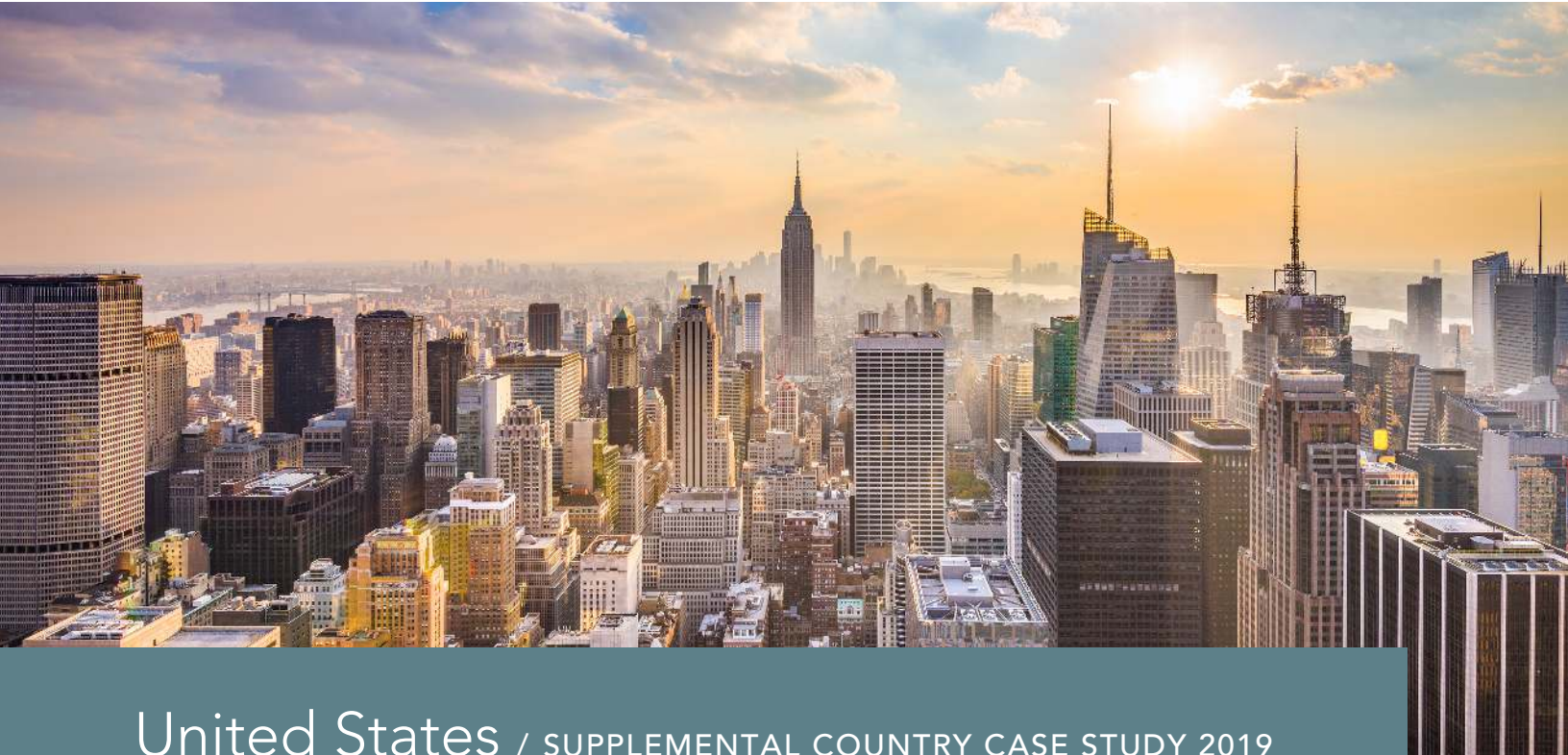


# BERGRUEN GOVERNANCE INDEX



## United States / SUPPLEMENTAL COUNTRY CASE STUDY 2019

BERGRUEN INSTITUTE

Hertie School of Governance &  
UCLA Luskin School of Public Affairs

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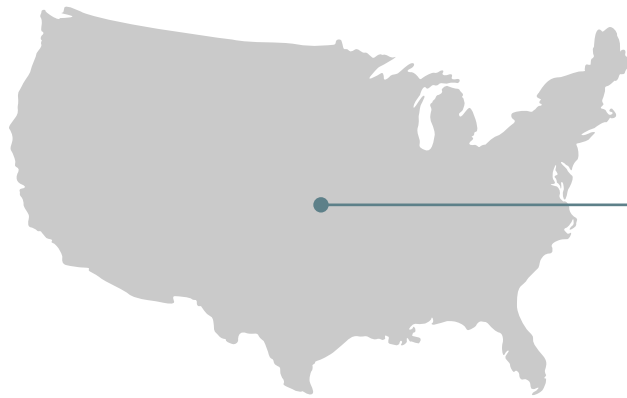
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# United States / SUPPLEMENTAL COUNTRY CASE STUDY 2019



This profile on the United States is a supplement to the 2019 Berggruen Governance Index, which analyzes the quality of Democracy, Government and Life for 38 countries. In 2019, five countries from the group were selected to have special profiles created about them in order to supplement and enhance the findings in the Index. These countries were selected because they performed better (overachiever) or worse (underachiever) than expected on the Quality of Life given their scores on one of the other indices (Quality of Democracy or Quality of Government). To create the supplement, new data was sourced from outside of the Governance Index. This profile is not intended as a stand-alone document and is best understood after reviewing the full report, which can be found at [www.berggruen.org](http://www.berggruen.org).

The US ranks lower than expected on Quality of Life given its position in Quality of Democracy and Quality of Governance, and particularly given its very high GDP per capita. Despite a rising GDP, Quality of Life in the US has actually *declined* slightly over the past 8 years. By contrast, Switzerland and Norway have similarly high GDP per capita, but are able to translate that into more impressive Quality of Life outcomes. Relative to other similarly-performing countries, the US spends far more on crucial QoL determinants like healthcare and education. This points to either a misallocation of how the funds are being spent or problems with controlling costs.

## FINDINGS

## IMPLICATIONS

1

Despite high GDP per capita and relatively strong economic growth, the US underperforms in all indexes, particularly QoL.

This finding points to a potential need to re-direct funds to areas that improve Quality of Life. The misallocation may indicate flaws in the feedback mechanisms. Given the US has a relatively high level of democracy, these flaws may be in the *type* of feedback mechanisms, as opposed to the quantity.

2

Just as high GDP per capita has not yielded a high QoL, extensive spending on education and healthcare has not produced particularly strong results in those fields.

The US spends the most on healthcare of any country in the Index, but does not achieve comparably high health outcomes. Similar patterns play out in education, where substantial spending fails to translate into similarly high results. Improvements to recruitment (Q of G) and feedback mechanisms (Q of D) could improve this.

3

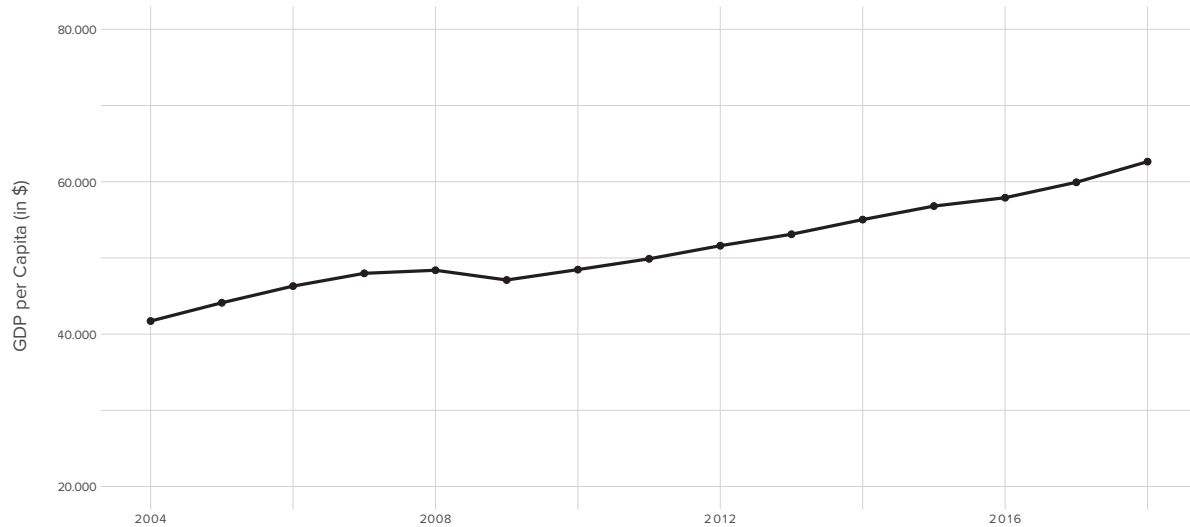
The high costs of healthcare and education divert resources from other expenditures that could improve Quality of Life.

Other measures that improve Quality of Life, such as the environment or infrastructure, could be given greater funding if better ways of delivering public services were devised. This redirection of funds could help alleviate the US' lagging QoL ranking.

## BACKGROUND

### GDP per capita (current US\$) 2004-2018

GDP per capita is gross domestic product divided by midyear population.

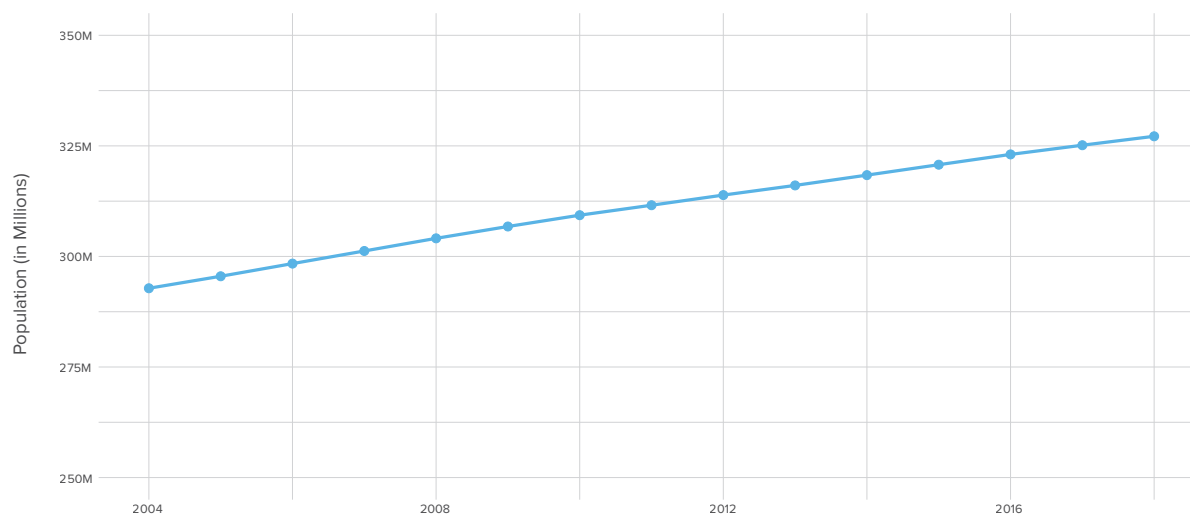


Source: World Bank 2019

- The United States is a high-income country. Its 327 million inhabitants have a GDP per capita of \$62,641, placing it 14th worldwide and 3rd among all countries in the Berggruen Index, according to the World Bank (2018).
- GDP per capita growth has averaged 2.1% over the past four years (2015-2018), above both regional and G7 averages.

### Total Population, 2004-2018

Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.

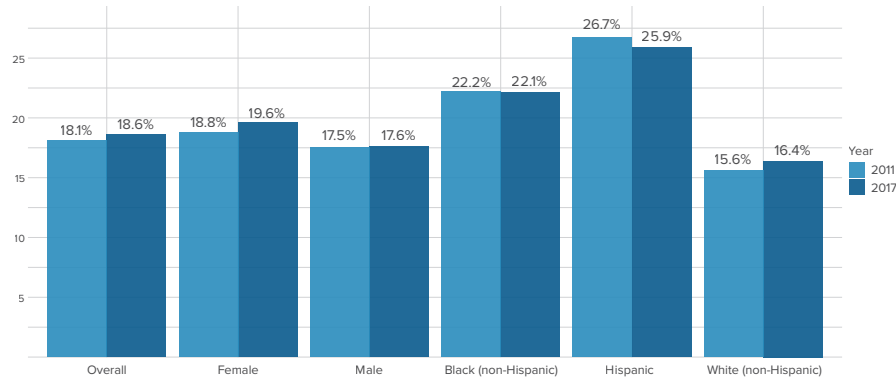


Source: World Bank 2019

- The population of the US in 2018 was 327,167,434, placing it 3rd worldwide behind China and India.
- Its population growth rate of **.64% in 2018 places it above the average growth rate of .49% for all high-income countries**, according to the World Bank.

### Adults Reporting Poor Health (by sex and race/ethnicity), 2011/2017

Percentage of adults reporting that their general health was fair or poor, by sex and race/ethnicity.

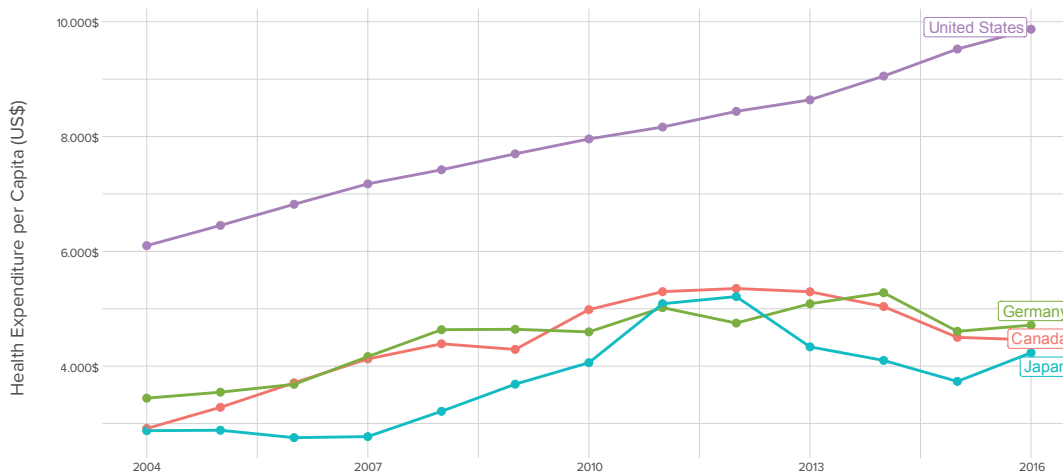


Source: Centers of Disease Control and Prevention 2019

- Despite the United States’ relatively strong economic performance, the **overall number of inhabitants who reported that their health was fair or poor has slightly increased since 2011.**
- This trend is true for both men and women in the population as a whole. However, **non-Hispanic Whites experienced a higher growth in reporting fair or poor health**, while Blacks and Hispanics reported a mild decline.
- Life expectancy over the same time period also declined. The average American born in 2011 had a life expectancy of 78.7 years; one born in 2017 was expected to live to be 78.6. This figured peaked in at 78.9 in 2014 and has been declining since. **This is the first time that life expectancy has decreased for three years straight since 1915-1918**, when WWI and Spanish Influenza killed hundreds of thousands of Americans.

### Health Expenditure per Capita (US\$), 2004-2016

Current expenditures on health per capita in current US dollars.

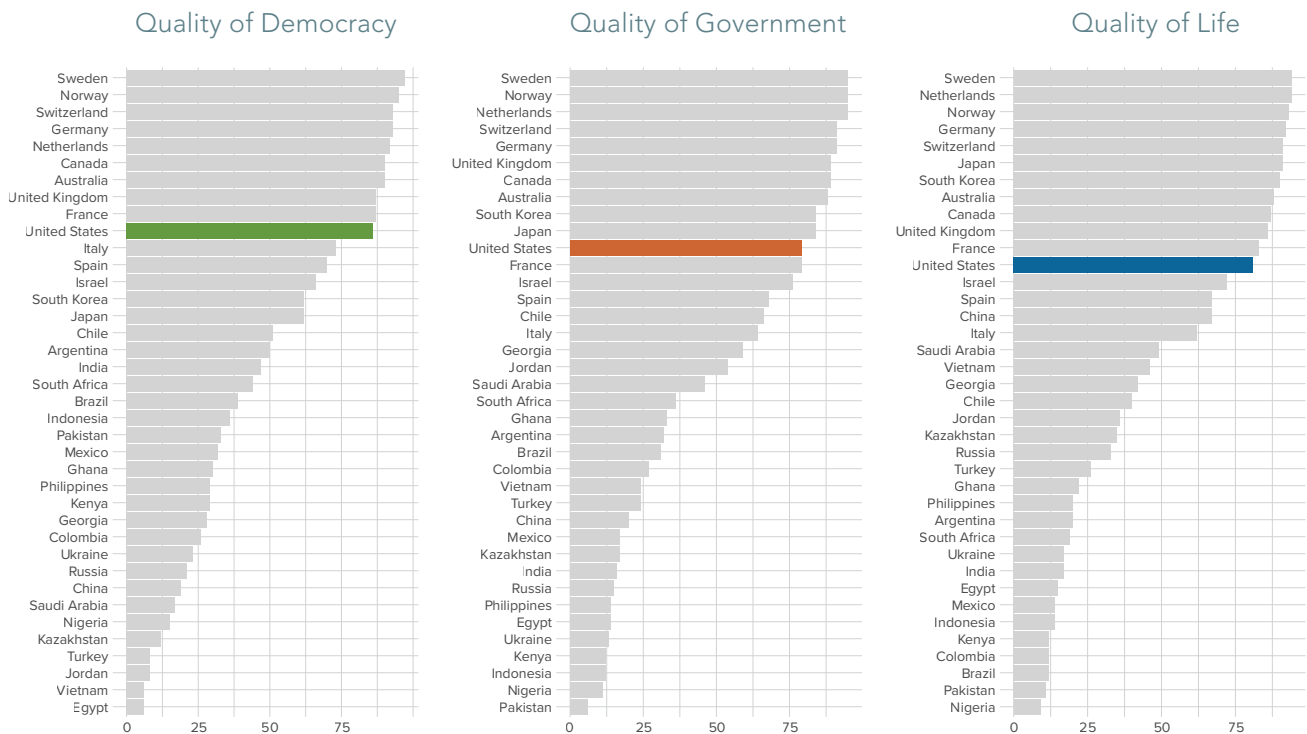


Source: World Health Organization Global Health Expenditure database 2019

- Over the same time period, health care costs have grown substantially, surpassing \$10,000 per capita in 2017. Compared to other countries, **US healthcare spending has steadily increased over time**, suggesting that increased health care spending in the US does not lead to higher health outcomes.
- At 8.5%, the US’ share of public expenditure on healthcare (which consists largely of Medicaid, Medicare, and the Veterans Administration) is roughly in line with similar countries, according to the OECD. **The large share of private healthcare expenditures is what drives the headline figure up.**
- Growth in health care spending has greatly outstripped inflation, with **health care costs accounting for roughly 17% of GDP in 2017.** The average for high-income countries was only 12.59%, according to the World Bank.

## THE UNITED STATES' BERGGRUEN INDICATOR OF GOVERNANCE SCORES

- The United States' score in the **Berggruen Quality of Democracy Index (QoD)** is consistently relatively high (data collected 2004-2018). It is above Italy and Spain, and barely trails the United Kingdom and France.
- The United States' score in the **Berggruen Quality of Government Index (QoG)** places it one level lower than in the QoD ranking. It leads France, but trails South Korea and Japan, two countries it easily surpassed in the QoD list.
- The United States drops one spot further in the **Berggruen Quality of Life Index (QoL)**, placing 12th. It again directly trails France and the UK.
- The case of the United States, **with all three indicators ranking roughly equally, suggests a co-movement between all three indices.** However, it should be noted that the US' rankings in all measures (between 10th and 12th) is much lower than its GDP per capita ranking in the same group of countries (3rd).
- While the US is fairly strong in all three measures, **it gets a poorer 'bang for its buck' across the board.** The two countries in the study with higher per capita GDP (Norway and Switzerland) place no worse than fifth in any category, demonstrating that **they are more effective at translating wealth into high-quality democracy, government, and well-being.**

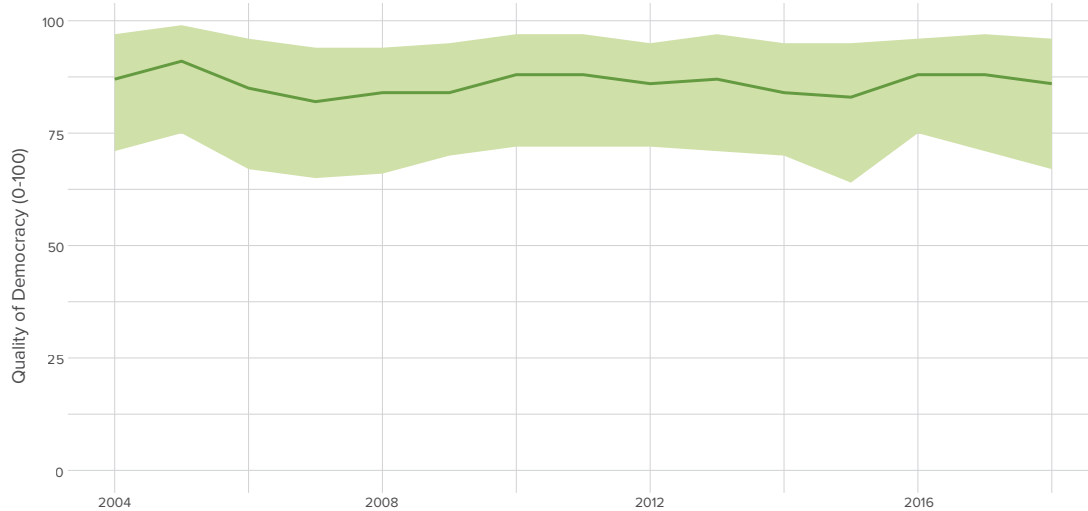


**QUALITY OF DEMOCRACY (QoD)**

- The US' quality of democracy has remained very constant over the last fourteen years; no large drops or jumps can be observed over this time period.
- Although worries about the health of American democracy have been commonplace in recent years – especially

following the election of President Trump – no substantial drop can be observed. This is likely due to the fact that the QoD index mainly measures *de jure* shifts. While many political norms have been altered over the past several years, there have been relatively few legal changes to the US system of government.

Berggruen Quality of Democracy Index, 2004-2018

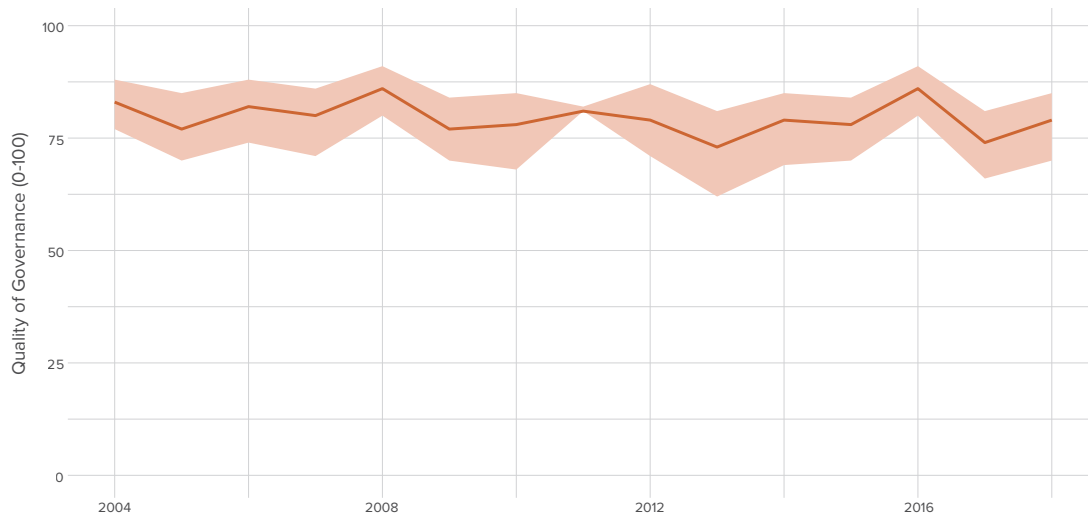


Lines indicate 95% credible intervals for the average score, a measure of uncertainty.

**QUALITY OF GOVERNMENT (QoG)**

- Quality of government in the US has also been very stable. Any high or low points have quickly reverted back to the average.

Berggruen Quality of Government Index, 2004-2018



Lines indicate 95% credible intervals for the average score, a measure of uncertainty.

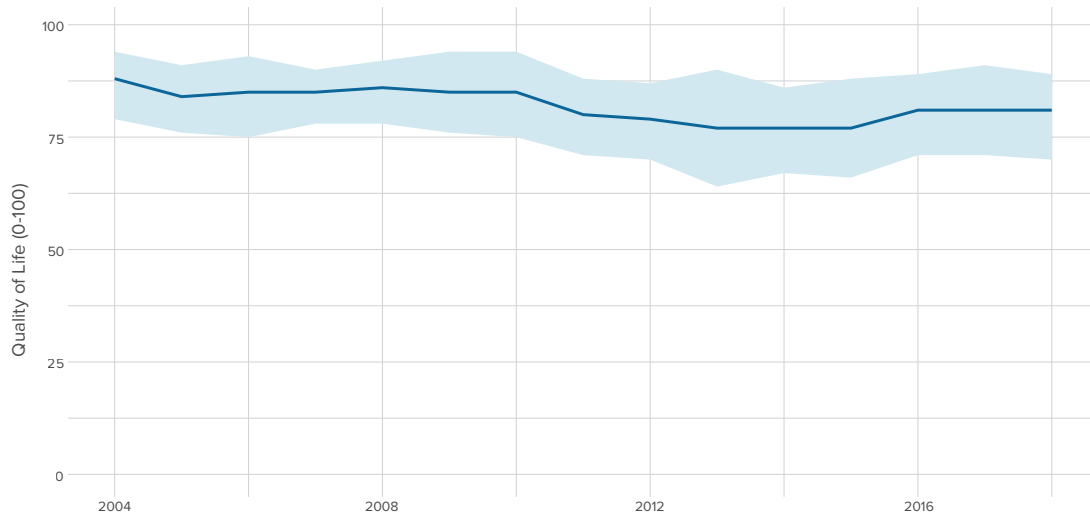


**QUALITY OF LIFE (QoL)**

- Quality of life has decreased slightly in the United States over the past fourteen years.
- The **relatively steady and slow decline is notable given substantial economic growth** over this time period.
- Growing economic inequality and wealth disparity could

be key factors, particularly after the 2007-2008 financial crisis. Although the economy rebounded after the crisis, the gains were disproportionately concentrated in the top tier of the US population, with 95% of growth going to the top 1% of households.

Berggruen Quality of Life Index, 2004-2018



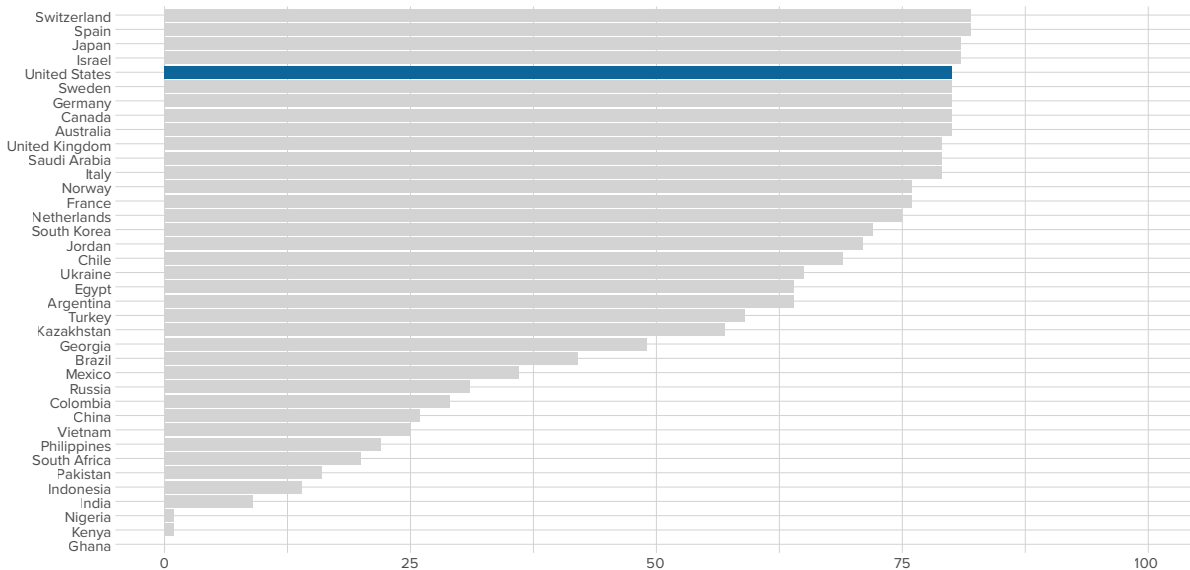
Lines indicate 95% credible intervals for the average score, a measure of uncertainty.

**WHAT RELATIONSHIPS BETWEEN QoD, QoG, AND QoL CAN BE OBSERVED?**

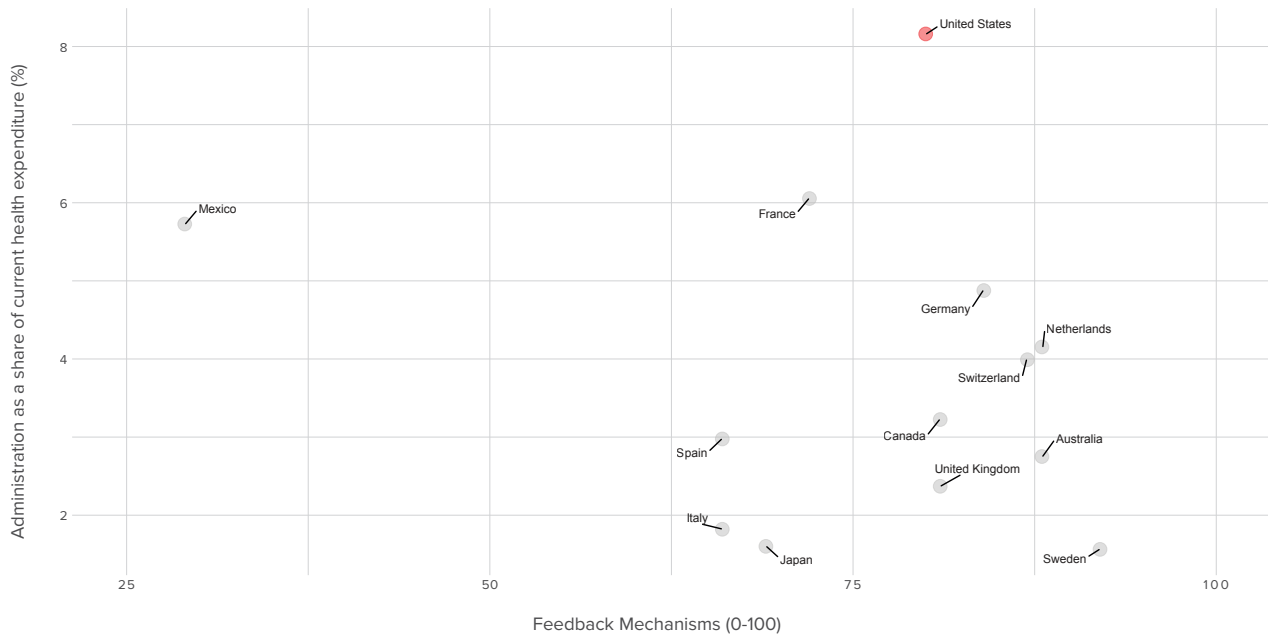
**EXAMPLE 1: PUBLIC HEALTH AND HEALTH EXPENDITURES**

Public Health, 2018

Sub-Index of Quality of Life



## Administrative Health Expenditure and Feedback Mechanisms



Source: Berggruen Quality of Democracy Index; OECD

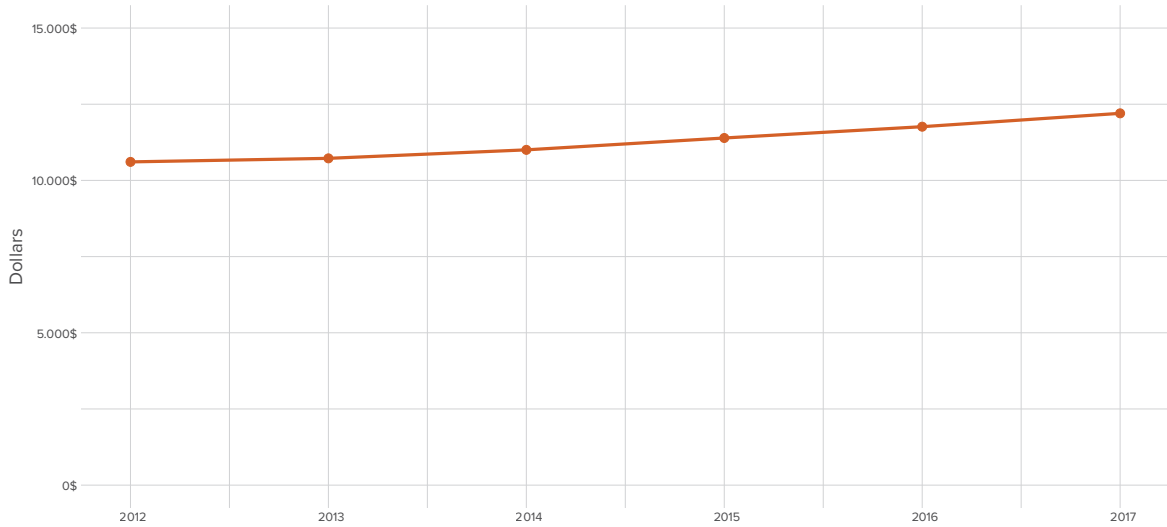
- Although public health in the United States is good (fifth among countries studied), this outcome carries with it significant costs.
- Compared to countries with similar health outcomes – such as the UK, Sweden, Germany, and Canada – the US has **much higher administrative costs** as a share of health care expenditures.
- In the data set as a whole, a strong negative relationship between *availability of feedback mechanisms (QoL)* and percentage administrative costs can be observed. However, **the United States is a significant outlier**; it has extremely high administrative costs given its relatively high-quality feedback mechanisms.

## EXAMPLE 2: FUNDING PER STUDENT

- The US ranks highly in quality of education, placing 11th of countries studied.
- However, this **ranking is relatively low when compared to its per capita GDP**, which is the third highest of all countries studied.
- Between 2012 and 2016, educational expenditures increased from \$10,608 to \$11,763 (11% increase), while over the same time period health care per capita expenditures increased by 17%.
- There is a **significant disparity in per pupil funding by state**. New York currently spends \$23,091 per student, while Utah spends only \$7,179, according to the US Census.
- *Availability of feedback mechanisms (QoL)* is positively correlated with quality of education; **the countries that surpass the US in feedback tend to be those that also best it in education**.
- *Recruitment (QoG)*, is also correlated with educational quality, potentially indicating the ease with which quality teachers can be attracted. **All of the countries that surpass the US in recruitment also surpass it in education**.

### Per Pupil Current Spending (PPCS), 2012-2017

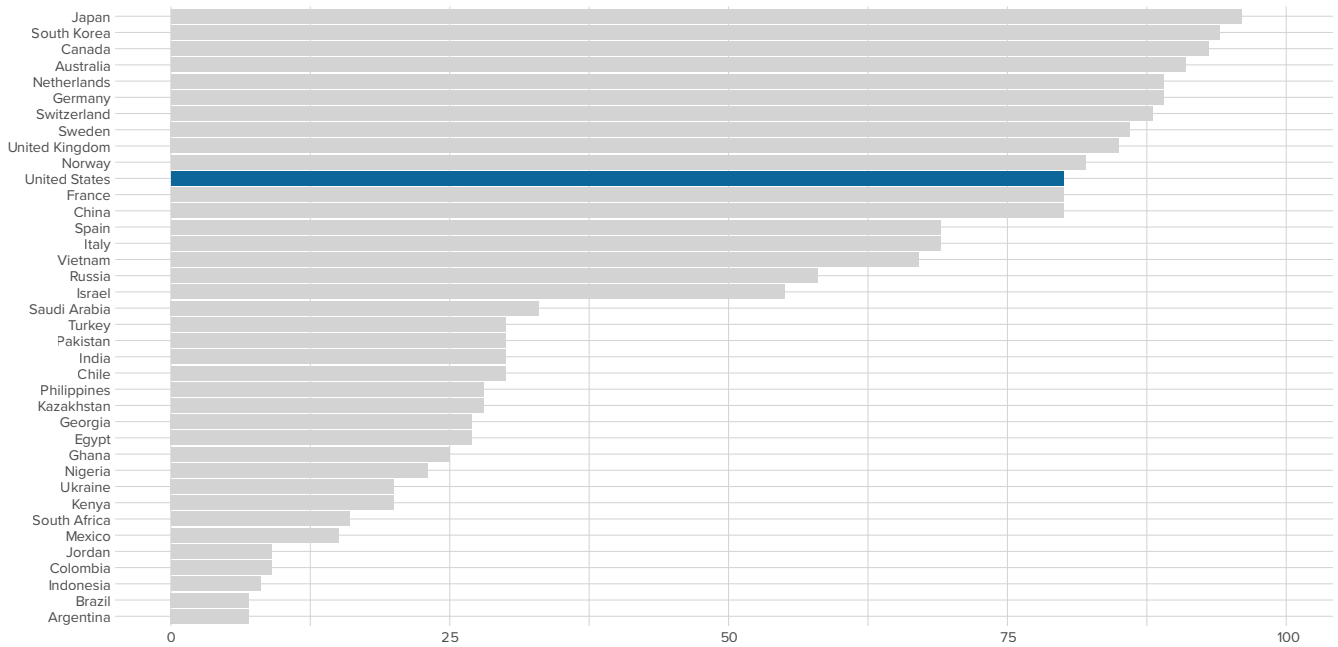
Per Pupil Current Spending (PPCS) Amounts of Public Elementary-Secondary School Systems.



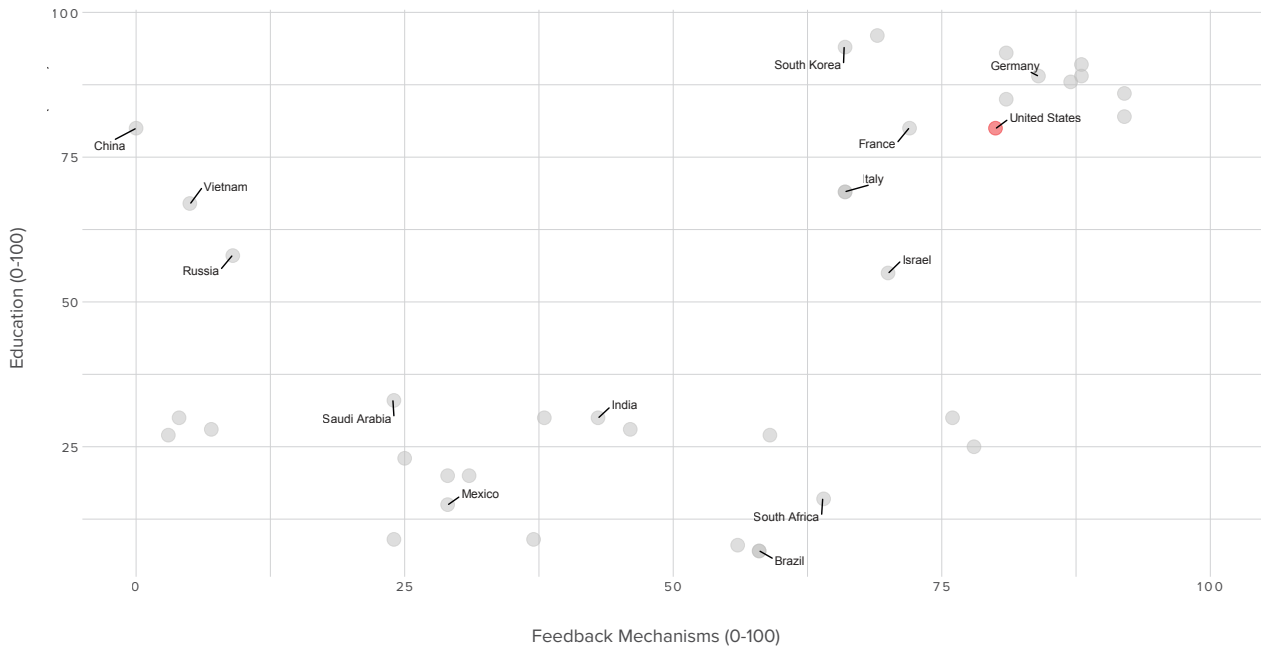
Source: U.S. Census Bureau, 2012, 2017 Census of Governments: Finance - Survey School System Finances and 2013-2016 Annual Survey of School System Finances

### Education

Sub-Index of Quality of Life

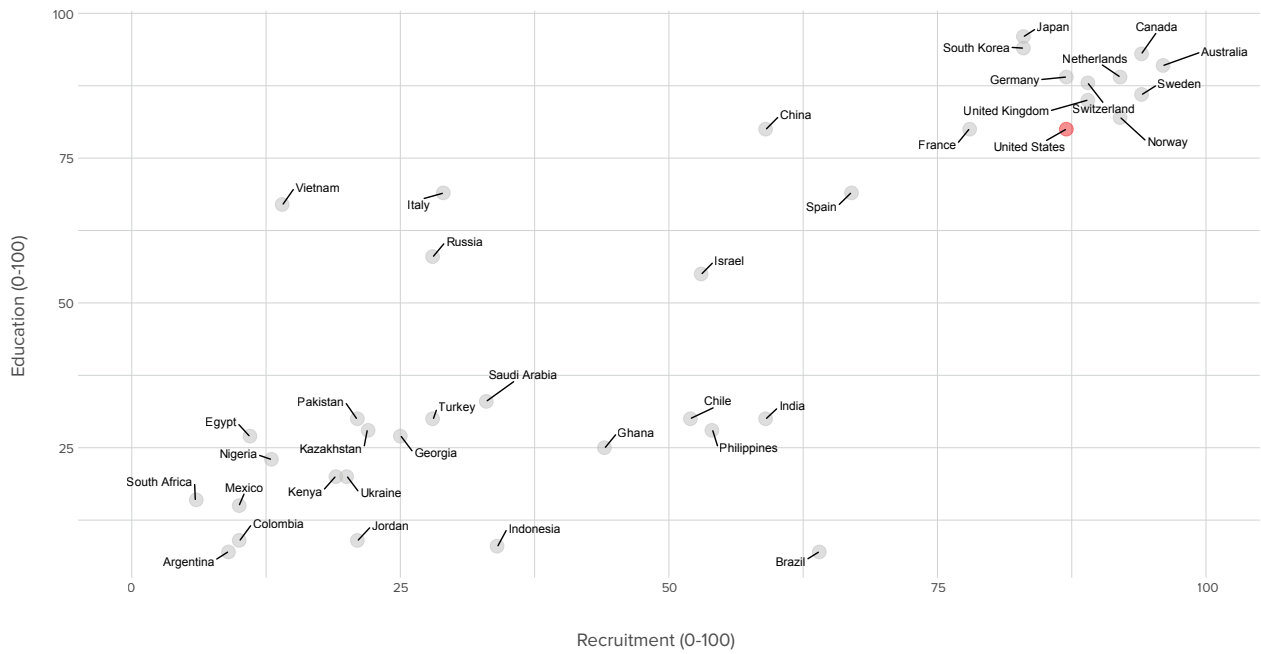


### Education and Feedback Mechanisms



Source: Berggruen Quality of Democracy Index; Berggruen Quality of Governance Index

### Education and Recruitment



Source: Berggruen Quality of Democracy Index; Berggruen Quality of Governance Index

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