires in a country in relation to its population. Self-made billionaires are billionaires whose wealth is not inherited.	The *Billionaires self-made number per 1 million people* (BSG) uses data from: *Forbes*, World's Billionaires List	The *Billionaires self-made number per 1 million people* Indicator measures the ongoing elite circulation process in society by examining self-made billionaires. Their business models are more likely to involve Value Creation and be based on innovation and the incorporation of emerging technologies, accelerating social and technological development. The more self-made billionaires a country has in relation to its population, the more value is deemed to have been created. The comparison with a country's overall inhabitants ensures a representative evaluation of this Indicator.	Value Creation
BSM	Billionaires self-made as % of total billion-aires	The *Billionaires self-made as % of total billionaires* Indicator assesses the proportion of a country's overall billionaires that are self-made, i.e. whose wealth was not inherited.	*Billionaires self-made as % of total billionaires* (BSM) uses data from: *Forbes*, World's Billion-aires List	The *Billionaires self-made as % of total billionaires* Indicator measures the percentage of self-made billionaires in a country. The more self-made billionaires a country has in relation to the overall number of billionaires, the more Value Creation there should be in the economy. The assumption is that self-made billionaires, not having inherited their wealth, can only have emerged through Value Creation business models, as established elites do not cede Value Extraction models to newcomers.	Value Creation
FMI	Financial Markets Index	The *Financial Markets Index* Indicator is derived from part of the IMF's Financial Development Index and measures the development level of financial markets according to their access, depth and efficiency.	The *Financial Markets Index* (FMI) uses data from: The International Monetary Fund (IMF), Financial Development Index	The higher the level of development of a country's financial markets, the higher the Value Creation. Developed financial markets enable market participation based on 'fair' market prices and reduce the chance of Value Extraction. Un- or under-developed financial markets restrict or limit access to credit and therefore prohibit entrepreneurial or non-elite economic activities that require financing. Un- or under-developed financial markets also result in allocative problems in an economy, as they allocate financial resources away from the most productive or innovative sectors, benefiting only established or well-connected businesses.	Value Creation

Pillar (iv.12): Labor Rent

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
UEM	Unemployment rate	The *Unemployment rate* "refers to the share of the labor force that is without work but available for and seeking employment" (World Bank, website).	*Unemployment rate* (UEM) uses data from: The International Labour Organization, ILOSTAT database	The *Unemployment rate* is conceptualized in a neoclassical fashion as intra-labor rent-seeking by a worker elite. Value Extraction by the employed is achieved via higher than market equilibrium wages and benefits, preventing a market-clearing price for labor and thus causing unemployment for vulnerable suppliers of labor such as non-union workers and the young (see the related *Youth unemployment rate* (YUN) Indicator).	Value Extraction
LFP	Labor force participation rate	The *Labor force participation rate* measures the total labor force in a country divided by the total working-age population. The former refers to the economically active portion of the population, the latter refers to people aged between 15 and 64.	*Labor force participation rate* (LFP) uses data from: OECD, Labour Force Statistics	A low *Labor force participation rate* indicates that there are disincentives for Value Creation by labor. There are many causes for this, including low wages and high unemployment benefits. There may also be barriers to participation in labor markets (e.g. for females) or factors that reflect direct Value Extraction (e.g. under-employment, or exploitation).	Value Creation
WLP	Delta real wage vs labor productivity increases (dev. fm optimum)[†]	The *Delta real wage vs labor productivity increases* reflects the portion of labor productivity captured by labor. The real wage is measured through labor compensation per hour worked, while GDP per hour worked is used as a proxy for labor productivity.	*Delta real wage vs labor productivity increases* (WLP) uses data from: OECD (Labor compensation per hour worked & GDP per hour worked data)	*Delta real wage vs labor productivity increases* aims to describe possible Value Extraction from these two dimensions. On the one hand, increases in wages above labor productivity indicate labor rent in favor of organized labor (also referred to as 'Baumol's cost disease', Baumol & Bowen, 1966), i.e. the tendency for wages to increase despite stagnating productivity, often in labor-intensive industries. On the other hand, increases in wages below labor productivity indicate an extraction of labor by firms. *The tentative optimum (pending further EQx research), sees wage increases equal productivity increases. This assumption is made considering counter arguments that attribute labor productivity increases partly to investments in capital stock or to innovation for which labor is not directly responsible.	Optimum as-maximum Value

	Indicator Name	A. Indicator Description - What we measure (short)	Dataset reference	B. Indicator Rationale - Why we measure	Value Creation/ Extraction
LDR	Labor dependency ratio	The *Labor dependency ratio* is a measure of the number of dependents in relation to total employment. Dependents are defined as "persons aged 0 to 14 + persons aged 15 and above that are either outside the labor force or unemployed" (ILO, Website).	*Labor dependency ratio* (LDR) uses data from: The International Labor Organisation, ILOSTAT Database	A high *Labor dependency ratio* can reflect an ever-increasing aging population relying on a proportionally decreasing base of taxpayers. Hence, this Indicator illustrates a form of intergenerational rent-seeking. There is a risk that taxpayers supporting the previous generation will not receive the same benefits from subsequent generations. This 'sandwich' effect means that a large segment of the population has fewer resources at its disposal and less incentive for Value Creation.	Value Extraction
YUN	Youth unemployment rate	The *Youth unemployment rate* "refers to the share of the labor force aged 15-24 without work but available for and seeking employment" (KOF, website).	*Youth unemployment rate* (YUN) uses data from: The World Bank (Unemployment, youth total, % of total labor force ages 15-24 data, modeled ILO estimate)	The most vulnerable segment of any political economy are young people. Many elite business models permit the extraction of labor rents from the young. This sub-group is also subject to Value Extraction by older elite workers, such as members of labor unions. Unions increase the price of labor and reduce overall demand with disproportional effects on the young. A high *Youth unemployment rate* is an extremely worrying Indicator as research shows that extended periods of unemployment can have a lasting impact on an individual in terms of future employment and Value Creation potential.	Value Extraction
GWG	Gender wage gap	The *Gender wage gap* is defined "as the difference between male and female median wages divided by male median wages" (OECD, website).	*The Gender wage gap* (GWG) uses data from: The World Bank (Wage equality between women and men for similar work)	A *Gender wage gap* reflects the degree to which female workers' compensation lags behind that of their male counterparts, allowing the latter to collect Unearned Income relative to women. Paying women less than their true economic comparative Value Creation through the leverage of power leads to a smaller slice of the economic pie for female workers and also shrinks the overall size of the potential pie. At times, the gender pay gap reflects the fact that women may hold lower paying jobs than men, but it could also point to the existence a glass ceiling (or lower investment in human capital). Artificially hindering female Value Creation, other than being unfair and discriminatory, is based on biased employment business models that lead to wasted human capital and hence to a sub-optimal state in the economy.	Value Extraction
BRN	Net brain drain	The *Net brain drain* Indicator is derived from OECD and ILOSTAT data and measures the net outflows of highly-skilled workers from an economy; i.e the number of individuals with a tertiary education degree leaving a country, divided by the net number of foreigners entering it, as a percentage of a country's overall highly-skilled labor force.	*Net brain drain* (BRN) uses data from: OECD (highly skilled worker inflows and outflows) & The International Labour Organization, ILOSTAT Database (highly skilled workforce)	The outflow of skilled and highly educated human capital and talent is a transfer of value out of the country. Consequently, domestic firms are less able to produce Value Creation. The fault for a poor *Net brain drain* ranking lies with national elite systems for failing to establish a domestic business environment that is free of the rent-seeking that inhibits value creators from realizing their potential. These individuals therefore move elsewhere. On the other hand, the higher the level of *Net brain drain* inflows, the greater the level of value that is created.	Value Extraction
LFR	Labor force participation ratio - male vs female	The Labor force participation ratio - male vs female indicator reflects the ratio of females to males within the workforce. The labor force participation rate is the proportion of the population aged 15 and older that is economically active.	Labor force participation ratio - male vs female (LFR) uses data from: The World Bank, World Development Indicators (WDI)	A higher proportion of males within the active workforce implies that males receive Unearned Income through the restrictions and barriers faced by women and their inability to fully participate and compete in the economy's labor markets. This leads to wasted capital as a large part of the population is prevented from full Value Creation. Reduced competition also limits new ideas and innovation. Unequal access to well remunerated occupations occurs in many countries around the world. Labor force statistics are key tools for monitoring gender disparities in employment and unemployment patterns. The lower the disparities, the better for all, on the self-evident assumption that men and women are equally capable of Value Creation.	Optimum as-maximum Value

† Deviation from the optimum, which refers to the Indicator having a maximum Value Creation level.