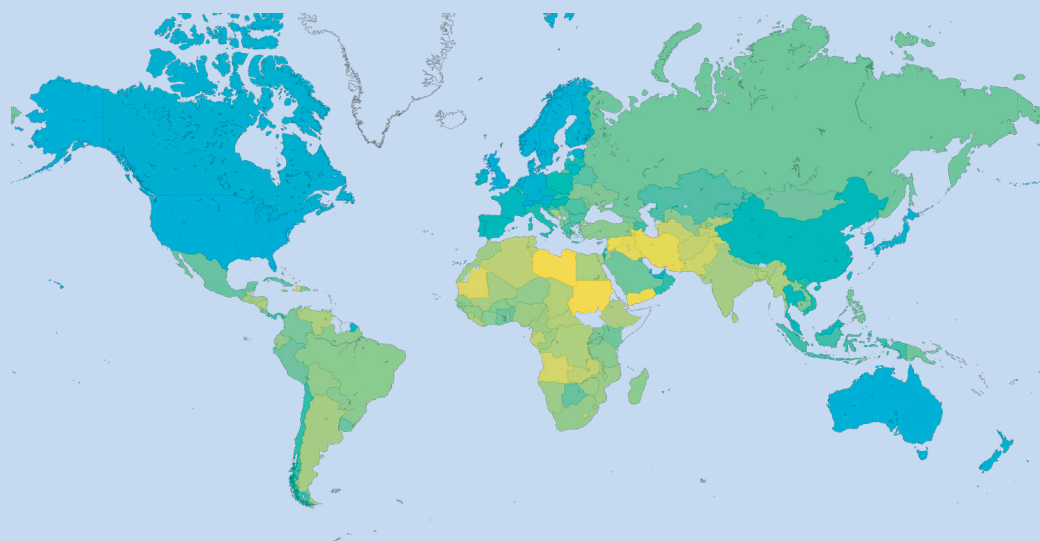


This PDF includes a contribution from the following book:

# ELITE QUALITY REPORT 2021

Russia: Better than it was, worse than it could have been

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## Russia: Better than it was, worse than it could have been

As the 'Survey of Russian Elites 2020' (Rivera et al., 2020) shows, Russian political and business elites currently support government policies in foreign affairs (strong support) and domestic affairs (intermediate support). Given this backing, what are the main takeaways for the country from the EQx2021?

Firstly, in the original Elite Quality Index in 2020, Russia ranked # 23 out of the 32 countries covered. In EQx2021, it is ranked # 65 out of 151 countries. Is being in the top 50% of the overall rankings a move up or down?

Certainly, in relative terms, Russia has improved its ranking. As the EQx2020 included only the largest economies and developed countries, the country's current position is more representative of the state of affairs in global terms. Moreover, it seems that some sub-elements of the rating make Russia look worse than it might have been with some incremental improvements.

Of importance is that Russia still benefits from its conservative and predictable macroeconomic policy (DTR, iii.8, rank # 1; DK1, iv.11, rank # 1; DBT, iii.9, rank # 5). At the same time, it receives low scores in some socio-economic areas (IPM, iv.10, rank # 141; SUB, iii.8, rank # 142; SU1, iii.8, rank # 145). This is the two-sided story of government participation and economic development. On the one hand, there is persistent inequality and increasing government regulation that might constrain the country's future: it is a well-established empirical fact that both of these factors negatively affect the GDP growth rate, investment, and disposable income. On the other hand, macroeconomic stability is very important in periods of crisis, as 2020 has already proved.

The final consideration is the state of entrepreneurship in Russia. The country ranks very highly in *Self-made billionaires* (BSM, iv.11, rank # 1) and *Women self-made billionaires* (WSB, ii.4, rank # 10) which may represent the Value Creation potential of past economic conditions that allowed new companies and ventures to grow and generate wealth. This, however, does not signpost a bright future: over recent years, there has been a slowly increasing share of GDP that is distributed by the government (SNT, iii.7, rank # 99). This includes higher taxes and higher levels of sales by state-controlled firms. While there is no clear relationship between tax rates and GDP growth, a higher government share of GDP may represent decreased profits for private companies. Hence, one may expect lower growth rates for the private sector going forward.

Overall, Russia looks unbalanced with wildly different scores across different indicators. As was the case with the EQx2020, some indicators place the country in the world's top 10, while other rankings are very low and make Russia look worse than a median country. In the coming years we expect to see stronger state regulation, higher taxes and more infrastructure spending. As a result, elites might become even more connected to the government than they are now. Thus, the government will need clear policies to redistribute its revenues in order to reduce inequality and increase Russia's Elite Quality ranking.

*Prof. Oleg Shibarov, Director of the Centre for Research in Financial Technologies and Digital Economy SKOLKOVO-NES, Moscow, Russia*

# Russian Federation

## EQx2021 Country Scorecard

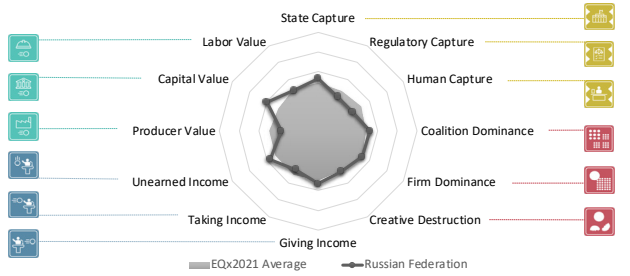
Population **144 million**  
 GDP (nominal) **1700 billion USD**  
 GDP per capita **11'774 USD**



<b>Level 1 - Index</b>	<b>EQx Rank / 151</b> <b>65</b>	<b>EQx Score</b> <b>48.9</b>	<b>Quality Elites</b>
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Level 2 - Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	<b>73</b>	<b>47.7</b>	<b>63</b>	<b>49.5</b>	<b>93</b>	<b>44.8</b>	<b>63</b>	<b>49.1</b>	<b>71</b>	<b>50.7</b>	<b>76</b>	<b>48.9</b>

Level 3 - Pillars	Pillar	Indicator	Rank / 151		Score	
			Rank / 151	Score	Rank / 151	Score
Political Power (i)	Political Power (i)	State Capture	53	53.2		
		Regulatory Capture	99	40.2		
		Human Capture	121	39.9		
Economic Power (ii)	Economic Power (ii)	Coalition Dominance	65	52.3		
		Firm Dominance	82	51.5		
		Creative Destruction	65	46.9		
Political Value (iii)	Political Value (iii)	Giving Income	51	52.8		
		Taking Income	112	44.4		
		Unearned Income	46	56.4		
Economic Value (iv)	Economic Value (iv)	Producer Value	136	37.5		
		Capital Value	25	59.7		
		Labor Value	91	48.0		



Level 4 - EQx Indicators	Indicator	Rank / 151		Score	
		Rank / 151	Score	Rank / 151	Score
State Capture (i.1)	COR Political corruption	112	29.7		
	MOB Social mobility	14	78.2		
	PDE Political decentralization	31	72.2		
	ADE Administrative decentralization	83	37.3		
	PGL Political globalization	13	82.0		
	WPI Women's Power Index	138	23.9		
	RTC Government's responsiveness to change	54	55.3		
	EPR E-Participation Index	27	74.7		
	PFD Press freedom	123	27.0		
	COC Control of corruption	112	33.1		
Regulatory Capture (i.2)	DBI Institutional quality	25	75.0		
	CRO Crony capitalism	62	14.5		
	PMI Protecting minority investors	67	57.1		
	ECR Ease of challenging regulations	68	43.1		
	EDB Digital institutional quality	42	3.4		
	PRI Property rights	67	50.8		
	GSI Global Slavery Index	93	49.0		
	WBL Women, business and the law	95	46.5		
	LIN LGBT+ Inclusiveness				
	GRI Religion - Government Restriction Index	147	0.2		
Human Capture (i.3)	SHI Religion - Social Hostilities Index	128	23.6		
	WSB Women self made billionaires	10	55.6		
	HRI Human Rights Index	135	18.1		
	FDP Forcibly displaced population as % of population	87	55.9		
	AFI Academic Freedom Index	117	28.1		
	IEE Top 3 industries exports as % of GDP				
	ECI Economic Complexity Index	26	71.4		
	IVA Top 3 industries as % of VA				
	CON Construction as % of GDP (dev. fm optimum)	9	66.6		
	MIL Military expenses as % of GDP (dev. fm optimum)	86	50.3		
Coalition Dominance (ii.4)	UNI Unionization rate (dev. fm optimum)	55	37.0		
	CBC Collective bargaining coverage				
	BSN Barriers in service & network sectors	37	31.1		
	PRO Top 10 firms profitability	80	55.4		
	SME SMEs per 1,000 people	72	41.1		
	BIW Billionaires' wealth as % of GDP	142	0.0		
	FKG Top 10 firms market cap as % of GDP	14	64.3		
	FRG Top 3 firms revenues as % of GDP	38	56.9		
	FRR Top 30 firms revenues as % of GDP	35	58.8		
	TUL Listed firms turnover, long run 15 years	12	61.8		
Firm Dominance (ii.5)	TUS Listed firms turnover, short run 3 years	15	51.8		
	ENT Entrepreneurship	68	38.8		
	VCK Venture capital finance	69	40.5		
	RND R&D as a % of GDP	29	62.2		
	ENR Firm entry ratio	37	64.6		
	EXR Firm exit ratio				
	BCD Billionaire's creative destruction	41	38.8		
	IWE Index of Women Entrepreneurs	20	62.9		
	VCA Venture capital availability	83	37.9		
	GSE Governmental support to entrepreneurship	48	36.4		

Level 4 - EQx Indicators	Indicator	Rank / 151		Score	
		Rank / 151	Score	Rank / 151	Score
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	99	15.3		
	REG Regional redistribution as % of government budget	105	31.7		
	EDU School life expectancy	36	61.0		
	GPS Expenditure on general public services as % of GDP (dev. f	33	52.4		
	INT Internet access	36	72.3		
	NRI Network Readiness Index	44	58.0		
	LEW Life expectancy women				
	LEM Life expectancy men				
	FSQ Global Food Security Index - availability, quality and safety	46	58.6		
	COV COVID-19 excess deaths, age-adjusted	29	45.7		
Taking Income (iii.8)	COF COVID-19 fatality rate, age-adjusted	44	59.4		
	CGD COVID-19 growth differential	75	52.5		
	COM COVID-19 mortality rate, age-adjusted	82	39.4		
	CLS COVID-19 lost schooldays	12	85.8		
	OSI Online Service Index	38	71.8		
	DCT Corporate tax rate (dev. fm optimum)	39	59.5		
	HOM Homicide rate	85	27.0		
	INE Top 10% share of pre-tax national income	80	45.1		
	FDE Fiscal decentralization	17	62.6		
	DTR Tax revenue as % of GDP (dev. fm optimum)	1	81.4		
Unearned Income (iii.9)	BRD Battle-related deaths per 100,000 people	121	53.7		
	GCI Global Cybersecurity Index	27	78.7		
	SUI Suicide rate per 100,000 people	145	0.0		
	SUB Death rates from substance use disorders per 100,000 pe	142	0.0		
	OCR Organized crime	80	44.3		
	DUT Dutch disease propensity	122	27.2		
	EPI Environmental Performance Index	52	55.4		
	DBT Government debt as % of GDP	5	79.4		
	TRF Trade freedom	77	56.0		
	FDI FDI net inflows as % of GDP	105	41.7		
Producer Value (iv.10)	BTF Barriers to FDI	73	18.0		
	EGL Economic globalization	46	62.6		
	HEI Health Efficiency Index	50	18.7		
	OFB Open for business				
	ESG ESG company scores	33	48.7		
	RDR R&D as % of revenue Top 10 firms	36	42.1		
	FSA Global Food Security Index - affordability	33	68.3		
	PAT Number of patent applications per 100,000 people	25	48.8		
	IPM Share of imports targeted by protectionist measures	141	0.0		
	DCI Share of discriminatory government interventions as % of f	86	36.0		
Capital Value (iv.11)	DNI Neutral interest rate (dev. fm optimum)	24	25.6		
	DOI Inflation (dev. fm optimum)	76	57.8		
	GOL Gold demand as % of GDP	7	66.3		
	DMA M&A as % of investment - 3 yrs. rolling average (dev. fm. c	16	59.4		
	DKI Delta capital gains tax vs income tax	1	78.1		
	UNC Unicorns per 1 million people	28	42.8		
	BSG Billionaires self-made number per 1 million people	14	68.9		
	BSM Billionaires self-made as % of total billionaires	1	81.1		
	FMI Financial Markets Index	44	60.8		
	UEM Unemployment rate	45	55.5		
Labor Value (iv.12)	LFP Labor force participation rate	81	47.8		
	WLP Delta real wage vs labor productivity increases	33	0.0		
	LDR Labor dependency ratio	38	66.5		
	YUN Youth unemployment rate	93	49.3		
	GWG Gender wage gap	46	62.1		
	BRN Net brain drain	27	59.0		
LFR Labor force participation ratio - male vs female	75	57.5			

The Elite Quality Report 2021 (EQx2021) provides Country Scores and Global Rankings for 151 countries  
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