

THE POWERS AND PROSPECTS OF RUSSIA

This is our computer generated reading for Russia as of January 2022.

Based on the latest readings of key indicators, **Russia appears to be a modest power (in the middle third of countries we rank) on a flat trajectory.** As shown in the table below, the key strengths of Russia are its strong economic and financial position, its wealth of natural resources, and its strong military. Its weaknesses are its corruption and inconsistent rule of law, its poor infrastructure and low investment, and its relative unimportance as a global financial center. The eight major measures of power are somewhat weak today but are, in aggregate, moving sideways.

The table below shows our aggregate country power gauge and the major drivers, as well as the rank of each measure of power across 24 major countries today and the trajectory over the past twenty years.

To understand a country, we start by looking at **the big cycles**, as well as **measures of power** that both reflect and drive the rise and fall of a country. While we refer to these factors individually, they are not separate; they interact with and reinforce one another to move a country along its cycle.

For Russia, **the big cycles look mixed.**

Russia is in a somewhat favorable position in its economic and financial cycles, with a low debt burden and modest expected real growth over the next 10 years (2.6% per year). Russia has modestly more foreign assets than foreign debts (net IIP is 33% of GDP). Non-financial debt levels are low (99% of GDP), and government debt levels are low (15% of GDP). A significant share (24%) of Russia's debt is denominated in foreign currencies, which increases its debt risks.

Internal disorder is a moderate risk. Wealth, income, and values gaps are large (relative to countries of similar per capita income levels). Regarding Inequality—the top 1% and top 10% in Russia capture 21% and 46% of income (respectively the 4th and 10th highest share across major countries). Our internal conflict gauge is high. This gauge measures actual conflict events (i.e., protests), political conflict (i.e., partisanship), and general discontent (based on surveys).

External disorder is a risk. Most importantly, Russia and the United States, which is declining but remains the #1 power (all things considered), are having significant conflict as measured by our external conflict gauge.

Looking in more detail at the eight key measures of power—Russia has a relatively strong military. A moderate share (5%) of global military spending is by Russia, and it has a moderate share (8%) of the world's military personnel.

We net this against its relative unimportance as a global financial center. Its equity markets are a small share of the world total (less than 1% of total market cap and less than 1% of volume), and a small share of global transactions happen in RUB (1%).

Note: With this page, I am calling out a few of the major gauges and a few of the stats within each gauge that reflect the broad trends we are seeing. The aggregate gauges and final country power score I am showing include hundreds of individual stats that we aggregate based on relevance, quality, and consistency across countries and time. To best capture the overall strength of a country, I gave considerations to both quantity and quality, but structured things to best capture who would win in a competition or war.

RUSSIA—KEY DRIVERS OF OUR COUNTRY POWER SCORE

Overall Empire Score (0–1)

Level: 0.26

Rank: 10



| The Big Cycles | Level | Z-Score | Rank | Trajectory |
|-------------------------------------|--------------------|---------|------|------------|
| Economic/Financial Position | Somewhat Favorable | 0.7 | 5 | - |
| Debt Burden | Low Debt | 1.2 | 3 | ➤ |
| Expected Growth | 2.6% | -0.2 | 7 | - |
| Internal Order | Moderate Risk | -1.2 | 9 | ➤ |
| Wealth/Opportunity/Values Gap | Large | -1.8 | 18 | ➤ |
| Internal Conflict | High | -0.5 | 9 | ➤ |
| External Order | At Risk | -2.1 | - | ➤ |
| Eight Key Measures of Power | | | | |
| Military Strength | Strong | 0.6 | 3 | ➤ |
| Cost Competitiveness | Strong | 0.7 | 7 | - |
| Economic Output | Average | -0.5 | 7 | ➤ |
| Reserve Currency Status | Weak | -0.7 | 8 | - |
| Education | Average | -0.5 | 9 | ➤ |
| Innovation & Technology | Weak | -0.7 | 14 | ➤ |
| Trade | Weak | -0.9 | 17 | ➤ |
| Markets & Financial Center | Weak | -1.0 | 17 | ➤ |
| Additional Measures of Power | | | | |
| Geology | Very Strong | 2.1 | 1 | ➤ |
| Resource-Allocation Efficiency | Average | -0.1 | 9 | - |
| Character/Determination/Civility | Average | 0.2 | 10 | - |
| Governance/Rule of Law | Very Weak | -1.9 | 20 | ➤ |
| Infrastructure & Investment | Weak | -1.0 | 21 | ➤ |
| Acts of Nature | Average | -0.1 | 11 | - |

➤ Getting better ➤ Getting worse ➤ Flat

Note: All ranks shown are out of 24, except in the case of Internal Conflict & Internal Order (out of 10) and Reserve Status (out of 19).