

Russia

Ranked 95th of 149 on the 2016 Legatum Prosperity Index™



OVERVIEW

Low Personal Freedom, Safety & Security, and Social Capital scores contribute to Russia's prosperity deficit being amongst the global bottom fifteen.

The Prosperity Index tells a tale of two Russias: one prospering, and one facing serious decline. Russia's overall prosperity has improved by 11 ranks since 2007, to 95th place. Yet as found in previous Prosperity Index analysis, the majority of this increase has been driven by subjective data, easily controlled by Putin's heavy propaganda. This does not necessarily reflect the reality of the country portrayed by the more objective data, especially in light of the current economic downturn. Particularly disappointing performances have been unsurprisingly in Personal Freedom, Social Capital, and Safety & Security. Russia continues to score highly in Education, ranking in the global top 25, and the Natural Environment, having gained 43 ranks in the last decade.



Sub-Index Rankings

In the Prosperity Sub-Index rankings, Russia performs best on **Education** and **Natural Environment** and scores lowest on the **Personal Freedom** sub-index.

Visit our [Rankings](#) table to see how Russia compares to other countries.

PROSPERITY GAP

The 'Prosperity Gap' takes a country's GDP and uses it as the yardstick to measure a nation's expected Prosperity Index ranking.



Russia's prosperity deficit is amongst the global bottom fifteen. Yet, progress has occurred since 2012, with the nation's prosperity gap closing by seven-points.

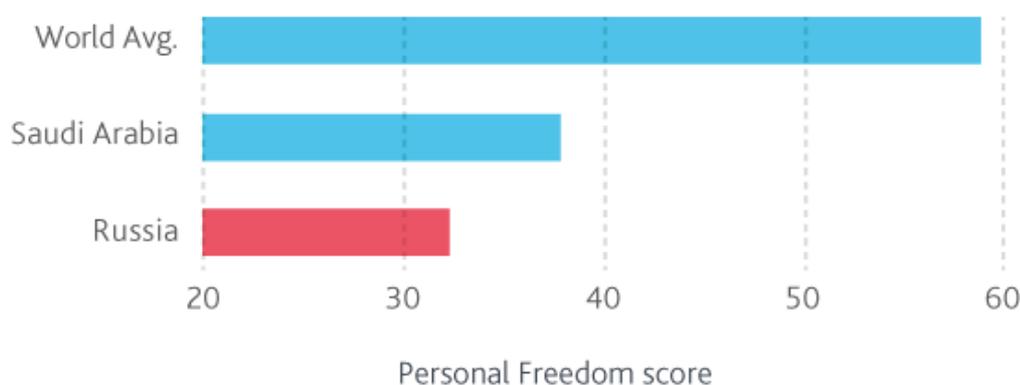
COMMENTARY

Between 2009 and 2014, Russia's Economic Quality sub-index rose by 8 ranks, following two decades of economic growth. Russia has enjoyed declining poverty and a growing middle class as an increasing number of people benefit from growth. However, the economy has been contracting since 2015 as the country falls into a recession due to low oil prices and sanctions. An 8.5% decline in the country's export diversification index has particularly exacerbated this downturn (oil constitutes 50% of government revenue and 70% of exports). This is illustrated by a six rank decline in Economic Quality in the last two years. Particularly noticeable since the start of this decline have been: a 11% drop in living standards, a 34% fall in citizen's perception that they are living comfortably on their current income, and a 1.64 percentage point change in trailing 5 year GDP growth from 2.28% to 0.64%.

The economic decline has not been reflected in Russia's Governance sub-index, the latter having gained 18 ranks since Putin became President again in 2012. Governance peaked in 2014 during the Russian annexation of Crimea. These results highlight the contrast between subjective and objective data used in the Index. Despite extremely low political rights and declining regulatory quality, Russians have been responding to surveys more positively. This is reflected in a 48% surge in confidence in the honesty of elections, a 44% increase in government confidence, and a 13% rise in the perception of judicial independence.

How can we account for this difference between reality and perception? Putin's Russia operates a very effective modern-day propaganda machine controlling the media to divert attention away from deeper problems. This is reflected in the country's exceedingly low Personal Freedom score which ranks in the global bottom ten and below that of Saudi Arabia.

Personal Freedom 2016



The Legatum Prosperity Index™

www.prosperity.com

Level of Personal Freedom in Russia, Saudi Arabia, and the world.

Personal Freedom in Russia falls far behind the global average and is worse than in non-democratic nations such as Saudi Arabia.

Civil liberties have declined significantly since Putin came to power and Russia has the 14th worst press freedom in the world. Yet, despite such facts, citizen satisfaction with freedom has succeeded in rising by 21.6% in Russia since 2012, again displaying a great mismatch between perception and reality.

Today, the question has become- how long will Putin be able to sustain this wide gulf between opinion and reality, especially in light of an impending recession? Unless the country witnesses an increase in productivity, greater investment in its people, and improved quality of services, Putin's carefully constructed façade could very well come to an end.

Ways to make a change

Click on the Tweets to help make a change in your nation.

1. Putin: Russia's slayer of Personal Freedom? 
2. How can Russia stop its dependence on oil causing the loss of two decades of prosperity? 
3. Prosperity falling behind the propaganda: how can we lift the façade in Russia? 
4. Could a recession be key to bringing down Putin's propaganda machine? 

SPECIAL ANALYSIS

Russia's transition from a communism in the 1990s has not gone exactly as anticipated by the West as 'real' democracy is yet to be implanted. Prosperity has improved over the last decade by 11 ranks but it is feared that the current economic downturn and tense political situation could reverse such changes.

Areas of success

Education in Russia is a high priority and is the nation's best performing sub-index, a positive legacy of its communist past. Ranked 25th, Russia's Education score ranks higher than those of Luxembourg, Italy, and Portugal. Huge efforts have been made in raising literacy rates to 99.8% and in obtaining a 100% primary completion rate. People's perception that children have the opportunity to learn and grow every day has increased by 84% in the last decade. Most impressively, Russia ranks best in the world for tertiary education per worker, an achievement it has been proud of for more than a decade.

Areas of little change

Russia's results in the Health Sub-index do not match the nation's impressive achievements in Education. For the last decade, the country has been unable to pass the threshold of global top 100 in this sub-index. 30% of respondents complain of health problems that affect their daily lives. Only 34% of citizens are satisfied with the availability of quality health care in their city/area, although this number has improved since 2007. Most worryingly, 24% of Russians suffer from obesity. This figure is significantly higher than the global average of 18% and has shown no signs of improvement over the last decade.

Areas for improvement

An area particularly in need of improvement in Russia is Social Capital, having never passed the global bottom 35 over the last decade. Most prevalent is a lack of trust in institutions, particularly the police, and only 10% of citizens would feel confident to voice their opinion to a public official. This is a significant issue and a heritage of the country's soviet legacy that it must attempt to solve.

Visit Russia's [country profile](#) on www.prosperity.com.