

# INTERNATIONAL COUNTRY RANKINGS AS A SOCIO-ECONOMIC PHENOMENON AND A NEW INSTRUMENT OF GLOBAL GOVERNMENT SOFT POWER

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## ABSTRACT

One of the fundamental determinants of the last wave of the globalization process is the emergence and expansion of international country (economy) rankings. The popularity of these lists is increasing day by day. However, despite their widespread use, the existing body of scientific knowledge about this complex socio-economic phenomenon is modest, at best. Since international country rankings represent a relatively new phenomenon and an “industry” characterized by explosive growth, the paper will present the basic theoretical foundations of the phenomenon, with particular emphasis on the economic dimension. The concept will be analyzed through the context of mechanisms that determine the appearance and functioning of global society today. It will also be noted that the international ranking lists which use the economic systems of countries as the basic unit of analysis, i.e. certain elements of the given system, are a suitable instrument for shaping an economic reality and development flows of a modern society in accordance with the goals of certain interest groups and centers of power. The findings that will be presented in this paper constitute a prerequisite and a starting point for extensive research on the issues of international country rankings, especially regarding the impact of this phenomenon on the economic sphere of society.

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## 1. INTRODUCTION

Globalization as a complex, multidimensional and unstoppable process, is manifested in all segments of modern life. Information and communication technologies as a kind of *spiritus movens* of its last wave, popularly called “turbo-globalization”, have resulted in the creation of the global information society (e-society), in which the production, distribution and manipulation of information have become the “overwhelming need” and the basis of all social phenomena and processes.

The product of this “post-industrial” society, whose main features are spatial-time compression and a highly branched and complex network of high-bandwidth communication channels, is an abundance of information in all spheres of human activity. Observed from the economic point of view, this wealth of information makes it easier to see the nature of complex economic phenomena, the comparability of different economic systems based on a number of criteria for their success. On the other hand, it reduces the ability to penetrate the very core of economic relations and makes it difficult to understand the economic reality we are facing today. For the purpose of easier understanding and visualization of the global economic space, as Albert Einstein claimed: “Everything should be as simple as possible, but not simpler than that”, there is a tendency to create a simplified picture of the economies of the world, by compressing a large amount of analytical and simple synthetic indicators of their performance, according to a pre-engineered model. As a result of these efforts, there is a pandemic rise of composite index industry, i.e. the complex indices which the international country rankings<sup>1</sup> are based on. However, in order to be able to discuss the international country rankings as a phenomenon and a new instrument of power from a (macro) economic aspect, one needs first to look at it in a somewhat broader social context, since this is primarily a social phenomenon, which, besides the economic one, has many other aspects of manifestation.

## 2. INTERNATIONAL COUNTRY RANKINGS – THE CONCEPTUAL DEFINITION AND THE KEY FEATURES OF THE PHENOMENON

The starting point in understanding this particular phenomenon is definitely the conceptual definition of it. The international country rankings can most easily

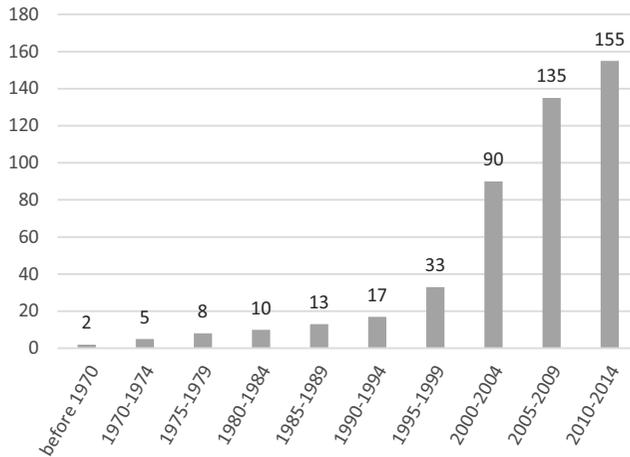
<sup>1</sup> Regarding the use of the phrase “international country rankings”, it is important to emphasize that this paper discusses its colloquial use, and that the term “country” is not solely used as a synonym for a sovereign, universally internationally recognized state, as most international rankings of countries include, in addition to states, territorial units which, according to international law, cannot be considered as states, as well as entities that represent their integral parts.

be understood as the lists of a large number of selected countries, that is, institutionalized, administrative and territorial units, comparatively ranked according to the common set of indicators in decreasing order. These lists are created by allocating a certain number on the scale of a falling string to each country covered by the ranking system, thus marking its place on it, as the result of the aggregate scalar value obtained by applying the selected composite index. From this it can be concluded that these indices are essentially a key element in understanding and conceptualization of the novelty produced by the last wave of globalization, which is thoughtfully covered by the “international country ranking” phrase. Namely, by integrating several different indicators, according to a pre-formulated model, a unique aggregate measure is obtained in order to achieve their success in a certain field, as a sort of summary picture of the observed multi-dimensional phenomenon which could not be adequately explained by the application of an analytical indicator. Viewed through a time prism, it can be said that international country rankings represent a relatively new phenomenon, since the beginnings of its expansion can only be linked to the transition from 20<sup>th</sup> to 21<sup>st</sup> century. That expansion does not have a random character as it clearly shows the degree of popularity and attention given to this phenomenon today in the social sphere. Its directions can be seen through several basic dimensions.

*Firstly*, the number of analytical and synthetic country performance indicators (governance indicators or global performance indicators - GPIs) is continuously increasing. The growth of the cumulative number of complex synthetic indicators the international country ranking is based on, was first pointed out by Bandura (2005), who gave an overview of more than 130 different indices in her study. This scientific research may be viewed as a pioneering attempt to create a verified list of all international rank lists of this type. Bandura (2008) published an updated version of the same document, which included an additional 43 indices. The continuation of the above research is certainly the study of Kelley and Simmons (2015), which is the most visual description of the explosive growth trend of these indicators (Graph 1).

*Secondly*, the number of subjects that create and publish country ranking is also increasing steadily. The key question that arises here is: Who has the authority to perform the international country ranking? The correct answer to this question could easily be summarized in only one word- everyone. Namely, the lack of an international legal framework for the regulation of the mentioned area of social life, that is the absence of the so-called accredited transnational bodies responsible for determining the competence of subjects for publishing the lists, as well as the global mechanism for their monitoring and control, has resulted in a wide spectrum of different subjects, as well as their authors. All of them can be classified into several basic groups (Bandura, 2005): 1) *public (government)*

*institutions 2) private, ie. non-governmental (profit and non-profit) institutions 3) higher education institutions and 4) individuals.*



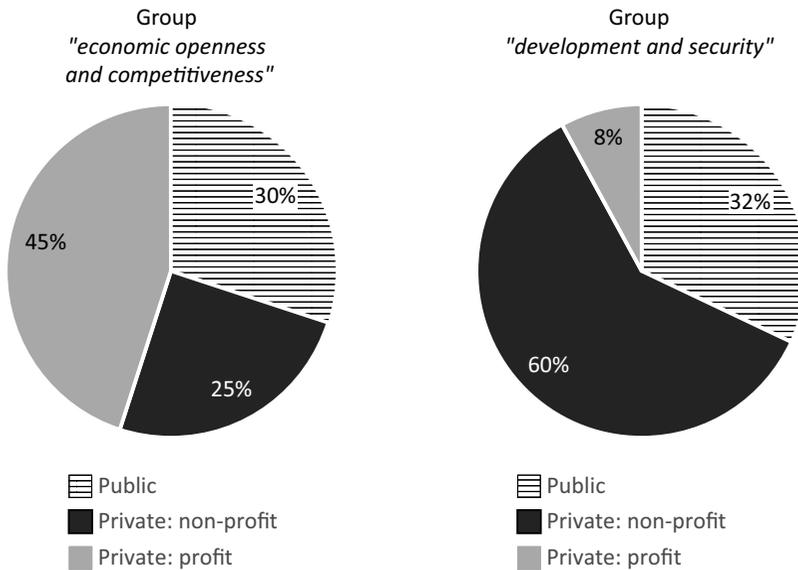
**Graph 1.** The growth of the number of composite indices which the international country rankings were based on during 20th and 21st centuries. Source: Kelly, J., & Simons, B. (2015). The power of ranking? The ease of doing business as soft power. In *The Princeton Workshop on Ideas, Institutions, and Political Economy*. Princeton, NJ. Available at: [https://www.sss.ias.edu/files/pdfs/Rodrik/workshop%2014-15/Kelley\\_Simmons\\_EDB\\_22Mar15v2.pdf](https://www.sss.ias.edu/files/pdfs/Rodrik/workshop%2014-15/Kelley_Simmons_EDB_22Mar15v2.pdf)

Most attention among the global public is certainly enjoyed by the country rankings published by international (intergovernmental) governmental and non-governmental organizations (WB, WHO, Transparency International, WEF, UN, etc.). We should not also forget that public governmental institutions operating at the regional level, such as The European Commission, whose signature is behind the following composite indicators: “Dashboard of Sustainability”, “E-Business Readiness Index”, “Summary Innovation Index”, “Internal Market Index”, “Investment and Performance in the Knowledge Based Economy Index” and “Economic Sentiment Indicator”. When it comes to profitable-oriented private companies, the liberalization of national financial markets and the tendency for their merging into a single global financial system were put into the forefront by agencies dealing with the ranking of countries according to their creditworthiness. Moody’s Investor Service, Standard & Poor’s and Fitch Ratings are three oldest and most influential rating agencies, which, according to the Council for Foreign Relations (2015), account for around 95% of the overall “sovereign credit rating” market. The data presented more than clearly show that they are rightly referred to as the “Big Three” or “the new rulers of capitalism”, as some economists popularly referred to them in their books. Speaking about

the credit rating of the countries, it is important to note that the assessment of the credibility of the countries as borrowers is also done by other (non-American) agencies (the Dominion Bond Rating Service, the Dagong Global Credit Rating Agency, etc.). The ranking of countries in the world is not only a lucrative business, but also a very important mean of influencing and strengthening links with institutional, political and other social circles. This has been recognized by numerous institutes and research centers, in particular those organized as a “think tank” (Columbia University, Yale University, London Business School, etc.) and individuals (Robert Prescott-Allen, James Gwartney, Robert Lawson, Anthony Annett, etc.), which certainly points to the conclusion that this is one highly concentrated “industry branch”.

The exact number of those who publish ranking lists of this type cannot be established with certainty at this time, especially with the dynamics of “production” of new indices in mind. In addition, it is not unusual for an author to publish several different rank lists. This fact greatly complicates any further and more detailed analysis of the structure of the international country ranking industry. Therefore, without a concrete answer there remains the question which of the above groups of authors currently has the largest participation, that is the epithet of being the most numerous. Bandura (2005) grouped all the ranked countries in two broad categories in her research and found that 64 composite indices which belong to the first group (referring to different segments of openness and competitiveness of economies) were created by profit-oriented private companies in the largest percentage, while 71 composite indices from another group (covering different aspects of social development and security) were largely produced under the auspices of non-profit organizations (Graph 2).

The graph clearly shows that the share of public institutions is evenly distributed among the mentioned groups of composite indexes. Also, the influence on the economic and political sphere (barriers in business, investment environment, market openness, etc.) is a strategic imperative of profit-oriented companies. However, for them, social and general social issues, such as socially responsible business, sustainable development, democracy, poverty reduction, respect for human rights, health, etc., are much less relevant. This is understandable, since the aspirations of private equity holders are primarily focused on creating a business/ investment environment, free of restrictions and barriers, allowing them to maximize profits on a long-term basis (simply ignoring the fact that such utopia for them, on the other hand, can mean distortion for many other members of society).

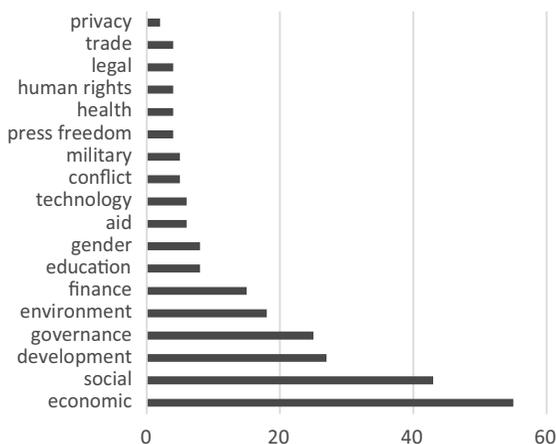


**Graph 2.** Structure of the international country ranking in 2005. Source: Bandura, R. (2005). *Measuring country performance and state behavior: A survey of composite indices*. New York: Office of Development Studies, United Nations Development Programme (UNDP/ODS Working Paper). Available at: [http://www.undp.org/content/dam/undp/library/corporate/Development%20Studies/measuring\\_country\\_performance\\_2005.pdf](http://www.undp.org/content/dam/undp/library/corporate/Development%20Studies/measuring_country_performance_2005.pdf)

*Thirdly*, the expansion of international ranking is also possible to view from the aspect of the so-called network coverage of different areas of social reality with international rankings. The range of issues that relate to the ranking countries is constantly expanding, so today there is virtually no sphere of social life that is not covered by them. As a sufficient proof for this assertion, examples of the following composite indicators will be used: “Cycling Barometer” (index by which European Cyclists’ Federation ranks EU Member States, depending on the extent to which their population prefers cycling as a mode of transport), “Passport Index” through which Arton Capital analyzes visa regulations and makes the list of the “most powerful” passports in the world based on the number of countries in the world the citizens of one country can enter and the territory they can stay at without prior visas), “Happy Planet Index” which was created by the leading British research center, the New Economics Foundation, to measure the level of happiness at the macroeconomic level), the “Environmental Performance Index” (index developed in collaboration with Yale and Columbia University, which serves as the basis for compiling the list of the cleanest and most polluted countries in the world), “National IQ Scores” (an index created as a result of the long-standing work of the research team led by professors Richard

Lynn and Tatu Vanhanen, based on which an annual map of countries around the world is made according to the average intelligence coefficient of their population), Global Terrorism Index “(index by which the Institute for Economics and Peace assesses the degree of probability of a terrorist attack by a country), etc.

However, it is important to emphasize that the economy is still the dominant area for country ranking, which is also logical, because the mentioned sphere covers the largest number of already developed individual and simple synthetic indicators. Kelley and Simmons (2015) proved that most of the global performance indicators (GPIs) “deal with” economic issues and came to the conclusion that some other social spheres, such as human rights, health, education, etc., are represented to a much lesser extent (Graph 3).



**Graph 3.** “GPIs” and their representation in certain areas of social life. Source: Kelly, J., & Simons, B. (2015). The power of ranking? The ease of doing business as soft power. In *The Princeton Workshop on Ideas, Institutions, and Political Economy*. Princeton, NJ. Available at: [https://www.sss.ias.edu/files/pdfs/Rodrik/workshop%2014-15/Kelley\\_\\_Simmons\\_EDB\\_22Mar15v2.pdf](https://www.sss.ias.edu/files/pdfs/Rodrik/workshop%2014-15/Kelley__Simmons_EDB_22Mar15v2.pdf)

Each of the areas shown in the graph represents a separate area of national politics, so it can be easily concluded that the creators of international ranking lists focus their interests on the indicators of economic processes and relations in society, all with the aim of their exploitation for the purpose of designing measures of economic policy according to their own needs and interests. This practically means that if the two opposing theories were reconsidered, the one advocated by Marx (the economic base has the primary importance in the social structure) and the one that presented and advocated by Weber (social upgrading determines economic and any other development), international country ranking would certainly constitute an argument that is in favor of the advocates of the former.

In addition to the above explained three dimensions which reflect the “horizon” of the expansion of the international ranking of countries, more complete understanding of this phenomenon necessarily requires the identification of its key features. By referring to the previously stated claims about this social phenomenon and relying on the theoretical foundations and already created knowledge bases from statistics and other scientific disciplines, the following can be concluded: 1) International rankings of countries represent ordinal scales, which means that they show the order of countries in a meaningful, clear and easily understandable way (their users do not need to possess any special cognitive skills) 2) Like all other ordinal scales, these ranking lists provide information on the relative positions of countries as categories, i.e. objects of measurement, but do not reveal how big the difference between the positions is 3) Because of the above mentioned flaw, it is a common practice to present composite indices together with international country rankings as these synthetic indicators provide the possibility for a more detailed introduction of the nature of the researched multidimensional phenomenon 4) The types of entities that create international rankings of countries are different (individuals, various organizations, institutions, etc.), but their goal is the same, which is to obtain the monopoly over information as the most important resource of a modern society, while directing and shaping global social trends according to their own interests 5) A large number of different areas of social action are “covered” by these ranking lists, with the economic area of social life located in the primary sphere of interest of the mentioned “industry”, and 6) Regardless of the accuracy and reliability of the information they provide, the international rankings of countries represent an extremely important factor in shaping the image of countries, that is, in creating a “subjective picture” of the global public about “who is who” on the map of the world.

The interpretation of the basic theoretical assumptions of this complex social phenomenon enables a deeper and more detailed consideration of its economic dimension, since economic issues are essentially the core of theoretical debates on the international country rankings.

### **3. THE ECONOMIC ASPECT OF THE INTERNATIONAL COUNTRY RANKING - A STORY ABOUT A NEW INSTRUMENT OF SOFT POWER**

Economic activity is a *condicio sine qua non* of social development and a “rising tide lifts all boats”. Thus, it is expected that this social phenomenon is largely linked to its area. In order to understand the story of the economic aspect of international country ranking, it is necessary to look at the genesis of the holders

of economic and political power and the degree of their concentration/dispersion through the hierarchical structure of the global social system, while limiting the time period from the mid-20th century to the present.

Namely, the history of human civilization is nothing but the record of the eternal aspiration of a man to rule the world. This is a kind of endless game, in which the key players, resources and rules of the game change over time, but their goal always remains the same. Last century was not the exception. Just before the end of World War II, The Bretton Woods Agreement was reached, which Varoufakis (2015), in his book “The Global Minotaur”, calls the global plan of shaping the post-war order in a way that fits the greedy America. The ink on this agreement, signed by the representatives of 44 countries, had not even dried up, and yet the “The Iron Curtain” came down on the world scene, and the political struggle between two dictatorially confrontational social systems, known as “The Cold War” began. Different economic and political goals of the two leading members of the anti-Hitler coalition resulted in the intensification of international relations, since the establishment of a socialist regime in East Germany and the expansion of the Soviet Union’s communist influence to other countries meant for the United States the shift of economic and political power to the East and jeopardized its status as the most powerful force. The fall of the Berlin Wall, the reunification of Germany, the breakup of the Warsaw Pact and the USSR put down “The Iron Curtain”. The West triumphed, with the market economy, large (private) capital and the ideology of neoliberalism, glorifying unrestrained market freedom and propagating the narrowly limited role of the state in economic life.

By embracing neoliberalism in the wider practical context, economic globalization experiences an unprecedented drive, primarily through processes such as the openness of national economies, the liberalization of world trade, the internationalization of business, the rise of transnational companies and the creation of international organizations, regional integration and economic groups of countries that take over regulatory and other functions, not only in the world economy, but in the whole society, and de facto leads to the erosion of sovereignty of the modern state. The common denominator and the drive of these processes is the interest principle of those who form the core of the global capitalist system, members of the so-called transnational capitalist class. The term “transnational capitalist class” was coined by sociologist Leslie Sklair who outlined the concept of the theory of the global capitalist system in the work called “Sociology of the Global System” under the same four intertwined fractions (where each group represents a global elite in its institutional sphere): they own and control key transnational companies and their local partners (corporate elites), globalized bureaucrats and politicians (state elites), globalized professionals (technical

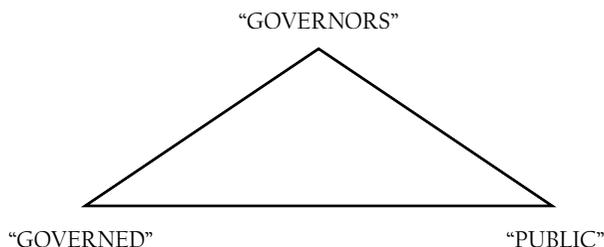
elites), and merchants and the media (consumer elite). It is also important to note that in the economic literature numerous synonyms for this term can be found, for example, the global elite of power (Riz Khan), super class (David Rothkopf), etc. The key instrument of accumulation and concentration of wealth and power, i.e. control and exploitation of the periphery of the modern world system by transnational bourgeoisie are supranational structures, forms, mechanisms and management policies, whose overall economic theory best reflects a relatively new term “global governance”. Since the term “government” is generally associated with the executive body of a state, it is clear why its use in the international context can be confusing and, therefore, makes it difficult to synthesize everything that lies behind the “global governance” synthesis into an adequate definition. Bearing in mind the above, people usually refer to the term in general and vague manner, stressing the following: “We say “governance” because we don’t really know how to call what is going on”. The global government implies such a system of rules at all levels of social action, from family to international organizations, in which the attainment of objectives has transnational implication.<sup>2</sup> When it comes to the very model of this system, Davis, Kingsbury and Merry (2012) distinguish between the following categories of subjects: those who, relying on different forms of authority, manage and influence the behavior of other governors and those governed by the public. According to this concept, the group of “the governors” is not unipolar and includes several different categories: international organizations, less formal interstate agreements, various forms of public-private partnerships, transnational organizations, multinational corporations and developed countries of the world. The “governed” category is made up of legal entities, officials and government agencies of less developed countries, while the term “the public” means the general public and the media. Between these groups, there is a hierarchically arranged relationship (Graph 4).

In the graphic triad, the backbone of the given hierarchical relationship is the authority, that is, the substantially different sources of power which the superiors rely upon in controlling all other subordinate structures. While the field of interest of members of the “heterogeneous oligarchy” remained unchanged, only the face of their power changed over time, as if the way of its manifestation had to adapt to the new political, economic and social circumstances that marked the end of 20<sup>th</sup> and the beginning of 21<sup>st</sup> century. Namely, the creators of the new world order could hardly keep up the illusion of reducing the deficit of democ-

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<sup>2</sup> Three defining elements stand out and which, in one way or another, distinguishes global governance from other approaches to world politics: (1) the potentially global scale of governance problems and solutions (2) the analytically assumed involvement of other actors beyond the state in dealing with these problems, and (3) the idea of ‘order’ as a normative precept and the most basic requirement to provide governance (Hofferberth, 2014, p. 4).

racy in a global context if they propagated the tendency and dedication to social transformation peacefully on the one hand, and reorganized relations in society solely through threats by military force and its application on the other.



**Graph 4.** “Global governance“ model. Source: Davis, K. E., Kingsbury, B., & Merry, S. E. (2012). Indicators as a technology of global governance. *Law & Society Review*, 46(1), 71-104. Available at: <http://www.iilj.org/publications/documents/2010-2.Davis-Kingsbury-Merry.pdf>

A new form of old visions of global domination required relying on new forces in steering world politics, as the former Czech President Vaclav Havel pointed out in his speech (Day 2009): “The era of totalitarian systems has not ended. They ended up in the classical form we know from the last century, but new, more sophisticated ways of controlling society are born”. The application of the “non-violent force” thus becomes the basic feature of the postmodern power idea and the dominant instrument of the global government in the implementation of the regime of “sophisticated totalitarianism”. Garewal (2016) describes such way of influence of the global economy regulators on the peripheral and semi-peripheral countries of the world as a “velvet glove method”, while in theoretical discussions, the term “soft power” is used more. It was coined by Nye while developing a theoretical concept of the changing nature of the power of modern Western society. In a world where information is increasingly managed rather than forced, and the desired outcomes are achieved with the help of other entities, and not by “purging” them, the central issue of contemporary international economic policy becomes how to produce, pack and sell certain information in order to influence the perception of its users in favor of its creator. Namely, in this policy, the following mantra has always been valid, “it does not matter whose territory it is, but who exploits it economically”. However, the instruments of its realization in the last decades have assumed completely new outlines, as a result of adapting to the metamorphic structures of the modern social system. Due to the expansion of the production and the use of individual and synthetic indicators, international rankings of countries are becoming a particular form of information management and tacitly accepted standard of world business valu-

ation. The area of economy is characterized by the densest network coverage of the international country rankings and only by conducting a comprehensive and detailed survey (census) the exact number of those that are significant from the economic aspect of observation could be determined. By repeating it at certain time intervals, preconditions would be created not only for objectively monitoring the growth dynamics of the given branch of the ranking industry, but also for any further, deeper and more detailed analysis of it (for example, the analysis of the degree of concentration, etc.). When it comes to distribution of market share among individual rankings that focus on the business environment of countries, in the absence of other, more complete and more reliable research, the results that Kelley and Simmons produced in their studies (2015) will be presented. Namely, the analysis model of the two authors is based on 10 related composite indicators for assessing the business environment of countries, a five-year time series and the search of more than 50,000 different Internet sources (Table 1).

**Table 1.** Market participation of 10 selected international ranking countries (indices) in the period from 2010-2015

No.	Ranking list (index)	Market share in %
1.	Easy of Doing Business Index	53,23
2.	Global Competitiveness Index	23,11
3.	Index of Economic Freedom	12,00
4.	Global Entrepreneurship Monitor	6,17
5.	World Competitiveness Rankings	4,07
6.	The Enabling Trade Index	0,87
7.	Forbes Best Countries for Business	0,50
8.	EIU Business Environment Rankings	0,05
9.	FDI Attraction Index	0,01
10.	FDI Potential Index	0,00

Source: Kelly, J., & Simons, B. (2015). The power of ranking? The ease of doing business as soft power. In *The Princeton Workshop on Ideas, Institutions, and Political Economy*. Princeton, NJ. Available at: [https://www.sss.ias.edu/files/pdfs/Rodrik/workshop%2014-15/Kelley\\_\\_Simmons\\_EDB\\_22Mar15v2.pdf](https://www.sss.ias.edu/files/pdfs/Rodrik/workshop%2014-15/Kelley__Simmons_EDB_22Mar15v2.pdf)

It is clear from the table that the market share among the ranked countries is not evenly distributed, and that the “Ease of Doing Business” brand dominates in comparison to the other indices (in the period from 2010 to 2015, it was more present in the media than all the other related indicators together). However, if we take into account that behind this indicator is the signature of the WB, and that the author of the second-ranked “Global Competitiveness Index” is also one of the “main players” on the world financial and economic scene, specifically the

WEF, it becomes clear who they owe their popularity and “excellent reception” among the global public to. Compared to the ranking lists published by international (governmental and non-governmental) organizations, the significantly lower coverage of the world market estimates is characteristic for lists created and published by higher education institutions (e.g. “Global Entrepreneurship Monitor” was created in collaboration with the Babson College and the London Business School, “World Competitiveness Rankings” was produced with the support of IMD Business School, the Country Indicators for Foreign Policy publisher is Carleton University, etc.), then various profitable and non-profit institutions and centers operating like “think tank” (e.g. Heritage Foundation is the author of “Index of Economic Freedom”, “EIU Business Environment Rankings” was developed by the Economist Intelligence Unit, “Capital Access Index” is the product of Milken Institute, “Country Risk Rating” was created by the World Markets Research Center, etc.), individuals (“Economic Freedom of the World” was created by James Gwartney and Robert Lawson, “Economic Vulnerability Index” was created by Lino Briguglio, James O. McKinsey is the author of “Global Confidence Index”, etc.) and journals (e.g. “Best Countries for Business” is a list backed by Forbes, one of the world’s leading business magazines).

As the acquisition of a monopolistic position on the market is the goal of any entity operating in the real sector of the economy, and since numerous previous studies have shown the existence of a positive correlation between the growth of market share and increased profitability, the common tendency of all producers of the ranking list of this type is to reach the status of the master of information about the economy of the “global village”. It is because, in their case, greater market share means greater power, greater influence on the development of the developmental trends of the world economy. For this reason, it is always necessary to keep in mind that the ranking system is not only the list of countries arranged in a certain order according to the defined methodology, but a specific project, that is, the targeted activity of its designer to the object of activity and hence the means that these objects of operation should use in a specific way. It is sufficient to list the data from the “Doing Business Report” (World Bank, 2016), which estimates that over the past 13 years, this international organization has inspired about three thousand global reforms, and that last year in 121 economies in the world, at least one reform was undertaken in one of the areas of business covered by the Ease of Doing Business Index. If we link the allegations made to the statement of the former chief economist of this international organization (Djankov, Manraj, McLiesh, and Ramalho, 2005, p. 2): “Doing Business project aims to create pressure for decision-makers in the world countries to reform their economic systems in accordance with attitudes and suggestions from the World Bank”, it can be easily concluded that at least for now, this project is successfully

achieving its goal. It is of crucial importance to keep in mind that the information that is placed through the ranking list has the power, that is, it becomes a valuable resource, only if used and applied. This implies that it is crucial for their designers to build a diverse network of their users. More specifically, in order to affirm the creators of these lists as centers of political and economic influence, they need to be accepted by the general public, that is, a number of different types of users, which essentially represent the infrastructure necessary to establish a functional mechanism of pressure coordination through different segments of global civil society. When it comes to primary consumers of international rankings of countries that are significant from the economic aspect of observation, the following categories of entities can be distinguished: 1) decision makers at the national level, and above all, economic and development/stabilization policy makers 2) international (governmental and non-governmental) organizations and various other institutions of supranational character 3) donors of assistance 4) investors 5) academic community 6) professional public, journalists and media community, etc.

By increasing the dispersion of information content embodied in these indicators, through various subject groups as subsets of the global public, a stronger social pressure on key actors in the countries is created in order to reorient their action in a way that is acceptable and desirable from the perspective of the rank-lists creators and publishers. Regarding the international ranking of countries, whose coverage includes different segments of economic relations in society, the goal is to impose it on the global public as a generally accepted standard for evaluating the performance of economic systems, i.e. to create a factor of non-formal influence and an instrument that can significantly dictate the behavior of states in international relations and model their economic space.

When believing that a better positioning of a country in the ranking compared to other countries positively affects its investment climate and thus contributes to its faster economic progress, decision makers often place economic and development policies in the function of improving the rank, without taking into account the specifics of the country's economic system itself, and at the same time risking neglecting some other goals, whose realization may result in more efficient economic valuation of available resources. These claims are corroborated by the statements of many world statesmen. For example, in his speech in 2006, Abdullah bin Abdulaziz al Saud, the former king of Saudi Arabia, highlighted the following (Hvidt, 2009, p.3): "I want Saudi Arabia to be among the top 10 countries by 2010 at the Ease of Doing Business index and that next year it has a better investment climate than any other Middle Eastern countries." Regarding the same ranking list, the order of Russian President Vladimir Putin is not less ambitious. It was sent in a special decree in 2012 to the Government of the

Russian Federation to improve the ranking of this country from the 120<sup>th</sup> place in 2011 to 50<sup>th</sup> place in 2015 and 20<sup>th</sup> place in 2018 (Bryanski, 2012). The fact that the achieved placement on a certain list has become an important state issue is further confirmed by the fact that today it has become a common practice to establish national councils, commissions and various committees, with the task to systematically work towards improving the position of the country on the list through planned activities.

According to the experience of experts from the World Bank and UNDP, countries find it increasingly hard to resist the international ranking industry (Arndt 2009). One of the reasons for the weaker resistance is certainly the competitive spirit among the countries, which is trying to further encourage these lists. Namely, the logic led by the creators of the international rankings of the countries is metaphorically best illustrated by the former chief economist of the World Bank and one of the creators of the Doing Business project (Djankov, 2005, p. 7): “It’s like you do in sports, once you start tracking your score, your attempts to beat other participants in the race will begin.” In the case of higher ranked economies, a great chance of winning the first place is what stimulates the development of preferred behavior patterns, which makes it easier to enter the “reputation race”. For the first-ranked country, the position assigned is the sublime prestige, a kind of quality confirmation, a praise, a value that can be used in interaction with other countries and other international actors, which is more than a strong stimulus for undertaking certain activities that would prevent the change of the throne. Regarding the lower ranked countries, it can be said that they become participants in the “competition” through the imitation of states from the top of the scale, labeled as “an example of good practice”. This certainly represents the desired reaction from the perspective of the author of the list. On the other hand, the unwanted reaction is best described with the following sentence: The ones who behave differently will cause damage to themselves and will not change the result for the better!

Speaking of the resistance certain countries show to the lists of this type, it is necessary to recall the reasons for this reaction. By analyzing this economic phenomenon through the prism of the income groups of countries, it is concluded that public disclosure of distrust in international ranking systems is a characteristic primarily of the economically underdeveloped countries which are usually worse ranked on these lists. Namely, in this case, the ranking lists covering the components of business environment are experienced as a kind of continuation of the “Washington Consensus”, i.e. an instrument for imposing an Anglo-Saxon model of a market economy as an ideal to the whole world. Thus, both the liberalization course and the propagation of market reforms are the key objections these countries point out to the producers of given indicators. Namely, the results

of the transition process done according to the recipe of the “Washington Consensus” creators have shown that there cannot be a single set of reform measures that would suit all countries, and that the creation of a good regulatory practice in a particular national economy requires the respect of all specifics of a particular economic system. Most of the countries obviously did not learn this lesson, and in an effort to please the rank list creators and win the prize in the form of the progress on the lists, they are increasingly modeling their economic reforms to the “copy-paste” formula. It remains to be seen what kind of economic, political and general social implications the tendency towards unifying the conditions of business on a global level will have. Like any other racing, this game will create winners, but also losers. What can be said with certainty is that the owners of large-scale capital, whose interests are benefited by the increasing economic hegemony of the world, will certainly not be found on the side of the losers.

#### **4. CONCLUSION**

Considered from the economic point of view, the dominance of the market economy system is one of the fundamental premises of a modern society. The key to success in such system of business has always been and will be the question of ability to create and defend the acquired monopoly. Considering the drastic economic, political, social and any other metamorphoses which today’s global social system has gone through, at the end of the sentence of this Swedish economist, behind the word “monopoly” it would be justified to add “using information”.

Under the conditions of the ever-growing entronement of the information society and the “global business world”, information has become a kind of “daily need” and one of the key economic resources. This, on the other hand, i.e. on the other side of the offer of this “product”, has resulted in increasing efforts of a wide range of different subjects to get through the production and placement of certain information content to reach the most prestigious titles of all stages and epochs in the history of human society - the title of the monopolist. One of the ways in which the global capitalist elite uses information as an instrument of the so-called soft power, all with the aim of shaping the development flows of the world economy according to their own needs and interests, is also the international rankings of countries.

Regardless of whether the international rankings of countries give a true or distorted picture of social reality, it is the fact that their presence in the global public consciousness cannot be characterized as a passing trend, nor can their power to initiate a reaction in different categories of subjects at different levels of social activity be denied. The advantages that are often highlighted when it comes to international ranking of countries, such as facilitated understanding of

complex and multilayered economic and social phenomena, the possibility of fast and easy comparability of the system, easier monitoring of trends in their performance, etc., resulted in the fact that today we have an extremely attractive theoretical concept. On the other hand, it should not be forgotten that the birth of this phenomenon has created an additional space for shaping, monitoring and controlling social reality by various interest groups and centers of power.

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## МЕЂУНАРОДНО РАНГИРАЊЕ ЗЕМАЉА КАО ДРУШТВЕНО-ЕКОНОМСКИ ФЕНОМЕН И НОВИ ИНСТРУМЕНТ ТИХЕ МОЋИ СВЈЕТСКЕ ВЛАДЕ

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### САЖЕТАК

Једну од темељних одредница посљедњег таласа процеса глобализације представља појава и експанзија међународних ранг-листа земаља (економија) свијета. Популарност ових листа из дана у дан све више расте. Упркос распрострањеној употреби у пракси, постојећи фонд научног сазнања о овом сложенем друштвено-економском феномену више је него скроман. Будући да међународно рангирање земаља представља релативно нов феномен и „индустрију“ коју карактерише експлозивни тренд раста, у раду ће се представити основне теоријске поставке феномена, при чему ће се посебан акценат ставити на његову економску димензију. Анализирањем наведеног концепта кроз контекст механизма који детерминишу изглед и начин функционисања глобалног друштва данашњице, указаће се и на то да међународне ранг-листе које за основну јединицу анализе узимају економски систем земаља, тачније одређене елементе датог система, представљају погодан инструмент за обликовање економске стварности и развојних токова савременог друштва у складу са циљевима одређених интересних група и центара моћи. Сазнања до којих ће се доћи у овом раду представљаће предуслов и полазну основу за дубље истраживање

проблематике међународног рангирања земаља, посебно када је ријеч о утицају овог феномена на економску сферу савременог друштва.

**Кључне ријечи:**

Међународно рангирање земаља, тиха моћ, свјетска влада.