

THE EANFAR REPORT

GLOBAL GOVERNANCE SCORECARD:
ECONOMIC PERFORMANCE &
HUMAN DEVELOPMENT RANKINGS

2018

“The future of democracy and capitalism
depend on knowing the truth now.”

—FERRIS EANFAR

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Introduction

Have you ever wondered why it seems like our world is falling apart? Or, how does your country compare to other countries for the most important factors like: *real-world* wealth trends, healthcare and education systems, quality of life, levels of corruption, effectiveness of economic and political systems? Over the years for my books and professional activities, I've studied these trends to make *nonpartisan* business, economic, and geopolitical predictions about how economic and political systems will behave. This has enabled me to accurately predict a wide range of major events like Brexit and Donald Trump's presidential election, the destruction of the American middle class, the human impact of artificial intelligence, the rise of real-world killing drones, and numerous social and economic trends, many of which are summarized in the book, [*Broken Capitalism: This Is How We Fix It*](#).



New Tools & Techniques to Increase Your Predictive Power.

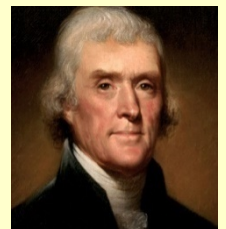
In this 2018 Eanfar Report, I present new, intuitive, and *nonpartisan* tools, metrics, and empirical data in the form of a user-friendly Global Governance Scorecard (GGS). This will make it easy for non-technical readers to compare the quality, integrity, and performance of national governments around the world. This is important because many government performance evaluation tools and techniques today are difficult to understand for people without a solid background in Mathematics and Statistics. This prevents large populations from effectively analyzing and comparing their governments' economic and political performance, which prevents the mass awakening that is necessary for humanity to peacefully survive [the ongoing collapse of capitalism and the human labor force](#).

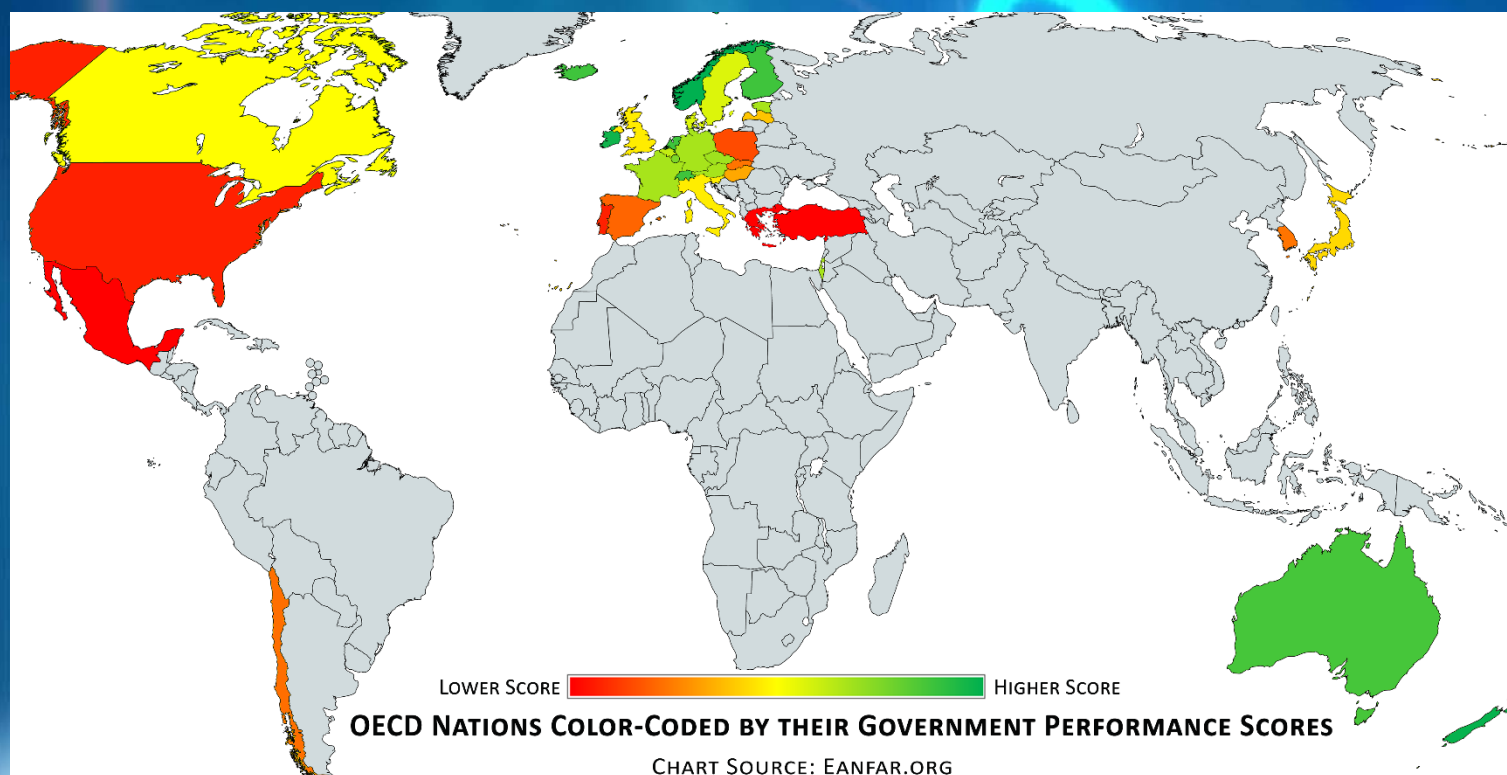
Power to Maximize the Quality of Our Lives. In this Scorecard, you will find intuitive charts and clear, succinct explanations that make it easy to compare the performance of dozens of national governments within seconds. With this knowledge comes power: Power to cut through the partisan fog of fearmongering and propaganda to see the truth about Earth's economic and political systems; power to avoid unnecessary mistakes and make effective decisions in our daily lives; and power to maximize our personal freedom, quality of life, and protect ourselves and our families from people and organizations who may not have our best interests at heart.

The Big Picture. As a starting point, the following color-coded global map summarizes the government performance of 35 OECD (Organization for Economic Cooperation and Development) countries. Within this Scorecard, "performance" is measured by dozens of metrics associated with human health and development, national and individual economic health, the democratic integrity of each government's institutional structures, estimated levels of potential violence and conflict within and between countries, each country's Demographic Complexity score, among many others, but everything is presented in an intuitive way that anybody with a high school education can understand and appreciate.

"Enlighten the people generally, and tyranny and oppressions of body and mind will vanish. . . ."

—Thomas Jefferson





The countries that consistently achieve the highest performance are colored in shades of green. The top-20 OECD countries are Iceland, Norway New Zealand, Luxembourg, Belgium, Switzerland, Ireland, Australia, Finland, Germany, Israel, Estonia, France, Denmark, Austria, Sweden, Netherlands, Italy, Slovenia, and Czech Republic.¹ The top-20 worldwide includes Hong Kong and Singapore.

Initial Observations

High-Performing Governments Are Concentrated in Scandinavia & Western Europe. Before we dive into the detailed empirical data implicit in the map above, we can immediately see that the top-20 governments are concentrated in Western Europe and Scandinavia. Several theories have been presented by other analysts to explain this phenomenon based on geographical factors, climate factors, population size factors, so-called *welfare state* policies, among others. However, the empirical data in this GGS demonstrates that there is a wide diversity of characteristics among the best performing countries, including substantially different climate conditions (e.g., weather in Switzerland is quite different than in Norway or New Zealand), population sizes (e.g., Germany is far more populous than Iceland), linguistic, cultural, and ethnic compositions.

High-Performing Governments Share Specific Institutional Features. Despite their wide diversity of cultural, geographical, and climate factors, *100% of the top-20 OECD countries and 95% of the top-20 countries worldwide* have the same crucial institutional governance structures. The following table provides a visually intuitive snapshot of the empirical data summarized throughout this GGS. After the table, we will explore what all the data means, using many vivid pictures, charts, and country case summaries to make it easy to understand how all these principles work and why they matter in the real world.

As you view the table below, focus on the color distribution (especially the “Total Score” column on the far-right side) and don’t worry about the numbers for now. The governments are ranked by their Total

¹ Yes, Italy, Slovenia, and Czech Republic rank even higher than the U.S. for many reasons that you will soon learn.

Score, but this system is designed to enable anybody to see the data trends and patterns and develop a sense for the overall performance of each government simply by observing the colors.

National Governments	OECD GOVERNMENT PERFORMANCE RESULTS															
	Gov Type		HDI	Gini	Corrupt ion	Dem Index	Wealth (Median)	Wealth to Debt /GDP	Debt /GDP (Gov)	Debt /GDP (Priv)	Econ Free dom	Health Free dom	Edu cat ion	Poss Con- flict	Total Score	Authoritarian - Democracy Continuum Pos.
Iceland	Cons	4	0.921	25.6	78.0	9.50	444,999	3,781	41.2	76.5	74.4	95.9	79.0	0.3	600.8	A----- ---*-----D
Norway	Cons	4	0.949	26.8	85.0	9.93	130,543	971	33.1	101.4	74.0	97.6	80.0	0.4	526.0	A----- ---*-----D
New Zealand	Cons	2	0.915	36.2	90.0	9.26	147,593	1,222	26.5	94.3	83.7	95.0	75.8	2.8	524.2	A----- ---*-----D
Luxembourg	Cons	2	0.898	31.2	81.0	8.81	167,664	2,070	18.6	62.4	75.9	94.8	54.1	2.3	521.5	A----- ---*-----D
Belgium	Cons	8	0.896	28.1	77.0	7.77	161,589	987	104.3	59.5	67.8	93.8	70.0	3.4	513.5	A----- -----*----D
Switzerland	Cons	6	0.939	32.5	86.0	9.09	229,059	1,352	42.8	126.6	81.5	96.5	68.2	3.4	502.0	A----- -----*----D
Ireland	Cons	4	0.923	31.9	73.0	9.15	84,592	696	69.3	52.3	76.7	96.2	71.0	0.8	499.4	A----- -----*----D
Australia	Cons	6	0.939	34.7	79.0	9.01	195,417	1,187	41.9	122.7	81.0	96.9	72.5	0.8	496.2	A----- -----*----D
Finland	Cons	2	0.895	26.8	89.0	9.03	57,850	444	63.3	67.1	74.0	94.0	74.7	1.0	468.1	A----- ---*-----D
Germany	Cons	10	0.926	31.4	81.0	8.63	47,091	398	65.0	53.2	73.8	95.7	69.7	1.5	465.7	A----- -----*--D
Israel	Cons	2	0.899	41.4	64.0	7.85	78,244	752	62.7	41.3	69.7	94.6	66.4	2.8	464.2	A----- ---*-----D
Estonia	Cons	6	0.865	34.6	70.0	7.85	27,522	534	8.7	42.8	79.1	92.8	70.2	2.0	461.6	A----- -----*----D
France	Bal	0	0.897	32.3	69.0	7.92	119,720	777	96.8	57.3	63.3	93.7	64.8	1.7	460.3	A----- B-----D
Denmark	Cons	6	0.925	28.5	90.0	9.20	87,231	556	37.8	119.2	75.1	95.7	86.4	0.5	458.7	A----- -----*----D
Austria	Cons	6	0.893	30.5	75.0	8.41	57,534	441	80.2	50.4	72.3	93.5	63.0	0.7	449.1	A----- -----*----D
Sweden	Cons	2	0.913	27.2	88.0	9.39	45,235	365	38.8	85.2	74.9	94.7	75.2	0.5	448.7	A----- ---*-----D
Netherlands	Cons	6	0.924	28.6	83.0	8.80	94,373	570	57.4	108.3	75.8	95.6	70.7	0.8	443.9	A----- -----*----D
Italy	Cons	4	0.887	34.7	47.0	7.98	124,636	714	133.0	41.5	62.5	93.5	56.5	1.3	437.6	A----- -----*----D
Slovenia	Cons	6	0.890	25.7	61.0	7.51	42,195	396	75.0	31.5	59.2	93.7	69.7	1.0	436.1	A----- -----*----D
Czech Republic	Cons	8	0.878	25.9	55.0	7.82	23,083	352	34.5	31.1	73.3	93.4	61.9	1.9	435.0	A----- -----*----D
United Kingdom	Maj	-8	0.910	34.1	81.0	8.36	102,641	583	89.5	86.7	76.4	95.1	70.6	7.3	431.4	A---*----- -----D
Canada	Cons	4	0.920	34.0	82.0	9.15	91,058	478	89.6	100.9	78.5	95.4	70.3	7.4	428.6	A----- -----*----D
Japan	Cons	6	0.903	32.1	72.0	7.99	123,724	416	240.3	57.4	69.6	94.4	60.1	0.1	424.9	A----- -----*----D
Latvia	Cons	6	0.830	35.1	57.0	7.31	17,828	293	35.6	25.3	74.8	90.7	62.9	2.6	413.7	A----- -----*----D
Hungary	Cons	8	0.836	30.9	48.0	6.72	30,111	323	72.9	20.3	65.8	90.7	59.4	0.9	401.6	A----- -----*----D
Chile	Cons	4	0.847	47.7	66.0	7.78	20,141	298	24.9	42.7	76.5	91.3	54.2	1.6	393.9	A----- -----*----D
Korea (S.)	Maj	-4	0.901	31.6	53.0	7.92	67,934	519	38.0	92.8	74.3	94.9	67.1	0.9	390.9	A-----*--- -----D
Poland	Cons	6	0.855	32.1	62.0	6.83	10,302	113	54.2	36.8	68.3	92.1	64.1	1.1	384.3	A----- -----*----D
Spain	Cons	2	0.884	36.0	58.0	8.30	63,369	389	98.7	64.1	63.6	93.4	58.0	5.3	382.7	A----- ---*-----D
Slovakia	Cons	6	0.845	26.1	51.0	7.29	20,717	227	50.9	40.4	65.7	91.1	56.1	1.4	381.1	A----- -----*----D
United States	Maj	-2	0.920	41.0	74.0	7.98	55,876	299	108.1	78.8	75.1	84.5	68.6	14.6	367.9	A-----*-- -----D
Portugal	Bal	0	0.843	35.6	62.0	7.86	38,242	193	125.7	72.5	62.6	90.7	56.9	0.5	340.9	A----- B-----D
Greece	Cons	2	0.866	35.8	44.0	7.23	54,665	227	180.2	60.3	55.0	92.5	55.3	1.4	325.8	A----- ---*-----D
Turkey	Cons	6	0.767	41.2	41.0	5.04	5,087	112	27.9	17.6	65.2	87.0	44.3	3.6	317.6	A----- -----*----D
Mexico	Maj	-1	0.762	48.2	30.0	6.47	8,737	125	53.3	16.4	63.6	86.5	44.6	11.6	297.4	A-----*-- -----D

CHART SOURCE: EANFAR.ORG

Note: If you're not familiar with the terminology or abbreviations in the table above, I recommend reading the user-friendly "Methodology" and "The Metrics" sections near the end of this report. We will also explore most of the terms in several real-world examples below.

What Does It All Mean?

The data in the table above reveals deep insights about democracy, capitalism, liberty, war and peace, fairness, justice, and virtually every major issue facing humanity today. That might seem like a grandiose claim right now, but if you truly understand what you're about to read, you will realize that the table above is like a socioeconomic and geopolitical Rosetta Stone: It contains the key to solving almost every major political, social, and economic problem on Earth today.

Show Me the Real-World Results! Agreed, let's start with a practical demonstration. Using the GGS, you can compare any number of countries to achieve deep, objective, accurate, *and nonpartisan* insights about their true economic, societal, and human health within seconds. For example, let's take a top-10 country, Australia (ranked 8th globally), and compare it the United States (ranked 37th globally).

National Governments	Government Performance Results															
	Gov Type		HDI	Gini	Corruption	Dem Index	Wealth (Median)	Wealth to Debt /GDP	Debt /GDP (Gov)	Debt /GDP (Priv)	Econ Free dom	Health Free dom	Edu cat ion	Poss Con- flict	Total Score	Authoritarian - Democracy Continuum Pos.
Australia	Cons	6	0.939	34.7	79.0	9.01	195,417	1,187	41.9	122.7	81.0	96.9	72.5	0.8	496.2	A----- -----*-----D
United States	Maj	-2	0.920	41.0	74.0	7.98	55,876	299	108.1	78.8	75.1	84.5	68.6	14.6	367.9	A-----*-- -----D

A Fascinating Story of Wealth, Corruption, Freedom, Human Dignity, War & Peace. The GGS tells us a real-world story about how Australia compares to the United States:

- **Quality of Life:** Australia has a higher quality of life (higher HDI).
- **Economic Fairness:** Australia has a much more equitable distribution of wealth throughout its society (lower Gini).
- **Corruption:** Australia has substantially less business and government corruption (higher Corruption Index).²
- **Political Fairness:** Australia has much more political fairness (higher Democracy Index).
- **Wealth & Income:** Australian citizens *truly* have 3.5 times more personal wealth (higher median wealth).³
- **Debt & Vulnerability to Future Tax Hikes:** Australia is 4 times more capable of paying its debts (higher Wealth-to-Debt-GDP), thereby reducing the need for future tax hikes.
- **Economic Freedom:** Australia has significantly more economic freedom (higher Economic Freedom Index).
- **Health Freedom:** Australia has a much more effective healthcare system, providing universal coverage and more peace of mind to its citizens (Higher Health Freedom).
- **Education System:** Australia's education system is significantly more effective (higher Education Index).
- **Potential Conflict:** Australia is 14.5 times less likely to suffer from major social instability and war (lower Possible Conflict Index).

² Transparency International uses an ascending scale to indicate lower corruption levels, which is not very intuitive. Nevertheless, it works and does not adversely impact the GGS scoring system in any way. See the "Corruption" subsection within the "The Metrics" section later in this report for more details.

³ Median wealth measures the *actual distribution of wealth, not average wealth*; "averages" are terribly misleading.

Can you see why the Australian Government performs so much better than the U.S. Government in the real world? Let's see another example. . . .

National Governments	Government Performance Results															
	Gov Type		HDI	Gini	Corruption	Dem Index	Wealth (Median)	Wealth to Debt /GDP	Debt /GDP (Gov)	Debt /GDP (Priv)	Econ Free dom	Health Free dom	Edu cat ion	Poss Con- flict	Total Score	Authoritarian - Democracy Continuum Pos.
Norway	Cons	4	0.949	26.8	85.0	9.93	130,543	971	33.1	101.4	74.0	97.6	80.0	0.4	526.0	A----- ----*------D
United States	Maj	-2	0.920	41.0	74.0	7.98	55,876	299	108.1	78.8	75.1	84.5	68.6	14.6	367.9	A-----*--- -----D

Battle Royale: Vikings vs. Yankees. Looking at the table above, can you see how Norway's *welfare state* compares to the United States?⁴ Let's break it down:

- **Quality of Life:** Norway has a significantly higher quality of life (higher HDI).
- **Economic Fairness:** Norway has a much more equitable distribution of wealth throughout its society (lower Gini).
- **Corruption:** Norway has much less business and government corruption (higher Corruption Index).
- **Political Fairness:** Norway has much more political fairness (higher Democracy Index).
- **Wealth & Income:** Norwegian citizens *truly* have nearly 2.5 times more personal wealth (higher median wealth; pretty good for a *welfare state*).
- **Debt & Vulnerability to Future Tax Hikes:** Norway is 2.25 times more capable of paying its debts (higher Wealth-to-Debt-GDP), thereby reducing the need for future tax hikes. (This is *real economic freedom*.)
- **Health Freedom:** Norway has a much more effective healthcare system, providing universal coverage and more peace of mind to its citizens (Higher Health Freedom).
- **Education System:** Norway's education system is far more effective (higher Education Index) and does not tie a life-long debt-noose around the necks of their students; thus, Norwegians have even more *real-world* economic freedom.
- **Potential Conflict:** Norway is 36.5 times less likely to suffer from major social instability and war (lower Possible Conflict Index).

The Truth About the Dreaded Welfare State. Norwegians enjoy all those economic and existential benefits in exchange for a tiny 1.5% decrease in their *official* Economic Freedom Index score (Economic Freedom Index: U.S. = 75.1 vs. Norway = 74).⁵ The same is true of virtually all Northern European and Scandinavian countries. If that's the socioeconomic outcome of the dreaded "welfare state," then what should we call the socioeconomic outcomes in the 37th-ranked United States? Looking at real-world data without blinding political ideology and self-serving corporate propaganda lobotomizing our brains, Americans can finally see the truth: "Economic freedom" without *existential freedom* is no freedom at all.

True Freedom. When policymakers and citizens confuse *business freedom* with existential freedom, they

⁴ I use the U.S. as the benchmark because most people I meet have no idea that the U.S. performs so poorly relative to other countries across many economic and human development metrics. Many people only see what the USG and U.S. corporations want them to see. This report is intended to help them escape the propaganda bubble.

⁵ The Economic Freedom Index data is provided by the right-leaning Heritage Foundation. See the "Economic Freedom Index" subsection in the "The Metrics" section later in this report for more details.

make terribly destructive decisions. *True freedom* is existential freedom, not business freedom or even economic freedom. We cannot have political freedom without economic freedom, but we have neither political nor economic freedom when governments do not deliver true existential freedom to their citizens. As you will learn in the following pages, there are specific institutional structures and procedures that cause certain “majoritarian” governments to become institutionally retarded, leading to institutional decay, corruption, and terrible performance across the most essential metrics of human existence.

Knowledge is Citizen Power. The economic, labor, and trade policies in the United States and in virtually all other *majoritarian* countries on Earth today have been destroying their economies and their citizens’ quality of life for decades. Without the right knowledge and tools, these facts and trends are difficult to grasp for many people. However, with this GGS, any citizen with a high school education can understand precisely how their government is performing across all the most important dimensions of human existence. If enough Americans read this report and achieve these insights, the U.S. political and economic systems would not be broken today. This is the value and power of the GGS in the hands of the citizens in any country, wherever you live on Earth.

Institutional Structures & Incentive Structures

What Comes First: Institutional Structure or Political Culture? For millennia, political scientists have been stuck on that fundamental question. Without the right tools and data, it is indeed a perplexing question. But what does the GGS tell us about this perennial mystery? A lot. In this case, the GGS reveals the following fundamental chain of logic . . .

Institutional Structures => Incentive Structures => Political Culture

. . . which means that institutional structure begets incentive structures, which beget political culture. The following pages summarize—in the most engaging way possible—why this is true and why the U.S. Government and all other majoritarian governments on Earth are self-destructing today.⁶ By the time you’re finished reading this report, you will probably never look at your government the same way again, especially if you live in a country with an anti-democratic majoritarian government.

Let’s start by exploring the relationship between several elements in the GGS table on page four and their institutional/governmental manifestations in the real world.

Gov Type

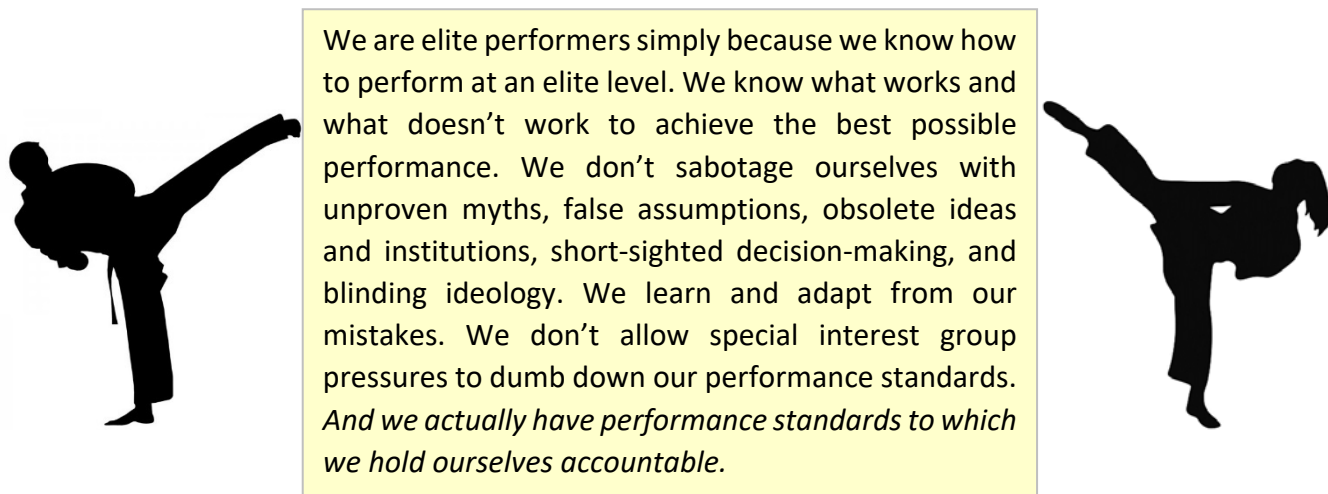
Government Type. This metric in the second column of the table indicates what type of government the country has. The classification system is comprised of three primary types—two democratic types (“Majoritarian” and “Consensus” democracies) and one authoritarian type, which of course is not democratic. Each type of government produces significant consequences for a country, including: the quality, integrity, and performance of a country’s governmental institutions; the extent of a country’s long-term human development and social stability; the development, sustainability, and stability of its economy; its peaceful (or violent) interaction with other countries; among many other consequences. Let’s take a few minutes to understand the basic differences between the three government types below.

High-Performing Governments Are Like Elite Athletes. As we begin this discussion of majoritarian vs. consensus and parliamentary vs. presidential systems, keep the following astounding facts in mind.

⁶ Most literature in this field is so boring that the vast majority of the population won’t read it, which is a big reason why U.S. democracy is collapsing. This report is different: It’s intended to engage, empower, and bring a smile to your face.

- 100% of the top-20 best-performing OECD countries have *consensus democracies* (vs. majoritarian).⁷
- 100% of the top-20 best-performing countries *on Earth* have *parliamentary* systems (vs. presidential systems), including 100% of the top-20 OECD countries.
- 95% of the top-20 best-performing countries *on Earth* have *consensus and parliamentary* systems.⁸

As a group, the performance of the top-20 countries is so far beyond virtually all other countries that we should perceive them in the same way that we perceive elite athletes. If they were elite athletes and you asked them, “What’s your secret to success?” This is what you would learn.



Given that nearly all the most successful and advanced countries on Earth have consensus democracies, it should already be clear that there is tremendous value in the consensus institutional governance structure. As a result, all policymakers and citizens should have a serious interest in understanding the difference between majoritarian and consensus democracies and how they each lead to dramatically different economic and human development outcomes in the real world.

Majoritarian Governments

Gov Type
Maj -4

In the second column of the Government Performance Results table on page four, majoritarian governments (“Gov Type: Maj”) have institutional structures that concentrate power into a small number of government offices and agencies, which are controlled by a relatively small number of politicians and officials. In this case, the number and color next to “Maj” indicates the degree of majoritarianism.⁹ Virtually all democratic governments on Earth today have three primary branches (executive, legislature, and judiciary), but the distribution of power and performance accountability throughout the three branches is very different, depending on whether the government is a majoritarian or consensus democracy.

Executive Branch. Virtually all *majoritarian* governments on Earth have *presidential* systems, as opposed to *parliamentary* systems.¹⁰ In real-world terms, this means they have a president that does not need to

⁷ Technically, France is a balanced/hybrid system, but structurally and in practice is much closer to a consensus/parliamentary than a majoritarian/presidential system.

⁸ Approx. 70% of all *non-OECD* countries also have majoritarian/pres. systems, which is likely why *they’re not in the top-20*.

⁹ More negative and darker oranges and reds indicate a greater degree of majoritarianism *and* authoritarianism.

¹⁰ As a majoritarian parliamentary system, the U.K. is a prominent exception, which will be discussed later.

collaborate with the legislative branch to keep his/her job. The legislature and president have veto powers and checks-and-balances *for domestic legislation*, but while the president is in office, s/he has no meaningful accountability to anybody on matters of foreign policy and the appointment of cabinet officials, which control critical *non-legislative* organs of government, e.g., the treasury, regulatory agencies, central banks, international trade agencies, homeland security, etc. Thus, in *presidential systems*, the president has quasi-king status and overwhelming power to control a wide variety of socioeconomic and geopolitical events that impact a country's citizens every day. Most importantly, the president has no meaningful accountability to the legislature or the citizens *during* the fixed term that s/he is in office.



Legislative Branch. Majoritarian government legislatures are comprised of politicians who are typically elected based on *Single-Member District Pluralities* (SMDPs). This seemingly arcane concept is one of the most significant factors that differentiates majoritarian democracies from consensus-based democracies. In fact, this factor is at the heart of democracy itself because it determines whether a government is *truly representative* of the interests and needs of a *true and significant majority* of its citizens, or merely representative of a much smaller *plurality*.

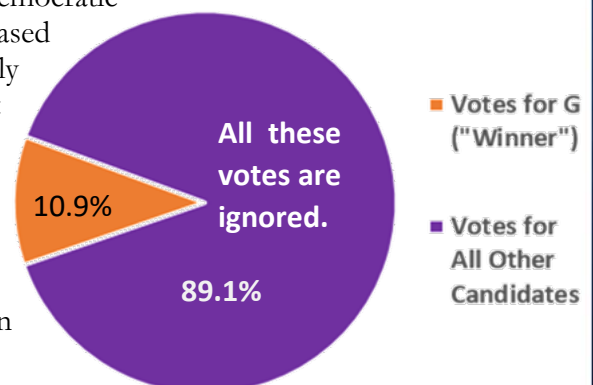
Majoritarian Plurality-Based “Democracy”

Plurality-Based Electoral Systems are Anti-Democratic. By definition, *a plurality is always significantly smaller than a majority* in any electoral race between three or more candidates. This is why majoritarian governments with SMDP-based electoral systems fail to achieve true democratic representation; and it's *the primary reason* they deliver relatively poor governmental performance. To visually understand why this is true and why countries like the United States,

Candidates	Votes Received	% of Total		Majority Winner:	None
A	99	9.9%		Plurality Winner	G
B	99	9.9%		Margin of Victory:	1%
C	99	9.9%		% of Pop Represented:	10.9%
D	99	9.9%		% of Pop NOT Represented:	89.1%
E	99	9.9%		Democracy or Authoritarian?	Auth
F	99	9.9%			
G	109	10.9%	"Winner"		
H	99	9.9%			
I	99	9.9%			
J	99	9.9%			
Total	1,000	100.0%			

Mexico, Nigeria, Venezuela, Sierra Leone, and all other *presidential systems* suffer from significant levels of corruption, and why they are usually classified as “flawed” (or worse) democracies by me and The Economist Intelligence Unit, among many other NGOs and nonpartisan analysts, consider the election results of a majoritarian *democracy* in the table, which is based on a *plurality-based* electoral system.

Visualize Anti-Democratic Injustice. To visualize why the results in the table and the results in real-world plurality-based elections are anti-democratic and unjust, the pie chart illustrates how the votes in a plurality-based election are distributed. In this case, candidate G receives only 10.9% of the votes and wins the election, despite the fact that *89.1% of voters did not actually vote for candidate G*. There is no proportional representation; it's a *winner-take-all* process in which the district's only legislative seat is awarded to candidate G, even though G did not come even close to earning a majority of the votes cast in the election. This inherently anti-democratic electoral process is at the heart of every *majoritarian* government on



Earth today. In contrast, 100% the top-20 best-performing OECD nations *are not* majoritarian governments and they *are not* driven by plurality-based electoral systems.

Political Party System Duopolies. What I’ve illustrated above is the fundamental cause of the party duopoly that exists in the U.S., U.K., and in all majoritarian governments, all of which have adopted plurality-based electoral systems. Plurality-based elections make it impossible for more than two political parties to compete because plurality-based systems create “first past the post” outcomes. This turns every election into a vicious, infernal winner-take-all horse race that can only be won by the candidate/party with the most financial resources to buy all the media, political favors, strategic consultants, and sophisticated campaigning tools necessary to dominate everybody else in the political system. Defenders of this duopoly claim it makes governance more *efficient*, but what exactly is “efficient” about the dreadful median economic and human development performance of virtually every majoritarian government on Earth?



Judicial Branch. In presidential governments, all of which are majoritarian, the judicial branch is filled with political appointees arbitrarily chosen by the president. There is usually some kind of confirmation process in which the legislature has an opportunity to evaluate the appointees, but in a majoritarian political system duopoly, the range of judicial candidates is extremely narrow because the range of *acceptable political opinions* in both the executive and legislative branches is extremely narrow due to the inherently anti-democratic and unjust outcomes created by plurality-based electoral systems. Thus, within a majoritarian government, all the officials in the executive, legislative, and judicial branches are squeezed into a tiny ideological box, which ignores the vast universe of ideas, governing principles and philosophies that could otherwise invigorate the country’s political and economic systems with new life.

Consensus Governments

Gov Type	
Cons	6

In contrast to majoritarian governments, *consensus* governments (“Gov Type: Cons”) have institutional structures that *de-concentrate* and *de-centralize* the government’s power across significantly more constituencies within and outside the institutional structures of government.¹¹ Consensus governments adopt *inclusive* structures and procedures that compel politicians to negotiate in good faith and to seek meaningful compromise. They are *collaborative* (not adversarial) policymaking environments in which all decisions are made with *meaningful collaboration* and feedback from all major stakeholders that are expected to be affected by the government’s decisions.

Party & Electoral Systems. In contrast to majoritarian systems, all consensus governments have multi-party systems in which *at least* three political parties are able to achieve meaningful representation in the legislative and executive branches. The candidates run for office in *multi-member districts*, as opposed to the dreaded “single-member district pluralities” illustrated above in majoritarian systems. This means *multiple candidates in each district* can win seats in the legislature based on their *proportional share of the votes in the election*. This eliminates the *winner-take-all* and *wasted vote* problems that plague majoritarian systems because every citizen’s vote truly counts and every candidate has a meaningful chance to win an election, even if they don’t have the most money or campaign resources. The result: All major societal groups in a country have true democratic representation and a meaningful seat at the decision-making table.

¹¹ Higher Gov Type numbers and darker shades of green indicate higher degrees of consensus-based governance.

Legislative Branch: Coalition Cooperation vs. Monopoly Party Dominance. In contrast to the monopolistic outcomes of majoritarian governments, a consensus-based parliamentary system forces politicians to form coalitions of multiple parties as they manage the government. This means *they must work together* to achieve meaningful *consensus*; otherwise, members of the legislature or executive branch can invoke a *Vote of no Confidence* to immediately trigger a new election to replace the poorly performing politicians. Citizens and competent officials don't need to wait years to hold incompetent and/or corrupt politicians accountable. If they're playing games—like endless filibusters, pandering to corporate interests, gerrymandering electoral districts, or other disgraceful behavior—then those politicians can be disciplined almost immediately and their political careers will be in jeopardy. Thus, there are many healthy structural incentives built into modern consensus-based parliamentary governments that compel politicians to behave responsibly and cooperatively.



Executive Branch. In consensus-based parliamentary systems, the head of government is usually the prime minister and the head of state has a separate *ceremonial role*, which may be held by a president, a monarch, or any other widely trusted person. Compared to majoritarian/presidential governments, in a consensus/parliamentary government, the interaction between the prime minister, head of state, and the legislature is generally cordial and nowhere near as nasty and dysfunctional as the toxic, adversarial interaction that occurs in majoritarian/presidential governments. The executive and cabinet ministers are typically selected from within the legislature, which compels the two branches to work together in a cordial and cooperative atmosphere.

Cabinet & Agency Accountability. Consensus/parliamentary governments ensure that cabinet ministers who control vital organs of government like the treasury, regulatory agencies, homeland security, taxation agencies, trade agencies, etc., will be accountable to citizens through the cabinet ministers' accountability to the legislature. Checks-and-balances and *immediate accountability* exist all throughout consensus/parliamentary systems, but they are *procedural checks and balances* that ensure transparency, cooperation, and effectiveness, which is what really matters. This truth is empirically confirmed by the GGS: The performance of 100% of all the consensus/parliamentary OECD governments far exceeds the performance of any majoritarian/presidential government on Earth.

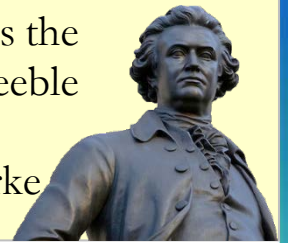
Judicial Branch. The judicial branch in a consensus/parliamentary government is structurally the same as in a majoritarian/presidential government, but there is an important procedural difference: The judges are effectively *selected and approved by the legislature*, which in a consensus/parliamentary government, is a multi-party environment that represents a broad consensus among the citizenry. Thus, many more voices and perspectives are considered before a judge is appointed. This ensures that the decisions that supreme court judges make *will always be representative of a broader portion of the country's population*, which results in true democratic outcomes during controversial cases associated to human rights, civil liberties, business monopolies and antitrust cases, etc.

Debunking the “Multiparty Systems Create Chaos” Myth

The most significant fear that some people have about the multiparty, consensus/parliamentary system of government is based on a myth that is often perpetuated by people who benefit from the toxic status quo. This superstitious myth usually goes something like this: “Parliamentary systems create political instability, which is what allowed Hitler to rise to power in Nazi Germany!” They base this myth on a half-truth about one of the problems in Germany’s Weimar Republic after World War I.

“Superstition is the religion of feeble minds.”

–Edmund Burke



Between 1919–1933, the German political system broke under the extraordinary pressures of the Versailles Treaty, the Great Depression, and [many other socioeconomic challenges](#). Logically, many groups in German society wanted to fix the problems, which spawned numerous political parties. Over time, so many parties were able to win seats in the German Reichstag (parliament) that it became impossible to govern the country. This opened the door for a charismatic dictator like Hitler who appealed to the German population because he could cut through the chaos to *make Germany great again*.¹²

The Party Fragmentation Problem Has Been Solved for Decades. Fearmongers usually omit the chaotic historical context that inspired the emergence of so many political parties in Weimar Germany. They also ignore the fact that the Nazi Party came to power democratically based on its popularity, *not because of party fragmentation*.¹³ And most importantly, they ignore the past 70 years of parliamentary system innovations and improvements that have resolved the fundamental problem that causes excessive party fragmentation: nonexistent or insufficient voting thresholds. In fact, virtually every parliamentary government on Earth today has a voting threshold—typically between 5-10% of the votes cast in a given regional or national election—specifically to avoid excessive party fragmentation. Thus, if a party does not reach the minimum threshold of votes, then it’s not allowed to govern. Problem solved.

Emulate the Leader

The 2018 GGS leader is Iceland, which demolishes the competition as the only country on Earth that exceeds a Total Score of 600 points. The country has a quintessential consensus/parliamentary democratic government, which is one of the primary reasons it ranks #1 on Earth in overall median economic and human development performance.

National Governments	Government Performance Results															
	Gov Type	HDI	Gini	Corruption	Dem Index	Wealth (Median)	Wealth to Debt /GDP	Debt /GDP (Gov)	Debt /GDP (Priv)	Econ Free dom	Health Free dom	Edu cat ion	Poss Con- flict	Total Score	Authoritarian - Democracy Continuum Pos.	
Iceland	Cons	4	0.921	25.6	78.0	9.50	444,999	3,781	41.2	76.5	74.4	95.9	79.0	0.3	600.8	A----- ----*------D
United States	Maj	-2	0.920	41.0	74.0	7.98	55,876	299	108.1	78.8	75.1	84.5	68.6	14.6	367.9	A-----*- -----D

An Inspiring Story of Economic Destruction, Rebirth, & Quiet Leadership. The GGS tells us a real-world story about how Iceland rose from the ashes of the 2008 financial crisis to completely dominate the GGS rankings in 2018. How does this *welfare state* compare to the United States?

¹² This is the partisan mantra of many politicians during turbulent times, including Trump, Reagan, Roosevelt, Hitler. . . .

¹³ When German President Hindenburg democratically appointed Hitler the Chancellor in 1933, the Nazi Party *already* controlled 44% of the Reichstag, which had nothing to do with party fragmentation.

- **Quality of Life:** Iceland has a higher quality of life (higher HDI).
- **Economic Fairness:** Iceland has a dramatically more equitable distribution of wealth throughout its society (dramatically lower Gini).
- **Corruption:** Iceland has substantially less business and government corruption (higher Corruption Index).
- **Political Fairness:** Iceland has much more political fairness (higher Democracy Index).
- **Wealth & Income:** Iceland citizens have *8 times* more personal wealth (higher median wealth; pretty good for a *welfare state*).
- **Debt & Vulnerability to Future Tax Hikes:** Iceland is *12.6 times* more capable of paying its debts (higher Wealth-to-Debt-GDP), thereby reducing the need for future tax hikes.
- **Economic Freedom:** Iceland's *official* Economic Freedom score is less than one point lower than the U.S., but Iceland delivers far more *actual* economic *and* existential freedom as a result of all the other performance results that Iceland delivers to its citizens.
- **Health Freedom:** Iceland has a much more effective healthcare system, providing universal coverage and more peace of mind to its citizens (Higher Health Freedom).
- **Education System:** Iceland's education system is significantly more effective (higher Education Index) and does not tie a life-long debt-noose around the necks of their students; thus, Icelandians have even more *real-world* economic freedom.
- **Potential Conflict:** Iceland is 14.5 times less likely to suffer from major social instability and war (lower Possible Conflict Index).

Size Is Not the Determining Factor. Iceland is a smaller country, which means it's generally easier to manage than larger countries like China and the U.S., but there are 55 countries that are smaller (or similar in size) than Iceland and none of them come close to Iceland's median economic and human development performance. Additionally, much larger countries like Germany and Australia are also in the top-10. Thus, *size is not the determining factor*. It's Iceland's consensus/parliamentary institutional structures and procedures that make all the difference.

Iceland Suffered the Worst Economic Crisis in Human History.

Given that Iceland's economy was demolished in 2008 by the worst banking crisis of any country in human history as a percentage of its GDP; and given the crisis created a deep economic depression between 2008–2010 and major political chaos, it's even more impressive to see how quickly the country has bounced back.^{14,15}

Now, Iceland's Performance Is So Good It Breaks the Scale.

Iceland's median wealth is so far above every other country that it would distort the scale if the highest GGS scoring value was not capped at 100 for the GGS' Median Wealth metric.¹⁶ Of course, median wealth is only one metric, but Iceland performs exceptionally well in nearly all metrics. One of the most significant reasons for this is, unlike the U.S. and Eurozone countries, Iceland's government refused to bailout the investors and bondholders in their private banks. Instead, they allowed the banks to perform an orderly bankruptcy and restructuring process and removed the



¹⁴ See: "Cracks in the crust". The Economist. 11 December 2008.

¹⁵ "Iceland. Selected issues". IMF.

¹⁶ A country's "displayed value" and "scoring value" are sometimes different under certain conditions. See "The Metrics" section for an explanation of the difference.

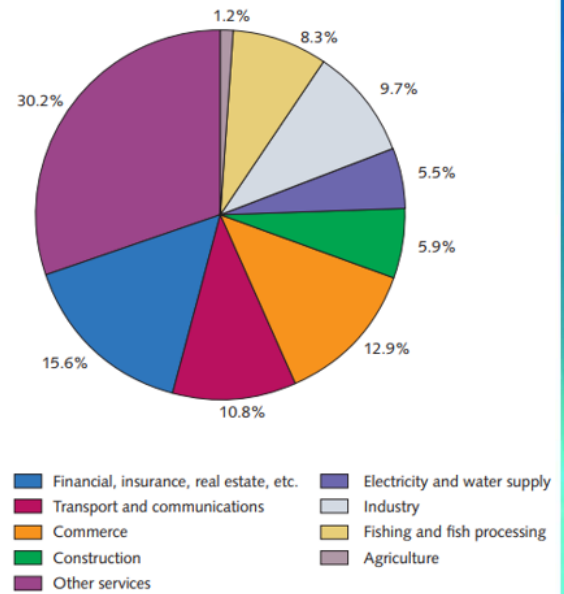
negligent executives who drove their banks and their economy into the abyss. This forced the bankers and investors who caused the crisis to suffer the consequences and losses of their actions.

Real Accountability. Many of Iceland's banking and government officials went to prison.¹⁷ Unlike U.S. and Eurozone governments, Iceland's government did not allow the bankers and investors to privatize their profits and socialize their losses. By handling the crisis this way, the government ensured that the reckless people responsible for their crisis were held accountable for their actions, which has eliminated the moral hazards associated with bank bailouts and has given Iceland's government and economy an overwhelming performance advantage.

Transforming Limited Resources into Unrivaled Success.

Less than 1% of Iceland's land is arable and they have virtually no natural resources. Although heavily dependent on seafood exports, Iceland's greatest advantage is its energy independence, which comes from their geothermal and hydroelectric natural resources. This enables Iceland to produce energy-intensive manufactured products less expensively than most other countries; thus, despite having no indigenous bauxite aluminum ore, Iceland has become a major aluminum smelting hub in recent years, exporting aluminum-based products used in heavy equipment, automobile parts, etc.

Iceland GDP by Economic Sector



Source: Statistics Iceland.

Optimal Intuitional Structure Increases the Probability of Success. Institutional structure does not *guarantee* that a country will achieve a top-10 position, but it dramatically increases a country's probability of success and virtually guarantees a level of success beyond any majoritarian/presidential government. Thus, we can safely state the following: The impressive performance of Iceland and the top-20 OECD nations is a logical result of their consensus/parliamentary institutional structures and procedures. These features empower their populations to maximize their national resources, compel their politicians and corporations to collaborate and cooperate in good faith, conduct themselves with integrity, acknowledge and learn from their mistakes, and hold themselves accountable to measurable performance metrics.

Authoritarian Governments

The final government type in this classification system is the authoritarian type ("Gov Type: Auth").¹⁸ Based on my research and Freedom House's 2017 report, "Freedom in the World," as of late 2017, there are approximately 55 authoritarian governments on Earth.¹⁹

But what exactly is an "authoritarian government"? Several definitions exist, but after analyzing nearly 150 governments for this Global Governance Scorecard, the following succinct definition reflects how authoritarianism works in the real world.

Gov Type
Auth -11



¹⁷ BBC. 2016, February 10. How did Iceland clean up its banks? <http://www.bbc.com/news/business-35485876>

¹⁸ All authoritarian regimes receive a Gov Type score of -11 in this Global Governance Scorecard.

¹⁹ Most of these countries are obvious; so, this GGS doesn't devote any space to listing the obvious authoritarian regimes.

What is an Authoritarian Regime? Authoritarian regimes centralize and concentrate power into a small number of government offices, which are controlled by a relatively small number of political officials. They restrict and/or suppress political and economic freedoms through a variety of direct and indirect mechanisms. They avoid accountability by controlling the institutional structures and procedures of a political system to ensure that meaningful electoral and governance reforms are blocked, which prevents citizens from holding the political officials accountable for their performance. They justify their anti-democratic behavior and dysfunctional institutions with various excuses, which they claim are necessary to ensure social and economic stability. (Keep this definition in mind as we explore some present-day authoritarian regimes *in disguise*.)

Authoritarianism Can Come Rapidly. Many people don't realize how rapidly pre-WWII Germany and Italy devolved from relatively functional democracies into extreme authoritarianism (aka, totalitarianism). This occurred because Hitler and Mussolini implemented policies that encouraged the concentration of business and industrial power. In less than three years, Mussolini consolidated his control over Italy; then he implemented his "Chamber of Fasci and Corporations," which enabled Mussolini to consolidate total control over the Italian economy with the complicity of Italy's largest corporate interest groups. Hitler admired Mussolini and his tactics so much that he emulated Mussolini's structurally corporatist and ideologically fascist model in Nazi Germany, which ignited WWII.

Are We Doomed to Repeat History? Concentrating their countries' economic power into the hands of a small number of gigantic corporate groups enabled Hitler and Mussolini to hijack their economies, which was essential to centralizing and concentrating their political power.²⁰ As described more thoroughly in *Broken Capitalism: This Is How We Fix It*, the same fate is befalling many countries on Earth today. These trends will inevitably continue down the path to totalitarianism in most (probably all) majoritarian/presidential governments unless citizens make a conscious choice to take back their democracies by demanding more consensus-based governments that are more responsive to humans than they are to corporations.

Elected Dictatorships

U.S. & U.K. Are the Most Undemocratic Countries in the OECD. The United States and United Kingdom produce the highest levels of anti-democratic electoral outcomes in the developed world, as measured by their average Gallagher Indexes of 20 and 12, respectively, since 1945.²¹ Additionally, compared to the median economic and human development performance of most other OECD countries, the U.K. and U.S. produce very poor results. These anti-democratic features of majoritarianism are also why the U.K. ranks 24th and the U.S. ranks 37th among all countries worldwide in median economic and human development performance.

Majoritarian Politicians: Less Popular than Cockroaches. Some people point to the U.K. as a rare example of a successful *majoritarian parliamentary government* to justify their preference for anti-democratic institutions. Indeed, all the parliamentary OECD governments *except* for the U.K. have *consensus-based* governments, as opposed to the U.K.'s *majoritarian* parliament. However, like the Republican-Democrat duopoly in the United States that is despised by over 80% of the American population, the U.K. Government is denounced by 73% of U.K. citizens, including 90% of those polled in Scotland.

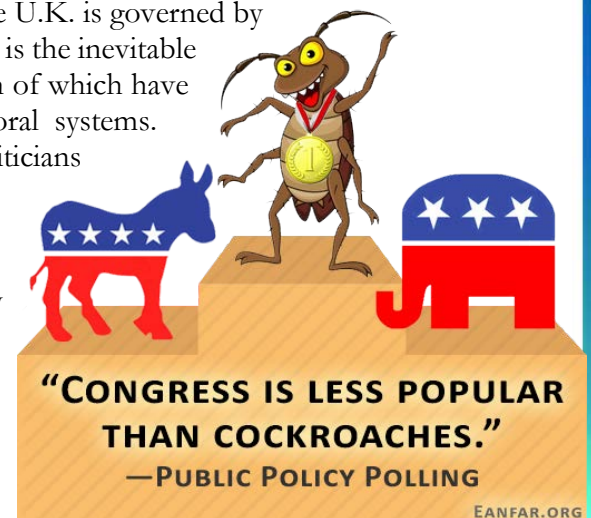
²⁰ For a detailed and systematic analysis of how fascism emerges from business power concentration, I strongly recommend Robert Brady's classic book, [*Business as a System of Power*](#).

²¹ We will discuss the Gallagher Index in more detail later.

Throughout the U.K., overwhelming majorities do not believe the U.K. is governed by the democratic will of the people.^{22,23} This kind of *elected dictatorship* is the inevitable result of majoritarian governments in the U.S. and the U.K., both of which have non-proportional, plurality-based (“First Past the Post”) electoral systems. Under these anti-democratic conditions, it’s no surprise that politicians in these countries are “less popular than cockroaches.”²⁴

Consensus Governments Prevent Power Concentration.

Recall that “consensus-based government” means the country implements specific institutional structures and procedures that *de-centralize* and *de-concentrate* power and effectively promote *consensus-building* throughout their political systems. In particular, virtually all consensus-based parliamentary governments adopt *real* multi-party systems (*not* party duopolies), some form of electoral proportional representation (PR), and *effective* checks-and-balances within and between their institutions of government. These institutional structures and procedures ensure that multiple political parties have a *meaningful chance* to serve in the legislative and executive branches while also ensuring that no entity or concentrated group of entities can hijack the decision-making processes in any of the branches of government.



The Authoritarian-Democracy Continuum. The GGS dataset reveals that whenever a political system is dominated by one or two parties, it’s *always* controlled by a small group of authoritarian-minded politicians. These politicians implement institutions and procedures that push the country to the left side of the Authoritarian-Democracy Continuum. This may seem obvious to many people, but there are still some influential people who defend majoritarian governments because they have never studied the empirical data to compare the performance between majoritarian and consensus governments, nor have they studied the data for parliamentary vs. presidential systems. They base their opinions on blind ideology, comfortable superstitions, normalcy bias, and centuries-old ideas that have no empirical basis in 21st Century reality. The GGS’ Authoritarian-Democracy Continuum is quantified for each country and depicted in the last column of the table on page four. For example, here is the U.K.’s location on the continuum.



How the GGS’ Authoritarian-Democracy Continuum Works. There are 22 degrees of freedom—11 on each side of the midpoint. The asterisk represents each country’s location on the continuum, which visually indicates the country’s degree of democratic freedom between the extremes of pure authoritarianism (“A” on the left side) and pure direct democracy (“D” on the right side). Each country’s location on the continuum is based on a systematic analysis of all its major political system institutions, structures, and procedures.

Government Structural & Procedural Analysis. The underlying data used in this GGS’ analysis has been updated to account for many significant changes in the institutional structures and procedures of governments around the world since Arend Lijphart first published his book, *Patterns of Democracy*, in 1999. The complete dataset is not directly included in this GGS because it’s too much data for a summary

²² New Poll Shows UK Voters Disillusioned with Political System. 2015. <https://globescan.com/uk-voters-disillusioned-with-political-system/>

²³ Grierson, J. 2017. Britons’ trust in government, media and business falls sharply. The Guardian. Retrieved from <http://www.theguardian.com/politics/2017/jan/16/britons-trust-in-government-media-business-falls-sharply>

²⁴ See [Cockroaches are more popular than Congress](#).

report, but the following table illustrates what the institutional structure and procedural analysis looks like in summary form.²⁵

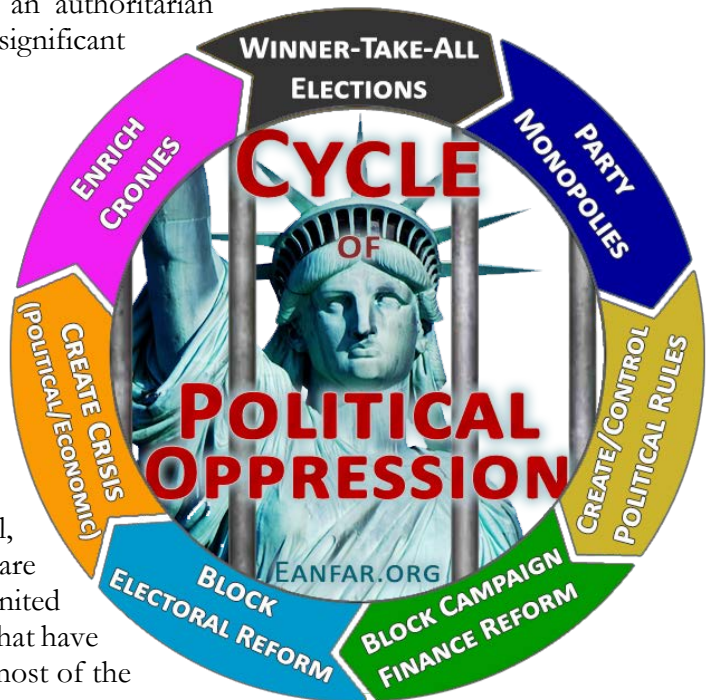
Executive-Party Vars					Federal-Unitary Vars					Other Vars	
Exec Pwer	Exec- Legis	Party Sys	Elect-oral Sys	Int Grps	Gov	Legis- lature	Cons tit- ution	Judic- iary	Cntrl Bank	Parliamentary?	Term Limits?
M	M	M	M	M	M	C	M	M	M	Y	N

Locating a Country’s Position on the Authoritarian-Democracy Continuum. The table above illustrates the summary results of the structural and procedural analysis of each country (the U.K., in this case), which is then combined with the empirical median economic and human development performance data to produce the color-coded ranking system presented in the Government Performance Scorecard for the 146 countries in the full GGS analysis.²⁶ The “M” and “C” letters in each column of the table above indicate “majoritarian” or “consensus” for each of the structural variables included in the underlying technical analysis. Each country’s precise position on the Authoritarian-Democracy Continuum is based on the mathematical score for each of the structural/procedural variables in the analysis.²⁷

Majoritarianism is Merely a Gradation of Authoritarianism. If a country doesn’t have enough consensus-based institutional features to be classified on the right side of the Authoritarian-Democracy Continuum, that means the government has adopted several significant institutional structures and procedures that collectively produce anti-democratic socioeconomic outcomes. All governments behave like authoritarian governments unless they have adopted true multiparty governance with proportional representation in their electoral systems. Any government that is substantially dominated by a single person or concentrated group is no different than an authoritarian regime. Once we recognize that, then the most significant question is: How oppressive is the regime?

The Cycle of Political Oppression

The Socioeconomic Results of Political Oppression. Political oppression is not merely a human rights issue; this GGS reveals a strong link between gradations of authoritarianism and a government’s performance across many socio-economic indicators. For example, the U.K. has the *appearance* of parliamentary democracy, but in actual practice, it has an ad-hoc, executive branch-dominant system that produces anti-democratic electoral, regulatory, and economic outcomes. These outcomes are similar to majoritarian/*presidential* systems like the United States, Brazil, Argentina, Mexico, and other countries that have presidents (*based on presidential systems*) who dominate most of the



²⁵ The Authoritarian-Democracy Continuum and other features throughout this report are unique to this GGS, but the “Executive Party” and “Federal-Unitary” variables included in the table on this page are substantially based on the Lijphart Majoritarian-Consensus Framework, which I have extended to include many other metrics for this GGS.

²⁶ The OECD country data presented on page four is a subset of the full 146-country GGS data set.

²⁷ The technical structural/procedural analysis is beyond the scope of this GGS, but will be discussed in a future book.

institutions and agencies in their governments. The common thread is majoritarianism: Regardless of whether they have presidential or parliamentary systems, *virtually all majoritarian governments* suffer from the following problems.

- **Monetary Policy Problems:** Majoritarian regimes have no meaningful central bank independence (measured by the well-established Cukierman Index), which leads to chronic monetary policy mistakes that create market bubbles and severe economic recessions. See the United States, U.K., Russia, Argentina, Mexico, Brazil, Venezuela, and nearly all majoritarian governments between the 1980s-2000s in Latin America and Africa.
- **Fiscal Policy Problems:** Majoritarian regimes engage in significantly higher levels of financial waste, corruption, and abuse; comparatively high military spending as a percentage of their GDP; unsustainable national debt; and short-sighted and special-interest-dominated tax policies; all of which lead to many social and economic problems. (See preceding list.)²⁸
- **Foreign Policy Problems:** Majoritarian governments—especially when they’re based on presidential systems—often have belligerent foreign policies, which lead to aggression against foreign countries. See the history of military conflicts in: the U.S. since the end of the 19th Century; U.K. between the beginning of the 18th Century to the 1982 Falklands War; the U.S.S.R during the Cold War and Russia’s aggression against Ukraine more recently; Nazi Germany between 1933–1945; Imperial Japan from the end of the 19th Century until 1945; and many other smaller belligerent countries, all of which were controlled by majoritarian/authoritarian regimes.^{29,30,31,32,33}
- **Socioeconomic Problems:** Majoritarian governments have a tendency to grow their banking sectors faster than their real economies, which increases structural unemployment, banking and currency system crises, and numerous other socioeconomic maladies. Majoritarian governments also have a much stronger attraction to neoliberal trade, labor, and economic policies, which magnifies their unemployment problems, increases poverty levels, increases income disparities between rich and poor, corrupts their industry regulations, diminishes the importance of environmental concerns, shifts power away from citizens toward large multinational corporations, among many other problems. (See the preceding lists, plus increasingly, South Korea and Singapore.)^{34,35,36,37}

Early Advantages Fade When Political Systems Stagnate. The momentum from being the first industrialized nation enabled the U.K. to become one of the largest economies on Earth. However, today, the U.K. suffers from several legacy institutional structures and procedures, which prevents it from developing a modern consensus/parliamentary system. This institutional baggage also prevents the U.K.

²⁸ The European debt crisis since 2010 has been substantially caused by prodigal banks, not prodigal governments. The unsustainable private bank debts were converted to public debt via numerous bank bailouts, which ballooned Eurozone government debts.

²⁹ Fisher, L. 2013. *Presidential War Power*. Lawrence, Kansas: University Press of Kansas.

³⁰ Gowa, J. 2000. *Ballots and Bullets*. Princeton, NJ: Princeton University Press.

³¹ Mansfield, E. D. 2007. *Electing to Fight: Why Emerging Democracies Go to War*. Cambridge, Mass: The MIT Press.

³² Prichard, M. Kinzer, S. 2006. *Overthrow: America’s Century of Regime Change from Hawaii to Iraq*. Times Books.

³³ Brown, M. E., Lynn-Jones, S. et al. 1996. *Debating the Democratic Peace*. Cambridge, Mass: The MIT Press.

³⁴ Eanfar, F. 2017. *Broken Capitalism: This Is How We Fix It*. The AngelPay Foundation.

³⁵ How the Europeans Divided Africa. <https://www.youtube.com/watch?v=wJ1uo5jvpe8&feature=youtu.be&t=408>

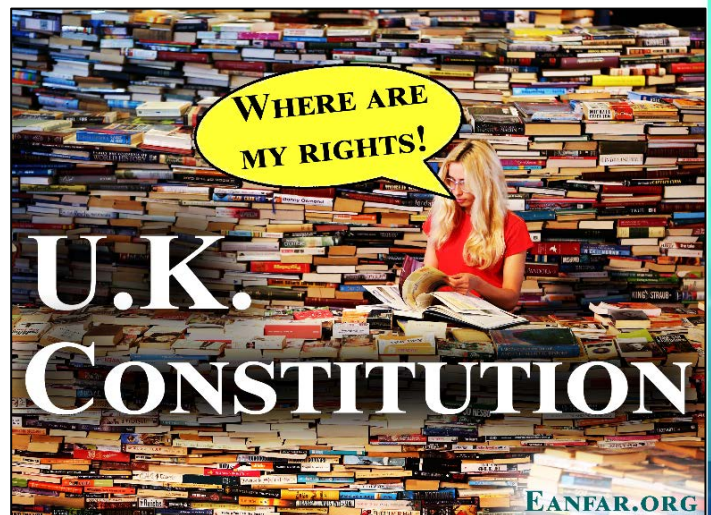
³⁶ Perkins, J. 2016. *The New Confessions of an Economic Hit Man*. Oakland, CA: Berrett-Koehler Publishers.

³⁷ A technical discussion about the causal relationship between each of these problems and majoritarian institutional structures is beyond the intended scope of this GGS, but will be discussed in more detail in a future book.

from ranking higher in median economic and human development performance. The same process of political institutional decay and obsolescence is causing the United States to fall far behind the top-performing countries on Earth. This is why the U.S. ranks 37th among all countries on Earth and 31st among OECD nations in median economic and human development performance.

U.K., No Codified Constitution? Many Americans are surprised to learn that the U.K. doesn't have a codified constitution. This is one of the most basic and essential features of every modern democratic government; yet, the dominant political class in the U.K. today refuses to adopt a codified constitution. Why? Many U.K. politicians claim that not having a codified constitution preserves their *flexibility and social and economic stability*. (Recall the definition of an authoritarian regime?) Regardless of how they rationalize it, U.K. politicians know that a codified constitution would force them to be accountable to specific checks-and-balances and performance metrics; so, it's no surprise that they would be resistant to adopting clear and legally binding constitutional limitations on their power and privileges.

Constitutional Chaos in the U.K. Rather than having a clear, concise, and accessible constitution to consult whenever they need to understand their basic rights, liberties, and obligations, U.K. citizens and politicians must swim through at least 1,000 pages of common laws, statutes, and "works of authority" (books, essays, and documents) written by an unspecified assortment of authors over the past 800 years. These documents range from the 1215 Magna Carta, to A. V. Dicey's 1885 book, *Introduction to the Study of the Law of the Constitution*, to the 2013 Succession to the Crown Act. This constitutional chaos is the fundamental cause of the political chaos surrounding the 2016 Brexit vote: Nobody in the U.K. could agree on what constitutes parliamentary sovereignty and whether the U.K.'s membership in the European Union is a violation of the U.K.'s national sovereignty.



Constitutional Issues in the U.K.'s Spawn. A few other countries with governments modeled after the U.K.'s Westminster System (i.e., the U.K.'s particular style of majoritarian government) have also suffered from political chaos for not having codified constitutions. Most recently, New Zealand is embroiled in a protracted constitutional crisis over private property rights in the "red zone" area devastated by the 2011 Christchurch Earthquake.^{38,39} Israel also has an uncoded constitution, despite the fact that its Declaration of Independence states a codified constitution must be adopted "not later than the 1st October 1948."⁴⁰ And Canada previously suffered from several constitutional crises until passing its 1982 Constitution Act, which codified most of Canada's core liberties and governmental separation of powers, resulting in higher performance in recent years.⁴¹

³⁸ See the ongoing court case, *Quake Outcasts v. The Minister for Canterbury Earthquake Recovery*.

³⁹ However, New Zealand's 1986 Constitution Act cleared up most of their constitutional problems; and NZ adopted proportional representation in 1994; both of which have resulted in very high performance in recent years.

⁴⁰ This has been a deep source of physical and political conflict in Israel since its founding. See *The Declaration of the Establishment of the State of Israel*. 1948. <http://www.jewishvirtuallibrary.org/the-declaration-of-the-establishment-of-the-state-of-israel>

⁴¹ NB: A big difference between CDN, NZ and UK: CDN and NZ have consensus-based governments, which equalizes most of their political pressures; in contrast, the UK has a majoritarian government that suppresses its political pressures.

Preventing the Cycle of Oppression. All *majoritarian* governments are disproportionately dominated by a single person—a president, prime minister, or monarch. That executive and/or head of state may or may not be the smartest creature alive, but power breeds hubris, which breeds cronyism, incompetence, and corruption. Government *and* corporate officials with quasi-king power will inevitably make major mistakes and/or use their power to serve their own interests at the expense of the broader population whenever they are not held accountable to a broader consensus of interests and governing principles. Consensus governments, by definition and structural design, substantially prevent the cycle of oppression that *inevitably* leads to majoritarian tyrannies and despotic authoritarianism, both of which lead to median economic and human development results like those in the following table.

National Governments	Government Performance Results											Authoritarian - Democracy Continuum Pos.
	Gov Type		HDI	Gini	Corruption	Dem Index	Median Wealth	Debt to GDP	Wealth to Debt / GDP	Poss Con-flict	Total Score	
Tajikistan	Maj	-10	0.627	34.0	25.0	1.89	993	52.4	0.2	55.8	1.7	A*----- -----D
Angola	Auth	-11	0.533	42.7	18.0	3.40	4,929	65.1	0.8	58.1	-11.3	A*----- -----D
Chad	Auth	-11	0.396	43.3	20.0	1.50	410	47.6	0.1	53.6	-37.9	A*----- -----D
Central African Rep	Maj	-10	0.352	56.2	20.0	1.61	390	38.8	0.1	77.1	-75.7	A*----- -----D
Ethiopia	Maj	-10	0.448	33.2	34.0	3.60	103	59.7	0.0	146.5	-80.8	A*----- -----D

Measuring Democratic Fairness

Disproportionality is Only Part of the Story. Several measures of *disproportionality* have been created to measure the fairness of electoral systems. They measure how proportional the votes in an election are compared to the number of legislative or executive branch seats given to each candidate/party. For example, if a party/candidate receives 25% of the votes, then a proportional result would be the party/candidate receiving 25% of the seats in the parliament. Measuring the proportionality of an election yields some interesting insights, but achieving proportionality *by itself* does not result in electoral fairness if the political system is still squeezed into a party duopoly, *which inevitably occurs in every plurality-based electoral system* (vs. proportional representation systems).

Anti-Democratic Self-Oppression. If voters know that their electoral system is rigged to prevent more than two parties from competing, then they are forced to vote *strategically*. This means they are forced into a form of anti-democratic *self-oppression* because they know their votes will be wasted if they vote for their preferred candidate/party. This self-oppression occurs *up-stream* in the politically disillusioned hearts and minds of citizens, which distorts their voting behavior *before the election results are produced for the down-stream proportionality analysis*.

The Limitations of Proportionality Analysis. As a result of voter self-oppression, popular measures of disproportionality like the Gallagher Index do not capture the full extent of anti-democratic outcomes in plurality-based voting systems. For example, although the U.S. presidential electoral system produces some of the most disproportionate, and thus, anti-democratic results of any government on Earth, the Gallagher Index score for the U.S. House of Representatives is not much higher than the score for most Eurozone

STRATEGIC VOTING

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parliaments.⁴² Yet, given that more than 80% of Americans approve of cockroaches more than Congress, most conscious Americans do not believe the U.S. electoral system produces anything close to proportional democratic results.

Resolving the Paradox of U.S. Congressional Elections. Recall that the voter self-oppression phenomenon distorts American voter behavior *before* the election results are produced. Thus, after the election results are in, congressional elections look magically proportional because voters have been forced to vote for candidates they don't like, which *mathematically appears* like voter preferences have been fulfilled. If you only look at the post-election data—ignoring all the gerrymandering, all the direct and indirect voter choice suppression, and all the voter self-oppression, all of which distorts the data that goes into the Gallagher Index formula—then U.S. congressional elections look like a veritable paragon of democratic virtue.

Canada's Overall Consensus Profile Conceals its Anti-Democratic Tendencies. Canada is not usually regarded as an authoritarian regime, but it's an interesting case because the country has several unique characteristics that have enabled Canadian society to develop peacefully, despite having 5-10 times higher levels of anti-democratic electoral disproportionality compared to most high-performing OECD countries. In structural and procedural terms, Canada is a consensus-based parliamentary democracy; its economic and human development performance is solid but below average (22nd among OECD nations; 25th globally); and the *overall preponderance* of Canada's consensus-based features is sufficient to logically explain most of its higher performance relative to *majoritarian* countries like the U.K. and U.S.

Westminster Legacy Spawns Canada's High Disproportionality. Despite its relatively solid performance, upon closer examination, we can see that Canada is the only *consensus*/parliamentary democracy on Earth that has not yet adopted proportional representation (PR) for at least one of its chambers of parliament.⁴³ This has created a highly disproportional electoral system (5-10 times higher than virtually all OECD nations), which is a crusty legacy of Canada's historical roots in the U.K.'s Westminster System. This is why Canada's electoral system produces anti-democratic results that are virtually identical to the U.K.'s electoral results.⁴⁴

Canada's Lucky Commodity Bounty. In addition to an overall preponderance of consensus-based institutional features, Canada is uniquely blessed with, and constrained by, the following characteristics:

- The world's second-largest deposits of oil and uranium; it's the third-largest timber producer; and it has large deposits of natural gas, phosphate, gold, and other minerals.
- Nearly 60% of Canada's exports are based on its natural resources.⁴⁵
- Approximately 70% of Canada's GDP is comprised of services, but the vast majority of those services are directly or indirectly linked to commodity-dependent industries.



⁴² U.S. presidential elections have produced an avg. Gallagher score of 20 since 1860, which is more than 650% higher than the average for OECD countries. For perspective: *Even most despotic regimes have a Gallagher score below 20.*

⁴³ Several countries have switched to PR in 2017, including Chile and Italy; so, other sources may be outdated.

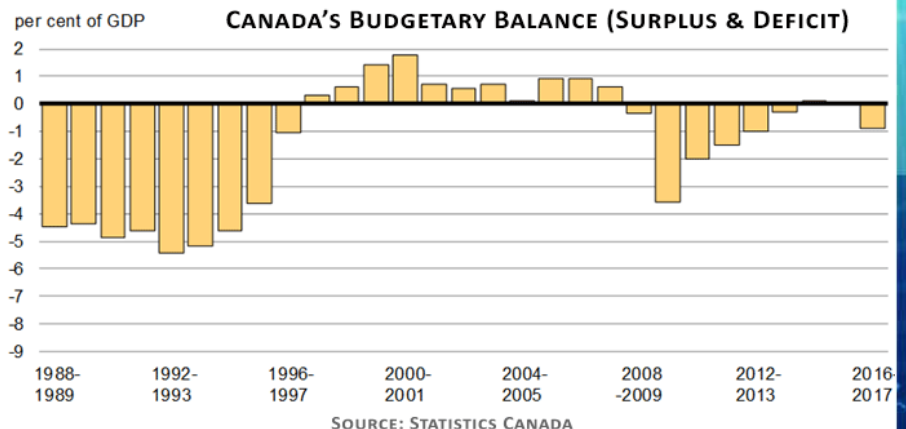
⁴⁴ Canada's avg. Gallagher Index since 1945: 11.63 vs. the U.K.'s avg. index of 11.87 since 1945.

⁴⁵ Source: Statistics Canada 2016

Part of my family is from Canada and I admire the Canadian culture and spirit for many reasons; so, I say the following in the most loving tone: Canada is like a trust-fund baby: Unlike most other countries, the nation of Canada was born into so much natural wealth that Canadian politicians have to work very hard to screw up their country.

Cheap Energy & Commodities Fuel Canada's Domestic Tranquility. Like many resource-rich countries, the Canadian Government has been able to impose relatively anti-democratic electoral processes on its citizens without triggering violent citizen protests because the government has distributed its natural resource income relatively generously in the form of generous social welfare programs. Additionally, inexpensive, domestically-produced energy has helped the Canadian economy keep inflation and unemployment low; and it buffers the country from external shocks that originate from OPEC policies and global economic volatility. Without its lucky natural resource wealth, Canada would be much less stable and peaceful today because Canadians who are already disgusted with their anti-democratic electoral system would be rioting in the streets if they had to suffer the twin scourges of an unrepresentative government *and* wretched poverty.

NAFTA & Canada's Dependence on the U.S. The other source of good luck that has buoyed the Canadian economy since 1994 is also the source of bad luck for the American middle class: NAFTA. Canada's economy was in perpetual deficit prior to NAFTA. Then NAFTA made it easy for American corporations to export American manufacturing jobs to Canada, which contributed to the destruction of the U.S. manufacturing sector, resulting in a boom in the Canadian economy. We can visualize Canada's dependence upon the U.S. in the nearby chart, which illustrates Canada's budget surpluses and deficits since the late-1980s. Surplus years instigated more generous Canadian welfare programs. However, the Canadian economy is highly vulnerable to changes in U.S. trade and economic policies, which are now in rapid flux due to the U.S. economy's own structural problems and the Trump Administration's pro-America agenda. This policy shift is welcomed by most Americans, but it will be painful for the Canadian economy.



Storm Clouds on Canada's Horizon. Today, there are ominous signs that Canada's luck is fading. As of December 2017, Canada's public debt-to-GDP ratio is 90%, which is very high, but its private debt-to-GDP ratio is now over 100%. Canada's astronomical private debt is now the highest in the developed world, which is overwhelmingly fueled by an over-heated housing market.⁴⁶ This is deeply troubling because private debt defaults tend to cascade and infect multiple sectors of an economy. *When* (not if) that happens, the Canadian Government is likely to try to step in with bailouts and monetary stimulus, which will then explode the public debt far beyond current levels. At that point, the government will be forced to down-size its social welfare programs or face a sovereign credit downgrade, with correspondingly higher borrowing costs and elevated risk of debt default.

⁴⁶ This is the most significant reason for Canada's below average performance in the GGS.

When Luck Runs Out, Then What? Canada's problems are much deeper than many people realize. The institutional structure of Canada's political system is incapable of effectively managing its existing problems, much less the macroeconomic and demographic demons that are descending upon every government on Earth today. As a result of Canada's coming economic crisis, its disproportional (i.e., anti-democratic) electoral system will be stressed to the breaking point in the not-too-distant future. As the economic suffering spreads, Canadian politicians will be forced to fulfill Prime Minister Trudeau's electoral reform promises or face a political crisis not seen in Canada since its pre-1982 constitutional crises. Canadian conservatives will blame liberal social welfare policies for the crisis and liberals will blame conservatives for adopting neoliberal trade and economic policies that have concentrated the country's wealth into relatively fewer hands in recent years.

Canada is Worthy of Admiration, but Not Emulation. Canada performs relatively well in median economic and human development metrics *primarily* (not exclusively) because it has inherited extraordinary natural wealth, not because it has an ideal electoral system. That's not to say that Canadian officials are not smart or competent; it's to say that a country trying to emulate Canada's relative success would be like a human attempting to emulate Michael Jordan's basketball success. Some people and nations are born with natural gifts that cannot be replicated. No matter how hard we try, it's unlikely that any pure human in our lifetime will ever be as good as Michael Jordan.⁴⁷



Most Governments Can't Afford to Be Sloppy. Michael Jordan's natural gifts enabled him to be sloppy sometimes *and still* perform at a higher level than any human on Earth. The same is true of Canada, the U.S., Saudi Arabia, and other natural resource-rich countries. Their governments can *temporarily* afford to be sloppy with their anti-democratic electoral systems and relatively high Gini indexes because they have enough natural resource wealth to purchase their citizens' peace with generous welfare programs.⁴⁸ Most other governments are not so lucky.

What About the Rest of the World?

According to the United Nations, there are 195 countries on Earth as of late 2017, including 193 U.N. member nations and two observer states (the Vatican and Palestine). However, I was forced to limit my analysis to 146 countries because the other countries were either too poor, suffering from civil war, or otherwise could not afford to employ the statisticians and field workers that are necessary to produce their economic and human development data; thus, there is insufficient data to evaluate them properly.

As a result, the full dataset produced for the Global Governance Scorecard covers nearly 80% of all countries on Earth. However, to keep this document relatively short, this report includes only the 35 OECD countries and some practical examples of how to use the GGS to develop valuable real-world insights about the performance of any government.

⁴⁷ No, not even LeBron James or Kobe Bryant. Statistically and in the clutch, they don't even come close to Jordan.

⁴⁸ The U.S. is capital-, coal-, natural gas-, oil-, and fresh water-abundant, with an ideal mid-west farming climate.

Concluding Remarks

The empirical, nonpartisan results presented in this year's Eanfar Report and corresponding Global Governance Scorecard represent a real-world snapshot of the performance of many national governments on Earth today, but this summary report has only scratched the surface of all the interesting insights and important implications associated with these results. Thoughtful readers should have many questions after reading this report.

Explore the Deeper Insights & Implications of the GGS. For readers who want to learn more, I will be writing a series of articles that are focused on exploring the GGS results in more detail, which includes topics such as:

- the long-term consequences and solutions for the majoritarian/authoritarian governance problems that are destroying American democracy and capitalism today;
- an engaging analysis of the U.S. Founding Fathers' intentions for the American presidential system of government (based on their own words in the U.S. Constitution, Federalist Papers, Anti-Federalist Papers, and Declaration of Independence) and how their intentions have been sabotaged by the institutional corruption, decay, and obsolescence that have plagued every presidential government on Earth since the U.S. Founders invented the presidential system;
- a deeper exploration of why the modern Nordic Model of political economy adopted in Scandinavian countries has produced such empirically extraordinary results across all the most important median economic and human development dimensions;
- how the Nordic Model (which places priority on human development within the context of free-market capitalism) contrasts against the American Model (which prioritizes corporate profits over human development);
- and many other timely and important topics.

After the break below, this year's Eanfar Report concludes with the final two sections: "The Metrics" and "Methodology." These sections are included to provide readers with a deeper understanding of the GGS' metrics, some of the technical design decisions that were involved in producing the GGS, and a few deeper nonpartisan public policy observations. Those sections might be interesting to data junkies, technically oriented readers, public policy nerds, and human rights activists.

For questions about anything related to this report and to be alerted when I publish new reports, articles, and books, feel free to connect with me on [LinkedIn](#) or [Twitter](#).

My best,

Ferris Eanfar

Will You Be a Guiding Light?

The only thing that stands between freedom and tyranny is an educated citizenry. If the future of your country is important to you, please consider sharing the Eanfar Report with your fellow citizens. Let's be a guiding light together.



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Returning Wealth & Power
to the Creators of Value



The Metrics

This Global Governance Scorecard integrates dozens of high-quality datasets (directly and indirectly) to create the most valuable government performance evaluation tool possible. The following descriptions correspond with the column headings in the Government Performance Results table on page four. The images below are for illustration purposes only to help readers visually associate the metrics with the corresponding locations in the full table.⁴⁹

Total Score

National Governments	Gov Type	Total Score
Iceland	Cons	575.9
Luxembourg	Cons	547.4
Ireland	Cons	528.8
Norway	Cons	524.8
New Zealand	Cons	523.0
Belgium	Cons	514.6
Estonia	Cons	513.2
Finland	Cons	508.0
Germany	Cons	506.8

Higher Values Are Better. The “Total Score” metric is the second-to-last column in the GGS table, but it’s the most important because it is the column that displays the overall performance of each country. It displays the sum of all the scores that a country achieves for all the other metrics described in the following sections. Except for the aggregated Total Score, each metric is based on a numerical range (usually between 1–100, unless otherwise indicated), then all those values are added together to calculate the country’s Total Score.

Data Scaling & Scoring. In a few cases (e.g., the HDI, Median Wealth, and the Democracy Index), there is a difference between the *displayed values* and the *scoring values*. This is because some original data is not based on a 1–100 scale, which may occur in two cases: (1) the data is based on absolute currency values (e.g., Median Wealth); or, (2) the data is based on third-party indexes and those parties have chosen to publish their indexes based on a different number scale. In these cases, many readers are familiar with the original scale; so, the original scale is displayed in the GGS table *for display purposes*, but for the underlying scoring calculations, those displayed values are converted to a 1–100 scale to ensure consistent weighting across the underlying mathematical formulas that are used to calculate the individual metrics and the Total Score.

Stable, Multi-Year Trends. The Eanfar Report is an annual report produced at the beginning of each year, which presents the GGS results from each preceding year. Although some of the component metric scores within the GGS can fluctuate to some extent within and between years, in aggregate, the Total Score is generally quite stable over multi-year periods because national governments usually don’t change quickly unless they’re facing a major crisis. In fact, the trends and patterns that you see in the GGS can take decades to unfold in response to government policies and gradual geopolitical developments. Thus, nobody should expect a poorly performing government to suddenly become an exemplary government (or vice-versa) from one year to the next.

Good & Bad News for Citizens. The stability of the GGS results reveals a fundamental principle: Because governments don’t change quickly, the results that you see in the GGS are not anomalous outliers. The performance scores and country rankings in the GGS are the result of persistent institutional

⁴⁹ Disclaimer: The countries displayed in the table on this page and throughout this “The Metrics” section were selected for convenience only because they were positioned closest to the column headings when the 2018 GGS was produced. There’s no hidden agenda associated with these particular countries. The example scores displayed throughout this section will not be the same scores that you see in the main table because the GGS data is frequently updated, but there is no reason to update the example tables in this section because they’re here for illustration purposes only.

structures and procedures, conscious choices by government officials, and entrenched political cultures that tend to remain constant over relatively long periods of time. This is good news for citizens who benefit from governments that are performing well, but it's bad news for citizens suffering from dysfunctional and/or corrupt governments that are destroying their economic and political systems. For those who are suffering, I recommend using the GGS results to show your fellow citizens the truth about your government's dysfunction and to relentlessly demand meaningful institutional reforms from your government officials until you receive the democratic outcomes you deserve.

Government Type

National Governments	Gov Type	
Iceland	Cons	4
Luxembourg	Cons	2
Ireland	Cons	4
Norway	Cons	4
New Zealand	Cons	2
Belgium	Cons	8
Estonia	Cons	6
Finland	Cons	2
Germany	Cons	10

Negative values = Majoritarian; Positive Values = Consensus. The "Gov Type" metric indicates what type of government the country has. The classification system is comprised of three primary government types: two democratic types ("majoritarian" and "consensus" democracies) and one authoritarian type, which of course is not democratic. The types are abbreviated: "Maj" for majoritarian, "Cons" for consensus, and "Auth" for authoritarian. Additionally, there is a "Bal" type for balanced government structures, which are technically and structurally balanced between majoritarian and consensus government types. As of early 2018, the Bal type applies to only two countries on Earth: France and Portugal.

Government Types. The specific government type assigned to each country is determined by counting the number of majoritarian ("M"s) vs. consensus ("C"s) features for each country. If the country has more majoritarian features, the Gov Type is classified as majoritarian and vice-versa for the consensus features. The color-coded boxes and numbers represent the degree to which a country is majoritarian or consensus. Negative numbers and shades of yellow/red illustrate the country is positioned at the indicated numerical degree on the left side of the Authoritarian-Democracy Continuum; positive numbers and shades of green illustrate the country is positioned at the indicated numerical degree on the right side of the continuum. There are 22 total degrees along the continuum, 11 on each side of the midpoint.

Human Development Index

Higher Values Are Better. The Human Development Index (HDI) values are based on the United Nations' most recently published [Human Development Index data](#). The U.N. periodically updates their HDI data, usually every 1-2 years; then the HDI values in this GGS are updated accordingly. The HDI is an important measure of the quality of life in each country. It is the most comprehensive dataset in the world today for this purpose; so, it contributes substantially to the value of this GGS. According to the United Nations:

The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI can also be used to question national policy choices, asking how two countries with the same level of GNI per capita can

National Governments	Gov Type	HDI
Iceland	Cons	0.921
Luxembourg	Cons	0.898
Ireland	Cons	0.923
Norway	Cons	0.949
New Zealand	Cons	0.915
Belgium	Cons	0.896
Estonia	Cons	0.865
Finland	Cons	0.895
Germany	Cons	0.926

end up with different human development outcomes. These contrasts can stimulate debate about government policy priorities.

The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering age. The standard of living dimension is measured by gross national income per capita. The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GNI. The scores for the three HDI dimension indices are then aggregated into a composite index using geometric mean.

Gini Index

National Governments	Gov Type	Gini
Iceland	Cons	25.6
Luxembourg	Cons	31.2
Ireland	Cons	31.9
Norway	Cons	26.8
New Zealand	Cons	36.2
Belgium	Cons	28.1
Estonia	Cons	34.6
Finland	Cons	26.8
Germany	Cons	31.4

Lower Values Are Better. The Gini Index is a well-known statistical measure of the dispersion of any quantity within any domain, but it is most famously associated with measuring the inequality of wealth among human populations and nations. Every population has a Gini Index value that is somewhere between two extremes: A Gini Index of zero (or 0%) represents perfect equality, i.e., everyone has the same amount of wealth. In contrast, a Gini Index of 1 (or 100%) represents maximum inequality, i.e., only one person has all the wealth, and everybody else has none. The Gini Index values used in the GGS are based on the [World Bank's Gini Index data](#).

There are many interesting insights and implications that can be gleaned from observing a country's Gini Index. For example, Transparency International observed:

This year's results highlight the connection between corruption and inequality, which feed off each other to create a vicious circle between corruption, unequal distribution of power in society, and unequal distribution of wealth.⁵⁰

The *Appropriate* Distribution of Wealth. To determine the *appropriate* distribution of wealth in a given society is a subjective, philosophical matter, which is not explicitly discussed in this GGS. However, the Gini Index values used in the GGS calculations *are not subjective* and are based on well-established surveying, data collection, and statistical methodologies, which the World Bank and other NGOs have used for decades to track the relative distribution of wealth among human populations and nations.

Terminology. I've never liked the phrases "wealth inequality" or "income inequality" because they sometimes imply that everybody should be equal in all respects, which I don't believe is a productive policymaking goal. For this reason, my personal preference is to use the phrase income/wealth "disparity." Of course, this is just a semantic distinction without a significant difference, but being as precise as possible with our language helps to ensure philosophical consistency. Regardless, the word "inequality" is the official word used in all major Economics, Political Science, and human development literature today. Therefore, to maximize the readers' familiarity of the terminology in this report and to

⁵⁰ Visit [Transparency International](#) to learn more about the strong correlation between corruption and high Gini values.

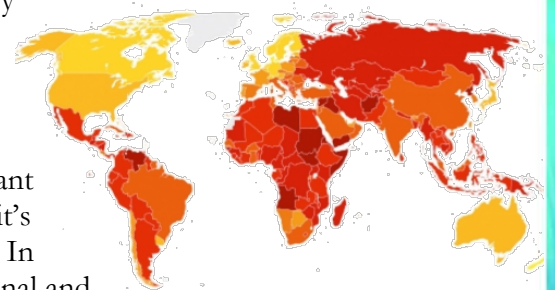
be consistent with existing literature, I ignore my personal preferences; and instead, I use the most common terminology.

Corruption Index

National Governments	Gov Type	Corruption
Iceland	Cons	78.0
Luxembourg	Cons	81.0
Ireland	Cons	73.0
Norway	Cons	85.0
New Zealand	Cons	90.0
Belgium	Cons	77.0
Estonia	Cons	70.0
Finland	Cons	89.0
Germany	Cons	81.0

Higher Values Are Better.⁵¹ Within this GGS, the Corruption Index values are obtained from [Transparency International's Corruption Perceptions Index](#), which is the most comprehensive and widely respected dataset for measuring the perceived level of corruption in most countries worldwide. According to Transparency International:

“The global average score is a paltry 43, indicating endemic corruption in a country's public sector. Top-scoring countries (yellow in the map below) are far outnumbered by orange and red countries where citizens face the tangible impact of corruption on a daily basis.”



Defining Corruption. The concept of corruption is an important theme in discussions of comparative political economy; so, it's important that we have the same definition in mind for this GGS. In this case, this GGS is primarily focused on the corruption of institutional and economic systems and processes that result in widespread human pain and suffering, not the subjective and culturally-biased moralizing of individual victims and perpetrators within these systems.

More specifically, I define “corruption” precisely as follows:

Corruption: any significant deviation from, or malfunction of, the intended purpose, spirit, structure, or character of an individual or process within an institutional, political, or economic system.

For a deeper exploration of the concept of corruption, read the articles [Political Redemption & Reconciliation](#) and [Corruption & The Path to Political Purgatory](#). You can also read [Is Institutional Corruption a Conspiracy Theory?](#) to see hundreds of examples of institutional corruption.

Democracy Index

Higher Values Are Better. The GGS' Democracy Index is based on The Economist Intelligence Unit's (EIU) Democracy Index dataset. According to the EIU:

The Economist Intelligence Unit's Democracy Index provides a snapshot of the state of democracy worldwide for 165 independent states and two territories—this covers almost the entire population of the world and the vast majority of the world's states.

National Governments	Gov Type	Dem Index
Iceland	Cons	9.50
Luxembourg	Cons	8.81
Ireland	Cons	9.15
Norway	Cons	9.93
New Zealand	Cons	9.26
Belgium	Cons	7.77
Estonia	Cons	7.85
Finland	Cons	9.03
Germany	Cons	8.63

⁵¹ Transparency International uses an ascending scale to indicate lower corruption levels, which is not very intuitive. Nevertheless, it works and does not adversely impact the GGS scoring system in any way.

The Democracy Index is based on five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. Based on their scores on a range of indicators within these categories, each country is then itself classified as one of four types of regime: “full democracy”; “flawed democracy”; “hybrid regime”; and “authoritarian regime”.

Median Wealth Index

National Governments	Gov Type	Wealth (Median)
Iceland	Cons	444,999
Luxembourg	Cons	167,664
Ireland	Cons	84,592
Norway	Cons	130,543
New Zealand	Cons	147,593
Belgium	Cons	161,589
Estonia	Cons	27,522
Finland	Cons	57,850
Germany	Cons	47,091

Higher Values Are Better. This metric measures the median wealth of individuals in each country. The GGS scores for this metric are based on Credit Suisse’s Global Wealth Databook (unless indicated otherwise).

It’s interesting to note that Credit Suisse ranks the United States 24th worldwide in median wealth, which is just one spot ahead of Greece (25th). This is one of the most significant reasons the U.S. Government ranks so low, but there are many other reasons, which have been discussed previously.

Per-Capita Wealth vs. Median Wealth. Most governments and economists focus their constituents’ attention on per-capita wealth because it’s easier to calculate and/or because it makes their economic policies look more effective. However, every statistician knows that per-capita income/wealth distribution figures are misleading and they misrepresent the actual distribution of income/wealth within a population.

The Subsistence Basket. Median wealth is what remains after all personal debts and living expenses are accounted for. This enables us to make a meaningful comparison of the financial health of citizens across countries. For example, in the U.S., the high cost of the *subsistence basket* (i.e., food, energy, healthcare, rent/mortgage, transportation, university tuition, and other modern necessities) eats a far greater portion of dwindling median American incomes than the income-vs.-subsistence basket of citizens in most other OECD countries. Thus, the U.S. may have relatively lower taxes, but Americans have been forced to suffer a terrible tradeoff: at least *100% higher after-tax expenses*, middle-class median incomes have been flat or falling for decades, expenses are rising from so-called *non-core* (hidden) inflation, and income/wealth distribution throughout the U.S. economy is severely skewed toward the top-10% of income earners.

For all the reasons above, median wealth is the most accurate and meaningful measure of a population’s financial health, which is the primary reason this metric is included in the GGS.

Wealth-to-Debt-to-GDP Index

Higher Values Are Better. This metric measures the ratio between the median wealth of individual citizens (described above) and the debt-to-GDP ratio of their country. It is based on a synthesis of the IMF’s Debt-to-GDP dataset and Credit Suisse’ median wealth dataset. The result is a unique ratio of national wealth-to-debt, which includes the sum of each country’s public and private debt as a percentage of GDP. This is a useful metric because it enables us to assess how vulnerable a country’s population is to future tax increases.

National Governments	Gov Type	Wealth to Debt /GDP
Iceland	Cons	756.2
Luxembourg	Cons	414.0
Ireland	Cons	139.1
Norway	Cons	194.1
New Zealand	Cons	244.4
Belgium	Cons	197.3
Estonia	Cons	106.9
Finland	Cons	88.7
Germany	Cons	79.7

For example, even if a country has high median citizen wealth, if it also has a huge public and/or private debt, that is not a sustainable situation; high taxes will need to be implemented at some point to repay all that debt, which will ultimately reduce the citizens' wealth and existential freedom. Alternatively, the government may default or inflate away the debt with expansive monetary policies, but in all cases, this metric measures the true financial health of a country's society in a way that no other metric can.

Wealth-to-Debt-to-GDP Formula: $a/(b + c)$

where a is the median wealth; b is the public debt-to-GDP ratio; and c is the private debt-to-GDP ratio.

Public (Government) Debt-to-GDP Index

National Governments	Gov Type	Debt /GDP (Gov)
Iceland	Cons	41.2
Luxembourg	Cons	18.6
Ireland	Cons	69.3
Norway	Cons	33.1
New Zealand	Cons	26.5
Belgium	Cons	104.3
Estonia	Cons	8.7
Finland	Cons	63.3
Germany	Cons	65.0

Lower Values Are Better. Debt-to-GDP (Gov) measures the country's total government debt as a percentage of the country's GDP. Anything above 50% is too high because the country's borrowing costs could potentially increase at any time. This is what happened in nearly all countries in Latin America during the 1980s, in Russia in the 1990s, and in Greece and other Eurozone countries in the 2000s when their debts exploded because various unexpected geopolitical and global economic events caused interest rates and their borrowing costs to rapidly rise. When that happens, previously manageable debt quickly becomes unsustainable virtually overnight.

Reporting GDP without Debt is Misleading. A debt crisis can happen to any country, especially countries that have a history of growing debt combined with persistent trade deficits. Among many other problems, this toxic combination negatively impacts currency exchange rates, decreasing the demand for a government's bonds, which creates a vicious cycle that inevitably leads to currency collapse and catastrophic socioeconomic consequences. For this reason, measuring a country's GDP alone is almost completely irrelevant because national income alone says nothing about the country's true financial health.

Spotting Misleading Economic Reports. Anybody who tries to say a country is performing well simply because it has a relatively high annual GDP is either misinformed or misleading you. Additionally, if they point to per-capita GDP, be sure to remind them that *per-capita debt* must also be included in their analysis if their intention is to present an accurate picture of an economy at the national level. However, recall that per-capita results say absolutely nothing about how national income is actually distributed to individual citizens, which means per-capita GDP reports say nothing about the true financial health of a population. This is why the GGS uses the median wealth metric described above.

Meaning of Displayed Values. The value for this GGS metric represents the actual debt-to-GDP percentage provided by the IMF, but the "%" is omitted to conserve visual space within the space-constrained GGS table. For example, if a country's debt-to-GDP is "50," then that means the country's debt is 50% of its annual GDP.

Debt Data Source Consistency. Some sources define and report debt differently; so, debt figures can vary between sources. This GGS uses the IMF's DataMapper database because it's the most comprehensive international database of sovereign debt available. Even though some sources report debt

differently, it's important to use a consistent data source across all countries for a given metric to ensure methodological consistency.

The IMF's Definition of Debt:

Gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future. This includes debt liabilities in the form of SDRs, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable. Thus, all liabilities in the GFSM 2001 system are debt, except for equity and investment fund shares and financial derivatives and employee stock options. Debt can be valued at current market, nominal, or face values (GFSM 2001, paragraph 7.110).

Private Debt-to-GDP Index

National Governments	Gov Type	Debt /GDP (Priv)
Iceland	Cons	76.5
Luxembourg	Cons	62.4
Ireland	Cons	52.3
Norway	Cons	101.4
New Zealand	Cons	94.3
Belgium	Cons	59.5
Estonia	Cons	42.8
Finland	Cons	67.1
Germany	Cons	53.2

Lower Values Are Better. The Private Debt-to-GDP Index combines the [Bank for International Settlements \(BIS\) private household debt data set](#) with the IMF's Debt-to-GDP data set (described above) and measures the ratio between these two values for each country.

The same basic principles described in the government debt section above also apply here. Additionally, measuring the aggregate private debt of a country is important for several reasons, including:

Why Measure Aggregate Private Debt? Private debt levels can rise so quickly that private sector consumers and corporations start defaulting in large numbers. This typically precedes major economic recessions,

which leads to lower government tax revenues coupled with higher government spending to prevent a deflationary death spiral. If the economy contracts, then the government's attempts to prevent the downturn will ultimately lead to increased budget deficits, inflation, downward pressure on the country's currency, among other problems. These problems make the country's sovereign bonds less attractive to international investors, which increases the difficulty of funding the government's operations, creates pressures to inflate the money supply, and perpetuates the cycle of problems above.

High Private Debt Implies Poor Economic Education. The level of private household debt in a country reflects the integrity and willingness of government officials to explain the consequences of private indebtedness to their citizens. It also reveals how effective a government is in encouraging citizen savings and financial prudence. It's hard for most politicians to do this because they usually want to look like heroes by boosting their economies with consumption-based economic policies that revolve around ever-growing private debt. So, any country that manages to produce an economy that generates significant citizen savings and low private debt is worthy of tremendous praise.

Debt is a Drag. Several studies have indicated that after a country's private or public debt reaches 60% of GDP, it begins to become a drag on GDP.⁵² After it reaches 80% of GDP, the drag is significant.⁵³ So, in the GGS calculations, a country's private debt score is subtracted from the Total Score because

⁵² IMF 2010. "From Stimulus to Consolidation: Revenue and Expenditure Policies in Advanced and Emerging Economies", April 30 (pp7-8).

⁵³ Domar, Evsey D. 1944. "The 'Burden of the Debt' and the National Income." American Economic Review 34(4): 798-827

the linearly increasing debt value provides a convenient built-in dynamically graduated penalty value that increasingly penalizes countries as their private and/or public debt grows to unsustainable levels.

The Debt Debate. Naturally, there is some debate among economists about the precise impact that debt has on a country's economy, but all other things being relatively equal, a country with less debt will be in a better position to serve its citizens more effectively than a heavily indebted country. Thus, regardless of the precise impact of high debt on a country's growth and stability, it is obviously an important component of a country's overall health and the government's overall fiscal policy performance.

Economic Freedom Index

National Governments	Gov Type	Econ Free dom
Iceland	Cons	74.4
Luxembourg	Cons	75.9
Ireland	Cons	76.7
Norway	Cons	74.0
New Zealand	Cons	83.7
Belgium	Cons	67.8
Estonia	Cons	79.1
Finland	Cons	74.0
Germany	Cons	73.8

Higher Values Are Better.

These values are provided by the [Heritage Foundation's Economic Freedom Index](#) (EFI). Heritage is a right-leaning organization, but their EFI is the most comprehensive data set for personal and corporate income tax comparisons, business friendliness, property rights standards, and numerous other variables associated with economic freedom. This GGS integrates the EFI for its Economic Freedom Index metric because the EFI provides a convenient and sufficiently granular way to capture the essence of the concept of "economic freedom" performance levels across many countries.

The Limitations of Heritage's EFI. The concept of "economic freedom" is subjective and can encompass more or less factors, depending on the ideological orientation and intentions of each person. Heritage prioritizes business economic freedom over other forms of economic freedom, which I believe is far too narrowly focused and creates many real and potential conflicts of interest between corporations, governments, and human societies. This is why the Economic Freedom Index within this GGS is only one of many metrics used to calculate each country's Total Score. Integrating a broad range of complementary economic and human development metrics into the GGS helps to equalize all the obvious forms of potential ideological bias that can creep into data from various sources.

Health Freedom Index

Higher Values Are Better. The GGS' Health Freedom Index captures a unique dimension of how governments coordinate the health and welfare of their national populations by analyzing the relationship between three crucial factors: total national healthcare spending as a percentage of GDP, the percentage of the population that actually has meaningful and affordable access to high-quality healthcare, and the actual health outcomes from the country's healthcare system, as measured by the country's Human Development Index (HDI).

The HFI Enables Us to Compare Healthcare Systems Worldwide.

The GGS' Health Freedom Index (HFI) is unique because it solves a significant challenge that many healthcare policymakers and citizens have: How do you objectively, fairly,

National Governments	Gov Type	Health Free dom
Iceland	Cons	95.9
Luxembourg	Cons	94.8
Ireland	Cons	96.2
Norway	Cons	97.6
New Zealand	Cons	95.0
Belgium	Cons	93.8
Estonia	Cons	92.8
Finland	Cons	94.0
Germany	Cons	95.7

and accurately compare the quality, cost, coverage, and overall effectiveness of healthcare systems across all countries without being distracted by all the partisan politics and special interest propaganda that pollutes the healthcare debate? The HFI is the solution because it links each country's coverage and cost ratios to HDI, which are all based on data that is objective, empirical, nonpartisan, and easy to verify.

Measuring What Matters. An important benefit of the GGS' Health Freedom Index (HFI) is that it evaluates the overall cost-effectiveness of each country's healthcare system in terms that actually matter to citizens (as opposed to government bureaucrats): cost, quality of life, and peace of mind. Looking at any one of the HFI's component parts alone (healthcare expenditures, population coverage, HDI) is not sufficient to determine how effective *and* cost-effective a country's healthcare system is. However, when these components are combined into a single index that can be compared across countries, it is a powerful tool for policymakers and healthcare policy activists who want to ensure that their country's healthcare system is delivering high-quality outcomes that are as good as other top-performing countries.

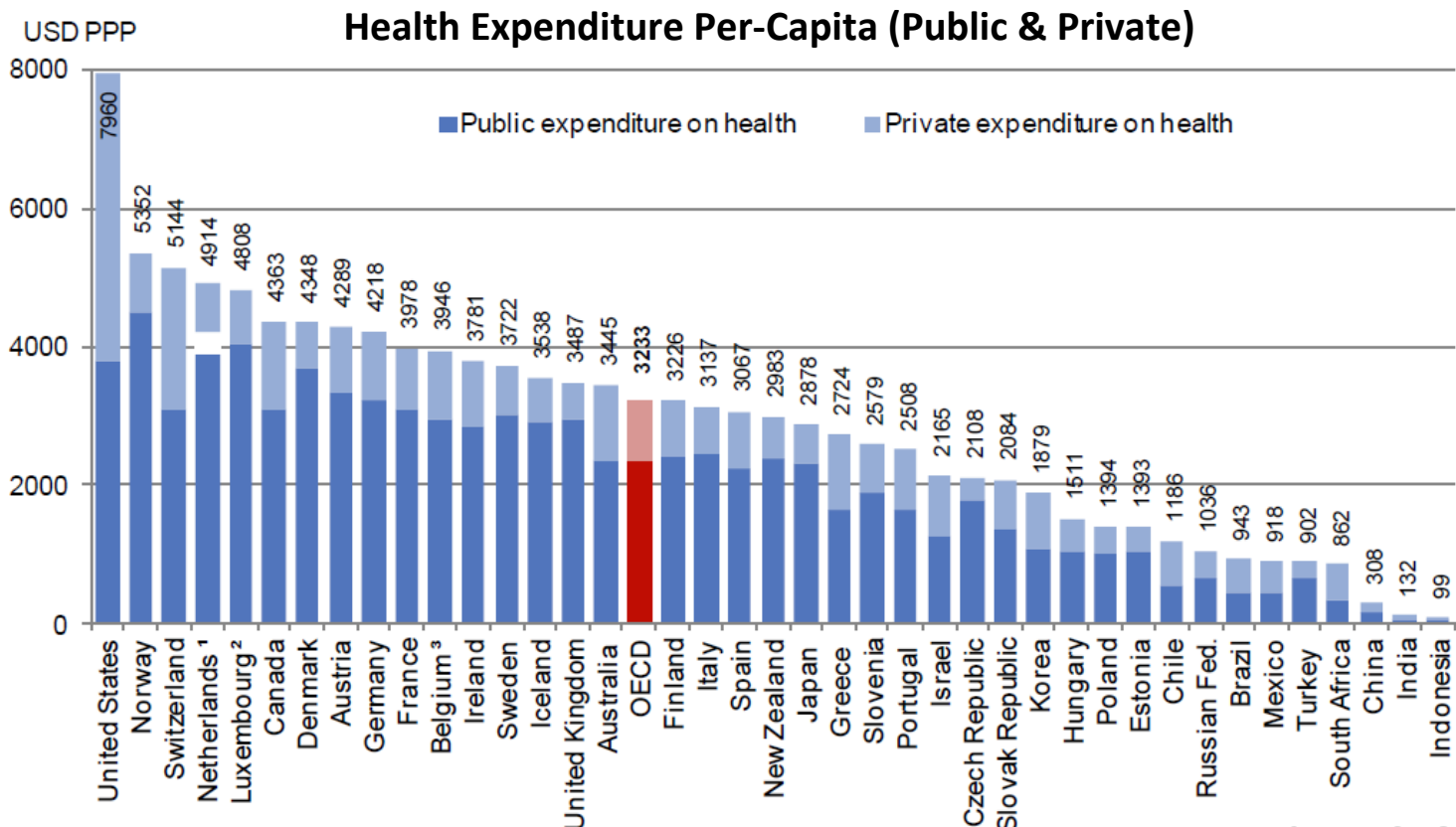
Data Sources. The data included in the Health Freedom Index comes from the U.S. Census (for U.S. healthcare coverage rates), World Bank (GDP data), and the United Nations (HDI data).

Can We Really *Fairly & Accurately* Compare Healthcare Systems Worldwide? The HFI resolves another significant problem: Many authoritarian regimes *officially* cover 100% their citizens with some kind of healthcare system, but due to corruption and/or mismanaged economic resources, they invest relatively little (as a % of GDP) into delivering high-quality healthcare outcomes. In these cases, comparing cost and coverage ratios alone would not enable us to make meaningful comparisons between authoritarian, majoritarian, and consensus governments because a simple coverage-to-cost ratio would create an inaccurate impression that authoritarian governments are delivering high-quality healthcare outcomes. The HFI resolves this problem by linking cost, coverage and HDI, which ensures that countries do not rank high simply because they have a high overall coverage-to-cost ratio.

A Few Healthcare Policy Considerations

Healthcare policy is fundamental to human health, quality of life, and the productivity and social stability of human societies. Given the importance of healthcare policies, and given the data encapsulated in the GGS' Health Freedom Index is so revealing, I feel compelled to share a few insights from this analysis now, rather than waiting to write an article about it later.

First, it's interesting to observe that the U.S. Government is the only OECD government—and one of the only developed country governments on Earth—that doesn't ensure its citizens have universal, *affordable* healthcare coverage. Additionally, the quality and patient satisfaction ratings for the U.S. healthcare system are often no better (and sometimes worse) than the satisfaction ratings in the top-20 OECD countries. Most alarmingly, Americans spend *2.5 times* more per-capita than the OECD average and still don't achieve universal coverage or overall population health outcomes that are any better than the top-20 OECD nations.



Source: OECD

High-Cost Healthcare Is Not Equal to a High-Quality Healthcare System. As the results of the GGS and the chart above illustrate, a country's total healthcare cost as a percentage of its GDP is obviously important from a budgetary perspective, but it's not as important as the *quality of healthcare outcomes* and the total number of people with *meaningful and affordable healthcare coverage*. For example, Americans are forced to spend 200-400% more for their healthcare on a per-capita basis and as a percentage of GDP than any country on Earth (including all public and private expenditures), but *Americans get less healthcare*, as measured by healthcare coverage across the American population.^{54,55} And in almost all cases, Americans get *equal- or lower-quality* healthcare for their money.⁵⁶ The broken U.S. healthcare system proves that fancy medical technology and expensive brand-named drugs alone do not produce high-quality healthcare outcomes.

Reality Check. Anybody who makes claims like, "Yes, the American healthcare system is expensive, but it's the best in the world. . . ." has not actually studied the data, has no real-world experience living in any of the top-20 OECD countries, and is disconnected from the reality of healthcare outside the United

⁵⁴ U.S. Health Spending Alone Is Larger Than the GDP of Most Nations. 2013.

<http://www.commonwealthfund.org/interactives-and-data/infographics/2013/us-health-spending>

⁵⁵ The Cost of 30 Years of Unsustainable Health Spending Growth in the United States. 2013.

<http://www.commonwealthfund.org/interactives-and-data/infographics/2013/us-health-spending>

⁵⁶ The U.S. Continues to Have Higher Preventable Death Rates Than France, Germany, and the U.K. 2017.

<http://www.commonwealthfund.org/interactives-and-data/infographics/2012/preventable-deaths>

States.^{57,58,59,60} There is no doubt that the cost of a country's healthcare system *is a very poor* predictor of high-quality healthcare outcomes. As a result, in terms of measuring the overall effectiveness of healthcare systems around the world, the GGS' Health Freedom Index mathematically gives relatively greater weight to the *Coverage Ratio* and *HDI* than it gives to the *Cost Ratio*.

The Health Freedom Index Formula. It's important for readers to see and have confidence that the Health Freedom Index is based on a rigorous, nonpartisan methodology, which is theoretically sound, rooted in real-world data, and thus, reflective of real-world healthcare outcomes. Here is the HFI formula:

$$\text{Health Freedom Index} = (((1+a)^{2.5}) - ((1+b)^2) + ((1+HDI)^{2.5}) * 10$$

... where *a* is the Coverage Ratio; *b* is the Cost Ratio; and *HDI* is the Human Development Index. The Coverage Ratio is measured by the number of people *meaningfully and affordably covered* by a country's healthcare system divided by the country's total population.^{61,62} The Cost Ratio is calculated by the total cost of a country's healthcare system (public and private expenditures) divided by the country's GDP. The HDI's sub-components already account for various life expectancy, moribundity, and mortality rates, which are essential to measuring the quality of life for individuals and the aggregate quality of national healthcare outcomes.⁶³

To develop a deeper appreciation for why the GGS' Health Freedom Index is so useful, consider the following comparison of countries, based on real-world data.

Country	Coverage Ratio	Cost Ratio	HDI	HF Index	Results Indicative of
Country A	100%	5%	60%	77.93	Authoritarian Regime Avg.
Country B	86%	17%	92%	84.57	United States
Country C	99%	9%	91%	94.40	Top-20 OECD Avg.

How Does the U.S. Healthcare System Rank Worldwide? The Health Freedom Index takes the guesswork out of comparing healthcare systems between countries and makes the analysis fair, objective, and nonpartisan. In this case, it's clear that Country C, which is indicative of the average for the top-20 OECD countries, has the best healthcare system because it achieves the best balance between cost, coverage, and actual human health and quality of life outcomes. How does the U.S. healthcare system rank? Even the most avid proponents of healthcare reform in America may be surprised to know that

⁵⁷ U.S. Health Care Ranks Last Among Wealthy Countries. 2014. <http://www.commonwealthfund.org/interactives-and-data/infographics/2014/us-health-system-ranks-last>

⁵⁸ Key Facts about the Uninsured Population. 2017. <https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>

⁵⁹ U.S. health care system ranks lowest in international survey. 2014. <https://www.cbsnews.com/news/u-s-health-care-system-ranks-lowest-in-international-survey/>

⁶⁰ OECD. 2011. Why Is Health Spending In The United States So High? Retrieved January 8, 2018, from <http://www.oecd.org/health/health-systems/49084355.pdf>

⁶¹ Healthcare coverage is 100% in nearly all developed countries on Earth, except for the U.S. Service quality obviously varies among countries, which the Health Freedom Index takes into account by linking cost and coverage to HDI.

⁶² Having access to U.S. emergency room facilities and then going bankrupt does not qualify as "100% coverage."

⁶³ Raw coverage and cost ratio data provided by the OECD. Raw HDI data provided by the UN Development Programme.

the U.S. ranks 74th worldwide (behind many authoritarian countries) and 35th (last) among OECD countries.^{64,65}

Bottom Line. The GGS' Health Freedom Index and underlying data reveal a disturbing reality: The United States does not have a healthcare system; it has a *disease management system*. Why? Because there's no corporate profit to be extracted from a country of healthy people. No other developed country on Earth suffers from such an inefficient and broken healthcare system, which erodes and often destroys the physical and financial health of every American citizen. This is *the direct result* of an anti-democratic majoritarian government structure that can perpetuate itself without needing to be responsive to the needs of a true majority of the citizenry. Every U.S. politician should be thoroughly ashamed of their collective inability to resist the corruptive influence of corporate interests on the U.S. healthcare system.

Education Index

National Governments	Gov Type	Edu cat ion
Iceland	Cons	54.1
Luxembourg	Cons	80.0
Ireland	Cons	70.0
Norway	Cons	75.8
New Zealand	Cons	74.7
Belgium	Cons	69.7
Estonia	Cons	75.2
Finland	Cons	70.2
Germany	Cons	71.0

Higher Values Are Better. This GGS includes a unique International Education System Index ("Education Index"), which is based on a formula designed to account for a wide range of factors that determine the effectiveness of a country's education system. The index reflects three major categories of education system effectiveness, based on data from three international datasets, including:

Academic Performance. The GGS Education Index reflects the academic performance of pre-college students in 70 countries, as recorded in the OECD's PISA (Programme for International Student Assessment) dataset.⁶⁶ Importance: Aggregate student academic performance is a strong predictor of a country's future economic productivity.

Total Education Received. The GGS Education Index reflects the overall percentage of each country's population that is in school and the average number of years of school completed (or expected to be completed, in the case of children) by each citizen, as recorded in the U.N. Development Programme's (UNDP) "Education Index" dataset. Importance: A *society's commitment* to education and human development is demonstrated by the aggregate number of years that its citizens are in school. Additionally, total years of education corresponds with a more education-oriented culture, which corresponds with many other positive human health and development outcomes.

Education Expenditures. The GGS Education Index reflects the amount of money that each government allocates to its education system as a percentage of the country's GDP, as recorded in the World Bank's "Expenditure on education as % of total government expenditure (%)" dataset. Importance: This measures a *government's commitment* to developing an educated and productive citizenry, which is essential to a productive economy and a healthy democracy.

Collectively, these three categories of analysis have been combined into the GGS' Education Index to enable anybody to easily, accurately, and meaningfully compare the education systems between countries.

⁶⁴ And it's getting worse: The number of Americans without health insurance rose in 2017. (Sources: [CNBC](#) | [Gallup](#))

⁶⁵ Recall: The HFI measures cost-effectiveness, which includes a balance between cost, quality, and coverage. So, even though quality in the U.S. might be relatively higher than some countries, high cost/low coverage hurts its HFI score.

⁶⁶ See the OECD's PISA report: <https://www.oecd.org/unitedstates/PISA-2012-results-US.pdf>

The GGS Education Index is based on a relatively straight-forward formula . . .

$$\text{GGS Education Index} = (((EI*1000)+((EE/100)*5000)+PISA^2)/10000)/4$$

. . . where *EI* = Education Index; *EE* = Education Expense; *PISA* = the Country's PISA score.⁶⁷

Students Learn & Perform Better When They Are Able to Focus. The GGS reveals that the list of the top-20 best-performing governments in the Education Index metric is dominated by countries with state-funded higher education systems. Logically, this makes sense because students in the top countries are able to focus on learning rather than drowning in debt and dealing with the constant existential stress of trying to find money to live while they're trying to focus on school.

Possible Conflict Index

National Governments	Gov Type	Poss Conflict
Iceland	Cons	0.3
Luxembourg	Cons	2.3
Ireland	Cons	0.8
Norway	Cons	0.4
New Zealand	Cons	2.8
Belgium	Cons	3.4
Estonia	Cons	2.0
Finland	Cons	1.0
Germany	Cons	1.5

Lower Values Are Better. The GGS Possible Conflict Index represents the possibility of a major conflict. A “conflict” includes: civil wars, coup d'états, severe social instability, wars with foreign countries, etc. Conceptually, this index is based on the fact that there is a strong correlation between (a) the combined effects of ethnic fractionalization and Government Type and (b) social instability within a country. This index also takes into account each country's population size because, all other things being relatively equal, countries with larger populations are harder to govern than countries with smaller populations. In other words, more people often leads to more opportunities for conflict over national resources, distribution of income, ethnic tensions, public policies, and other potential triggers of social instability.

Demographic Complexity. To compute the GGS' Possible Conflict Index (CP Index), the index formula first determines each country's population size and its level of ethnic fractionalization to create a unique variable herein defined as “Demographic Complexity.”⁶⁸ This is important because relatively high-population countries that have very low ethnic fractionalization (e.g., Germany and Japan) have much lower risk of violent social unrest—and thus, should be given much lower Demographic Complexity scores—than other high-population countries with high ethnic fractionalization (e.g., Ethiopia, Pakistan, Nigeria). Conversely, a country with relatively lower population but high ethnic fractionalization (e.g., Sierra Leone, Somalia, Liberia, the Balkans) will produce a higher Demographic Complexity score than other countries with high populations but lower ethnic fractionalization.

Demographic Complexity Formula. As conceptually described above and mathematically depicted below, the Demographic Complexity formula creates an important equalization effect to account for governance complexity when calculating each country's Total Score. The value given to each country for this component of the overall CP Index is based on the following formula . . .

⁶⁷ The EI, EE, and PISA are obtained from the UNDP, World Bank, and OECD, respectively.

⁶⁸ “Ethnic fractionalization” is essentially the same as “ethnic fragmentation.” To learn more about how ethnic fractionalization is quantified, see: Alesina, A., Devleeschauwer, A., Easterly, W., Kurlat, S., & Wacziarg, R. 2003. Fractionalization (Working Paper No. 9411). National Bureau of Economic Research. <https://doi.org/10.3386/w9411>.

$$\text{Demographic Complexity} = (CP^{0.25}) * EF$$

... where *CP* is the country's absolute population size and *EF* is the country's ethnic fractionalization value. The *CP* exponent (0.25) enables the Demographic Complexity scale to gracefully accommodate all country population sizes (from China to small island nations) on the same nonlinear scale.

Conflict Possibility Index Formula. After computing the Demographic Complexity value for each country, the final CP Index score is computed for each country with the following formula . . .

$$\text{Conflict Possibility Index} = DC/SGT$$

... where *DC* is the Demographic Complexity and *SGT* is the scaled Government Type.⁶⁹ This mathematical relationship reflects the *real-world* relationship between a country's demographic complexity and the type of government that a country has.

The Conflict Possibility Index & the Real World. The type of government (majoritarian, consensus, authoritarian) a country has determines how democratic the government's policy outcomes will be, which in turn reflects how responsive the government is to the needs of its citizens. The degree of ethnic diversity (measured by ethnic fractionalization) of a country's population is a very strong determinant of potential conflict at many levels throughout a society. Majoritarian and authoritarian governments are much less responsive to their citizens than consensus governments, which is why they're much more vulnerable to violent revolutions and social and economic instability. This is why I've created the CP Index as an overall scoring factor for each country's Total Score in the Global Governance Scorecard.

The CP Index is Speculative. Sociologically, the CP Index is a valuable framework to analyze the risk of potential social instability and conflict in a country; and there is a very strong correlation between demographic complexity and social instability. However, it's still fundamentally a predictive measure of what *could* happen, not what has already happened. Thus, it's the only speculative metric in the GGS; in contrast, all the other metrics are based on each government's *actual* performance. For this reason, the CP Index is given very low weight (<2% of total possible points) in the final computation of each country's Total Score.

Speculative, But Still Important. Despite its speculative nature, given the high correlation between demographic complexity and social instability, it's reasonable to include an estimated measure of the likelihood of conflict within a country based on some set of empirical data and reasonably defined variables because major conflicts often lead to catastrophic breakdowns of political and economic systems. Thus far, I have not seen any socioeconomic indicators that are more strongly correlated with civil war and social instability than the GGS' Demographic Complexity variable. This is why it is a small but important variable that contributes to each country's Total Score.

⁶⁹ Scaled from the -11 – +11 scale to a 1 – 10 scale to avoid potential “divide by 0” scenarios.

Authoritarian-Democracy Continuum

National Governments	Gov Type	Authoritarian - Democracy Continuum Pos.
Iceland	Cons	A----- ---*-----D
Luxembourg	Cons	A----- --*-----D
Ireland	Cons	A----- ---*-----D
Norway	Cons	A----- ---*-----D
New Zealand	Cons	A----- --*-----D
Belgium	Cons	A----- -----*--D
Estonia	Cons	A----- -----*--D
Finland	Cons	A----- --*-----D
Germany	Cons	A----- -----*--D

The Authoritarian-Democracy Continuum is a visual representation of each country's position between the two extremes of extreme authoritarianism and pure direct democracy. See the “Authoritarian Governments” section earlier in this report for a detailed description of this feature of the GGS.

Methodology

High-Quality Sources. To minimize subjectivity, avoid partisan debates, and increase the reliability and consistency of the GGS scoring system, the GGS is based on high-quality source data. This means the GGS scoring calculations are predominantly based on empirical datasets generated by *nonpartisan*, internationally-recognized organizations like the World Bank, World Health Organization, United Nations, IMF, Bank for International Settlements, World Economic Forum, Transparency International, The Economist Intelligence Unit, and internationally-respected economists and NGOs.⁷⁰

Emphasis on Real-World Performance. To minimize subjectivity, avoid partisan debates, and increase the reliability and consistency of the GGS scoring system, the GGS is heavily weighted toward *actual, real-world performance*. “Real-world performance” means that governments either produce positive outcomes for their citizens or they don’t. There is no wiggle room for politicians to talk their way out of the GGS results. In the GGS, public policy outcomes are measured using specific metrics, based on widely-respected datasets, which substantially eliminates any doubt about whether a government is performing well or not compared to other countries. In other words, this systematic, nonpartisan approach and emphasis on empirical data makes it impossible for politicians and political operatives to credibly reject the results presented in this GGS.

Reliability. In some cases, the only data that exists for a given metric (or for a given country) is from a relatively less reliable or a potentially biased source. For example, some data is only available from a country’s central bank, which generally speaking, has a relatively narrow focus on the bank’s own country’s reputation in the international system. Thus, the data from a central bank may potentially be more biased than data from an organization with an international focus, e.g., the World Bank.⁷¹ This is

⁷⁰ I’m aware that no organization is perfect and all organizations can suffer from potential bias. In fact, I’ve written extensively about [organizational bias](#) and [organizational corruption](#) before. So, there’s no need to send me emails about why you think the IMF, World Bank, and others are part of a global conspiracy to enslave our planet. I’m aware of all the major real and theoretical conspiracies that haunt humanity today. Thank you for not cluttering my Inbox with unnecessary diatribes. All other productive comments are welcome, of course.

⁷¹ See [Building a Non-Biased Political System](#) to learn more about the difference between “unbiased” and “nonbiased” systems and for a deeper exploration of bias in human systems.

unavoidable, but in these cases, I make an effort to indicate when the data might be potentially biased or relatively less reliable than usual.

Quantifiability. There are many aspects of government performance that are interesting to explore, but they are not all quantifiable; or, they're not quantifiable within reasonable time and resource constraints. Thus, the metrics used in this GGS represent a reasonable balance between infinite curiosity and practical quantifiability.

International Comparability. Some countries and organizations produce large volumes of data for researchers to analyze; while other countries produce little or no data. Thus, the data for the metrics in this GGS must be available from at least 75% of the countries in the full GGS list (currently 146 countries). This ensures that the GGS reflects a broad cross-section of countries and populations, which is necessary to develop accurate and meaningful insights about the most significant international trends and dynamics.