

Singapore: Value creating elites lead the world

Singapore sits atop the global rankings for the second year running, with an EQx score of 68.1 and the highest value creating elites of all of the 151 countries assessed. Given the global challenges of 2020-2021 and the potentially rocky road ahead for many countries, how the city-state has captured and retained its top position merits closer investigation to understand what components of its success might be adapted by other nations.

Perhaps most strikingly, Singapore ranks either first or in the top echelon in nearly half of the indicators measuring Economic Value (iv, rank # 1). Its free trade stance (TRF, iv.10, rank # 1), anti-protectionism (IPM, iv.10, rank # 1), and openness to business (OFB, iv.10, rank # 4) have encouraged high levels of Foreign direct investment (FDI, iv.10, rank # 1). This market openness, when combined with strong institutions and political stability, a staunch commitment to Property rights (PRI, i.2, rank # 1), and extremely low levels of Political corruption (COR, i.1, rank # 3), has helped Singapore to position itself as a regional hub for multinational corporations. Given the continued uncertainty of Hong Kong's future and Singapore's successful management of the COVID pandemic, we might expect Singapore to continue to consolidate this strong regional positioning.

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Venture capital (VC) finance, an new indicator introduced in this year's EQx analysis, highlights another area in which Singapore has excelled, placing first in both perceptions of VC availability to entrepreneurs (VCA, ii.6, rank # 1) and in total VC investment (VCK, ii.6, rank # 1). This access to venture capital is key to the entry of new firms into the market—where Singapore performs quite strongly—and to the creation of new elites. These aspects of economic dynamism are also reflected in the rankings for creative destruction (ii.6, rank # 11) and turnover measures (TUL, ii.6, rank # 28 & TUS, ii.6, rank # 24), where Singapore performs relatively well. Given the high availability of VC, however, Sin-

gapore's levels of entrepreneurship (ENT, ii.6, rank # 23) suggest that its entrepreneurial culture could be improved. Indeed, this has been a matter of explicit discussion within the government for several years now, with an articulated ambition of transforming Singapore into a hub for innovation and enterprise. One challenge confronting Singapore's often risk-averse society is how to foster an environment that encourages risk, creativity, and innovation—even when risk may lead to failure. Effecting such a transformation will require a shift in both societal values and local educational systems that long have emphasized guaranteed results over risk and creativity.

Despite Singapore's strong overall scorecard, the country is penalized in the Power Sub-Index (rank # 15). The presence of powerful political and economic elites indicates the potential for value extraction in the future, even if the current elites are running value creation business models. Moreover, within the Power indicators themselves, Singapore's picture is mixed. On the one hand, Singapore scores poorly in several political dimensions, including freedom of the press (PFD, i.1, rank # 131); and LGBT+ inclusiveness (LIN, i.2, rank # 82), areas where Singapore's strong state has come under international criticism. On the other hand, the city-state ranks relatively well in several economic power measures and has avoided the centralization of economic power within the state itself. Moreover, in addition to the excellent marks already discussed for low corruption levels and the sanctity of property rights, Singapore also scores exceptionally highly in several other 'positive' indicators within the Political Power Index Area (i, rank # 22), such as institutional quality (DBI, i.2, rank # 2), governmental responsiveness to change (RTC, i.1, rank # 1), and the protection of minority investors (PMI, i.2, rank # 3).

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Singapore

EQx2021 Country Scorecard

Population **6 million**
 GDP (nominal) **372 billion USD**
 GDP per capita **65233 USD**



Level 1 - Index

EQx Rank / 151	EQx Score
1	68.1

Very High Quality Elites

Level 2 - Sub-Indices & Index Areas

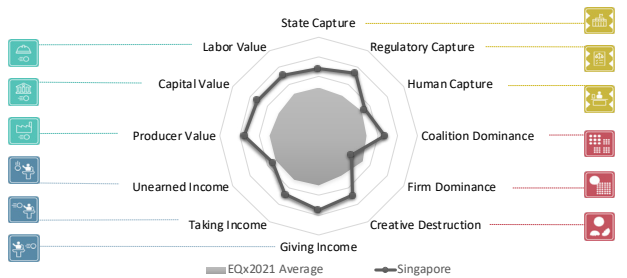
EQx Sub-Indices			
Power		Value	
Rank / 151	Score	Rank / 151	Score
15	63.1	1	70.6

EQx Index Areas

Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
22	66.5	9	61.5	6	66.5	1	72.7

Level 3 - Pillars

		Rank / 151	Score
Political Power (i)	State Capture	22	68.4
	Regulatory Capture	14	73.9
	Human Capture	65	54.0
Economic Power (ii)	Coalition Dominance	10	66.8
	Firm Dominance	141	38.2
	Creative Destruction	11	69.0
Political Value (iii)	Giving Income	1	74.8
	Taking Income	4	68.0
	Unearned Income	53	53.3
Economic Value (iv)	Producer Value	1	75.2
	Capital Value	1	72.0
	Labor Value	7	71.4



Level 4 - EQx Indicators

		Rank / 151	Score
State Capture (i.1)	COR Political corruption	3	90.6
	MOB Social mobility		
	PDE Political decentralization	33	67.2
	ADE Administrative decentralization	26	75.0
	PGL Political globalization	96	41.8
	WPI Women's Power Index	84	40.3
	RTC Government's responsiveness to change	1	100.0
Regulatory Capture (i.2)	EPR E-Participation Index	6	85.1
	PFD Press freedom	131	16.5
	COC Control of corruption	1	100.0
	DBI Institutional quality	2	89.5
	CRO Crony capitalism	61	26.0
	PMI Protecting minority investors	3	90.3
	ECR Ease of challenging regulations	14	82.8
Human Capture (i.3)	EDB Digital institutional quality	13	69.1
	PRI Property rights	1	100.0
	GSI Global Slavery Index	64	59.3
	WBL Women, business and the law	57	59.5
	LIN LGBT+ Inclusiveness	82	36.4
	GRI Religion - Government Restriction Index	135	11.7
	SHI Religion - Social Hostilities Index	53	61.4
Coalition Dominance (ii.4)	WSB Women self made billionaires	4	84.9
	HRI Human Rights Index	49	61.2
	FDP Forcibly displaced population as % of population	22	56.2
	AFI Academic Freedom Index	106	35.8
	IEE Top 3 industries exports as % of GDP		
	ECI Economic Complexity Index	5	95.0
	IVA Top 3 industries as % of VA	21	68.2
Firm Dominance (ii.5)	CON Construction as % of GDP (dev. fm optimum)	1	73.1
	MIL Military expenses as % of GDP (dev. fm optimum)	105	40.0
	UNI Unionization rate (dev. fm optimum)	40	53.5
	CBC Collective bargaining coverage		
	BSN Barriers in service & network sectors		
	PRO Top 10 firms profitability	88	47.6
	SME SMEs per 1,000 people		
Creative Destruction (ii.6)	BIW Billionaires' wealth as % of GDP	142	0.0
	FKG Top 10 firms market cap as % of GDP	70	32.9
	FRG Top 3 firms revenues as % of GDP	76	49.1
	FRR Top 30 firms revenues as % of GDP	59	39.5
	TUL Listed firms turnover, long run 15 years	28	24.4
	TUS Listed firms turnover, short run 3 years	24	38.0
	ENT Entrepreneurship	23	74.8
Giving Income (iii.7)	VCK Venture capital finance	1	100.0
	RND R&D as a % of GDP		
	ENR Firm entry ratio	11	83.3
	EXR Firm exit ratio		
	BCD Billionaire's creative destruction	46	35.3
	IWE Index of Women Entrepreneurs	22	62.2
	VCA Venture capital availability	1	100.0
	GSE Governmental support to entrepreneurship		

		Rank / 151	Score
Taking Income (iii.8)	SNT Subsidies and transfers as % of expenses	23	75.7
	REG Regional redistribution as % of government budget	47	68.1
	EDU School life expectancy	22	67.7
	GPS Expenditure on general public services as % of GDP (dev. f	43	43.7
	INT Internet access	20	77.7
	NRI Network Readiness Index	3	98.4
	LEW Life expectancy women		
	LEM Life expectancy men		
	FSQ Global Food Security Index - availability, quality and safety	9	86.2
	COV COVID-19 excess deaths, age-adjusted		
Unearned Income (iii.9)	COF COVID-19 fatality rate, age-adjusted	1	63.8
	CGD COVID-19 growth differential	130	49.5
	COM COVID-19 mortality rate, age-adjusted	1	100.0
	CLS COVID-19 lost schooldays	7	90.0
	OSI Online Service Index	5	86.8
	DCT Corporate tax rate (dev. fm optimum)	97	42.1
	HOM Homicide rate	1	100.0
	INE Top 10% share of pre-tax national income	74	48.4
	FDE Fiscal decentralization		
	DTR Tax revenue as % of GDP (dev. fm optimum)	30	70.8
Producer Value (iv.10)	BRD Battle-related deaths per 100,000 people	1	53.8
	GCI Global Cybersecurity Index	6	84.1
	SUI Suicide rate per 100,000 people	93	48.9
	SUB Death rates from substance use disorders per 100,000 peo	2	74.5
	OCR Organized crime	4	95.0
	DUT Dutch disease propensity	1	100.0
	EPI Environmental Performance Index	35	67.4
	DBT Government debt as % of GDP	138	0.7
	TRF Trade freedom	1	95.1
	FDI FDI net inflows as % of GDP	1	100.0
Capital Value (iv.11)	BTF Barriers to FDI	36	59.9
	EGL Economic globalization	18	83.0
	HEI Health Efficiency Index	1	100.0
	OFB Open for business	4	90.5
	ESG ESG company scores	23	58.6
	RDR R&D as % of revenue Top 10 firms	38	41.9
	FSA Global Food Security Index - affordability	2	92.4
	PAT Number of patent applications per 100,000 people	1	100.0
	IPM Share of imports targeted by protectionist measures	1	60.7
	DGI Share of discriminatory government interventions as % of t	93	34.7
Labor Value (iv.12)	DNI Neutral interest rate (dev. fm optimum)		
	DOI Inflation (dev. fm optimum)	64	58.9
	GOL Gold demand as % of GDP	12	58.6
	DMA M&A as % of investment - 3 yrs. rolling average (dev. fm. c	65	35.7
	DKI Delta capital gains tax vs income tax		
	UNC Unicorns per 1 million people	1	100.0
	BSG Billionaires self-made number per 1 million people	1	100.0
	BSM Billionaires self-made as % of total billionaires	35	49.5
	FMI Financial Markets Index	15	94.1
	UEM Unemployment rate	16	66.2
Labor Value (iv.12)	LFP Labor force participation rate	29	70.2
	WLP Delta real wage vs labor productivity increases		
	LDR Labor dependency ratio	3	82.0
	YUN Youth unemployment rate	60	62.7
	GWC Gender wage gap	1	98.8
	BRN Net brain drain		
LFR Labor force participation ratio - male vs female	72	58.9	

The Elite Quality Report 2021 (EQx2021) provides Country Scores & Global Rank for 151 countries © Foundation for Value Creation 2021