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THE IMAGE OF RUSSIA IN 2010—2011 INTERNATIONAL INDICES: POSITIONING CRISIS



This paper considers the political and economic shortcomings of the image of Russia and its perception by the international community in 2010—2011. International indices are a comprehensive information source in terms of the economic and political image of a country and, to a great extent, a decisive factor in the global trends relevant to different countries and their development potentials. The author also compares the international images of Russia and the Baltic Sea region countries.

Key words: *image of Russia, political image, international indices, global, perception of Russia.*

Image is a notion that is not only collective but also difficult to represent and analyse as a result of being a discourse-constructed category dependent on a significant number of circumstances: conditions, attitudes and other situation markers.

Images form discourses that fix and reflect certain representation thus defining the current agenda. Any representation of a social object emerges in the process of social interaction; hence, we state certain truth depending on the character of interaction itself, as well as conditions it took place in. These truths acquire stable meanings and affect the perception of the object in the future. This article sets out to trace the rank of Russia in various international indices, which are compiled by national and international organisation conducting cross-country and regional comparisons on the basis of different economic, financial, political, and infrastructure data.

International indices do not only show the strengths and weaknesses of individual countries and processes taking place in them from different perspectives, they also serve as a powerful information resource for the development of ideas of the world or a certain regional or country and dominate trends affecting attitudes towards different countries and their development potential for the next years.

The financial and economic crises of 2008—2010 significantly reformatting the attitude towards the “images” of Russia developed in western countries in the first decade of new millennium. The emergent positive dynamics owing, to a great degree, to the economic growth triggered by the world prices for energy resources and relative stability on the political systems fa-

cilitated the formation of an illusory (and, later, turned into clichéd) perception of Russia as a competitive player on the world stage. In view of the fact that the key component of the EU and the US security policy is energy security, many started to consider Russia as a potential energy superpower of the 21st century boasting a strong infrastructure doctrine of modernisation. However, the financial crisis exposed not the peripheral, “dependent” character of Russian economy, but rather the lack of administrative model and innovative management. The lack of system development in Russian economy and insufficient modernisation of the real economy sector, poor development of financial market and institutional pathogenesis of the bureaucratic system made Russia a hostage to its international image, whose content is limited to negative categories.

As to the ratings of the English organisation *Legatum Institute* [1], based on national prosperity indices compiled for each country, Russia was ranked 63rd out of 110 in 2010, sandwiched between Morocco and Philippines. In the Legatum prosperity index (LPI), Russia was ranked below Trinidad and Tobago, Botswana, Malaysia, and other states traditionally classed as third world countries and political and economic periphery. The Legatum Institute methodology does not only take into account the development of indicators relating to economic activity and viability of political structures, but also includes qualitative infrastructure indicators focused on the level of social sphere development (quality of healthcare and education), as well as security, ethnical tolerance and social capital indices. It is one of the most comprehensive studies into the image status of countries, which affects the image of a country in the world and its competitiveness.

As to the defining the investment attractiveness indicator dubbed *economy*, Russia is ranked 64th, whereas the decrease in the level of economic attractiveness was caused not only by high inflation and unemployment rates but also the low citizen satisfaction index (high food prices and poor housing and utilities). The level of confidence in financial institutions and banking system in general decreased. Despite the proclaimed modernisation, the main critical point in the image of Russian economy — which makes it quite unattractive — is the absence of hi-tech and innovative sectors.

In the political index *Governance*, Russia is ranked 101st out of 110. It is one of the lowest results of Russia in all existing indices. Russia is perceived as a country of inefficient governance that lacks political competition within executive and legislative power and is characterised by low quality of the bureaucratic mechanism.

However, Russia is associated with a special term — *moderate democracy* — which implies limitation in the control over the performance of executive power by legislative and civil institution and low competition among political forces.

The *Governance* index is highly critical of Russia and puts it on a par with Nigeria, Pakistan, Mozambique, and Central African Republic, showing that the level of development of political systems and political relations in Russia, as well as its administrative-bureaucratic model are akin to the model of governance peculiar to third world countries. Alongside Belarus, Russia ranks

among the ten countries with the lowest democracy effect, which deprives it of any positive brand at the world political market, while the formation of the image of a certain region or state is based on the *branding approach*.

The branding model of image construction shapes such meanings of discourses that are sufficiently operational and easily perceived. A brand is always underlain by a central easily recognised idea or value. If this idea can be reproduced in one sphere, it is extrapolated through the brand all spheres and becomes the personification of the integral image of the country. Branding approaches stem from substantial approaches, within which the substance of any image is represented by one of the elements: values, social and human capital, infrastructure, and institutions. The institution component of image often serves as a marker, since institutions connected on a certain territory to the “rules of the game” act as reference points for a certain country.

Institutions are always easily recognisable; relating to them, there is always a discourse-formed understanding what the norms and what the deviations are. Moreover, in view of the comparative practices of identifying institution development, one can accurately forecast their development. There are many country brands (including political ones), whose attractiveness is of institutional nature, for instance, those of Finland, Denmark, Sweden, Norway, etc.

The *Governance* index (see fig., a) affected the reputation and perception of former Soviet republics-EU member states of today (Latvia, Lithuania, Estonia). Estonia is ranked among top forty countries in terms of the democracy level of the political system. It reached position 24 in 2010, despite problems in the ethnopolitical sphere and those pertaining to the protection of the rights of Russian-speaking population. Lithuania and Latvia, ranked 45th and 47th, are associated in Europe as countries with a high level of corruption among representatives of business and authorities, unpopular government (Lithuania), low social approval of the performance of authorities, and low competition in the political sphere, which hampers the circulation and recruiting of political elites (Latvia). Another country of the Baltic region — Poland — is also ranked among top 40 democratic polities having achieved position 35, first of all, due to the development of competitive political environment in the field of executive and legislative power.

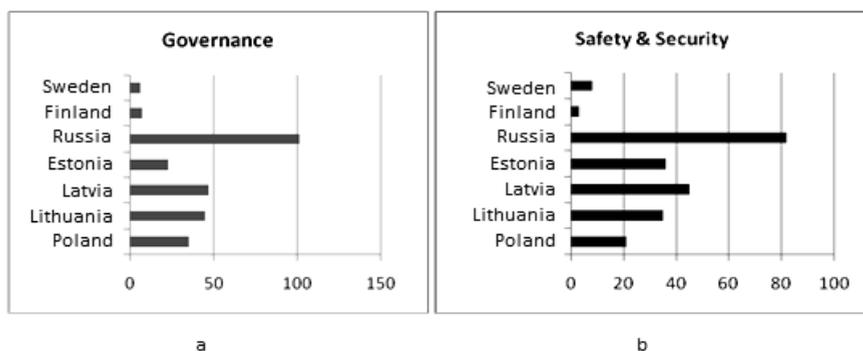


Fig. Ranking of Baltic Sea states in accordance with Governance (a) and Safety and Security indicators (LPI) (b)

In terms of *Safety & Security*, Russia is ranked 85th; moreover, it holds one of the lowest positions relating to the indicator of attitudes towards racial and ethnic minorities within the country. The aggregate economic, political, and social image of Russia proved to be uncompetitive not only with the EU countries, but also with those of post-Soviet European space. The ratings of Estonia (35th), Lithuania (42nd), and Latvia (47th) — the EU periphery as to the level of economic development — proved to be more presentable. The same holds true for Belarus (54th), where the level of national security and human capital is higher than in Russia. In the *Legatum prosperity index*, another country of the Baltic Sea — Finland — is ranked third following Norway and Denmark. According to LPI, Finland is the most peaceful and safe country. As to civil liberties, it is ranked first in the world, while significant investment into communications and IT favourably affect the development of business and innovations, and boasts one of the lowest corruption levels (according to international ratings), which forms the basis for the efficiency of Finnish bureaucratic model in the EU (see the table).

Cross-country comparison of indices in the Baltic region according to LPI in 2010

Index	Poland	Lithuania	Latvia	Estonia	Russia	Finland	Sweden
Economy	37	76	82	59	64	9	7
Entrepreneurship	38	39	31	23	56	4	2
Governance	35	45	47	23	101	7	6
Education	26	35	33	36	38	3	10
Health	32	38	42	39	47	10	9
Safety & Security	21	35	45	36	82	3	8
Personal Freedom	32	70	67	68	88	12	5
Social Capital	35	49	92	43	53	7	11
Ranking	29	42	47	35	63	3	6

* Compiled by the author according to [1].

According to UN, in the *Human Development Index — HDI* [2], an integral indicator calculated annually for cross-country comparison and identification of standards of living, literacy and education level as the basic characteristics of human potential of the territory under consideration, Russia was ranked 65th out of 169 countries. All in all, this indicator classes Russia as a developing country with a high quality of human capital, which is, however, below the positions of former Soviet bloc satellites (Czech Republic, Slovakia, Poland) and former Soviet republics (Estonia, Latvia, Lithuania, and Belarus), as well as European countries. As to this indicator, within the Baltic region Russia holds the lowest position, which affects its competitiveness in terms of human potential and its development in the next decades.

The methodology for calculating HDI is based on the average geometrical indicator according to three normalised criteria:

- life expectancy,
- education index,
- income index calculated on the basis of GDP per capita level.

HDI has been one of the most influential indices in the world since 1990, when the first regular reports on the trends and models of human potential development in different regions were published.

In the *Corruption Perceptions Index* [3], regularly calculated since 1995 by *Transparency International*, Russia was ranked 154th out of 180 in 2010, it shares the rating position with Laos, Kenya, Guinea-Bissau, Papua New Guinea, Tajikistan, the Comoros, and Cambodia. The corruption index significantly affects the image of Russia and accounts for its reputation of a country with high investment risks and extremely corrupted political and bureaucratic system. The high level of corruption relates to low economic competition and results in the low efficiency of governance being indicative of the poor standards of living in the country. Among the top twenty most economically developed countries of the world (G20), Russia is ranked first in terms of corruption and 17th in terms of standards of living (Saudi Arabia and Indonesia hold lower positions).

There is another trend left unnoticed by official reports. The corruption perceptions index relates to the development of civil institutions — civil society structures. In countries with highly active civil institutions, corruption is almost nonexistent, while those holding positions in the middle of the rating have combined corporate-civil state models; those holding the lowest positions do not have civil societies, and the development of their political systems follows the principle of “institutional pathology”, when the inefficiency of existing institutions leads to unfavourable political consequences and holds back economic development.

All in all, corruption indices in the countries of the Baltic region (except for Russia) are among the lowest in the world: Denmark exhibits the best index — 1, Finland and Sweden 4, Germany 16, Estonia 26, Poland 41, Lithuania 46. The Baltics demonstrate the best results on the post-Soviet space.

Another international index — *Vision of Humanity Global Peace Index (GPI)* [4] — a study commenced in 2007, which represents today a rating of 149 countries ranked Russia 143rd, almost at the bottom of the list, among such countries as Somalia, Afghanistan, Iraq, Sudan, Pakistan, and Georgia. The methodology of index calculation is based on 23 indicators: potential for terrorist acts, number of homicides, level of violent crime, number of jailed persons, number of external and internal wars fought since 2000, relations with the neighbouring countries, etc. GPI creates an image of Russia as an unsafe region. At the same time, this index is of expert nature, and the position of Georgia is explained, to a great extent, by the conflict of 2008.

It is worth noting that, in the recent years, the image of economy and its institutions has reached the level of periphery indicators in Russia. The *Heritage/WSJ Economic Freedom Index* [5] rated Russia 143rd out of 179 coun-

tries under consideration, placing it between Laos and Ethiopia. Russia is ranked 41st among 43 European countries (lower positions are held only by Ukraine (164) and Belarus (155)), its total score is below world and regional average. This index takes into account 10 factors (business freedom, trade freedom, freedom from corruption, labour freedom, investment freedom, etc) and concludes that widespread corruption and limited respect for property rights hampers the development of economic activity free from state control and influence. Macroeconomic instability is an obstacle to economic growth. Each of ten freedoms is graded from 0 to 100, where 100 corresponds to maximum freedom and indicates that the economic environment and policies of the given country are most favourable for economic freedom. Russia scored the least in freedom from corruption (22) and investment freedom (25), the best results were achieved in fiscal freedom (82). Russia's average result in the Index of Economic Freedom is 50.5, which is below those of its Baltic neighbours — Lithuania, Latvia, and Estonia. Estonia is ranked 5th out of 43 countries of the Baltic region, and its results are much higher than the regional or world average.

Another study — Global economic crime survey, the most comprehensive one in this field — was carried out by the experts of Pricewaterhouse Coopers [8]. 3,000 respondents from 54 countries, including 86 people from Russia, took part in the survey. As the survey shows, 71% of Russian organisations were exposed to a certain type of economic crimes over the last 12 month. In the Average Life Satisfaction Ranking calculated on the basis of subjective assessments, Russia is ranked 74th out of 100, which affects the general perception of welfare and quality of the population's satisfaction with living infrastructure. This study belongs to the field of analytical social psychology and relates to such parameter as happiness level.

This parameter correlates with the study conducted by Gallup International [9] ranking the world's happiest countries. This research is based on social surveys bringing together tens of thousands of respondents from 155 countries. In the course of surveys, respondents were asked whether they are satisfied with their lives and requested to rate the level of their welfare and satisfaction from 1 to 10. The distribution of countries in this ranking relates to the level of people's expectations and the conditions they actually live in. Most countries with a high per capita income rate hold top positions. Russia and Ukraine are ranked 73rd and 155th with the lowest results on the European space, among European countries, only Latvia and Estonia are positioned below them.

Russia is one of the most dangerous locations for investment. This conclusion can be found in the *Political Risk Atlas* published annually by the British company *Maplecroft* [6] specialising in the analysis of business risks. In 2010, Russia was sandwiched between Pakistan and Central African Republics among the ten countries with “extremely high” political risks for investors.

The *Political Risk Atlas* gives a comprehensive assessment of traditional risk areas, including conflicts, terrorism, rule of law, as well as legislative and business environment. It also covers new risk areas and structural prob-

lems relating to political stability (food supply security, water supply security, energy security, climate change, and poverty).

Of interest is Russia's ranking in the *Global Competitiveness Report* of the influential *World Economic Forum* [10]. This report assesses institutions, infrastructure, macroeconomic environment, healthcare and primary education, higher education and professional training, efficiency of commodity and labour markets, financial market development, level of technology, scope of market, and innovations. In the 2010—2011 World Economic Forum reports, Russia is ranked 63rd out of 139 economies under consideration being placed the last among the BRIC countries (Russia is an outsider among large developing economies), below Lithuania (47th) and Estonia (33rd) — the EU countries lagging behind other European economies. Among former Soviet republics, Russia is ranked 4th; the 63^d position in the WEF ranking is a result of a weak institutional system in the field of administration (in particular, public administration, being 118th out of 139) and the poor development of financial market (129th). As to the overall result, Russia lost 12 positions since 2009, when it was ranked 51st. The report also emphasises a decrease in the level of investment attractiveness, first of all, due to the strict regulation of foreign participation.

The crisis of Russian positioning by WEF is debatable in many respects. Firstly, economies that are very different in scope (for instance, Estonian and Russian ones) are compared according to the same parameters. Secondly, Russian microeconomic situation is considered stable in terms of a number of parameters, which cannot be said about many of EU countries positioned above Russia. Thirdly, the materials of the forum admit that Russia is characterised by strict state regulation, but against the background of the weakness of public institutions. This ranking exhibits an important feature of the crisis of Russian positioning in international indices: Russian crisis is, to a great degree, a crisis of administrative decisions and resources. Against the background of poor governance and a high level of corruption, the investment image of Russia will be weakening, as well as the image of the Russian state in general.

Recently international research organisations have paid special attention to freedom of information. It is one of the most important components of competition in a political system manifesting the existence of free mass media institutions. In 2010, the *Press Freedom Index* [7] ranked Russia 140th — between Ethiopia, Malaysia, and Brunei. Estonia and Lithuania made it to top15, being ranked 9th and 11th respectively.

As a comparative analysis of the indices featuring Russia shows, the country does not only experience serious problems with the creation of a positive image and its perception abroad, but also has difficulties with the development of a national brand within the country itself. Moreover, Russian elite is increasingly attached to a “near” event horizon, as if it is switching to sleep mode until the 2012 presidential election, which means the suspension of the development of Russia's potential and, first of all, institutional development.

Moreover, Russia lack positive self-identification of population with their country; in other words, Russia is not an attractive country for its citi-

zens, which holds true for both general population and national elites. The latter show through their social and economic behaviour that they do not associate their future with the future of the country. The image of Russia in current international rankings is one of the weakest points in the positioning of the state in world community, except for a number of parameters in the WEF ranking relating to the macroeconomic stability and significant potential for Russian modernisation in the field of technology. It means the designed future of Russia is unclear in long term perspective; at least all development scenarios modelled by means of the scenario generation methods are focused on the risk area.

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