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The European Union's Soft Economic Power Assessment: A Comparative Analysis

Ocena miękkiej siła gospodarczej Unii Europejskiej. Analiza porównawcza

Oleksii A. Chugaiev*

Abstract

Soft economic power is related to subjective perceptions of attractiveness, justice, and success of an economic system and economic policy. The current state of the European Union soft power relatively to other global economic powers is analyzed with several approaches: opinion polls, objective indicators, value estimates, and infometric method. They prove either the supremacy of the EU or second best result after the US. Positive contribution to the EU soft power is provided by its development level, quality of life, national and corporate brands, business regulation, environmental protection priorities, economic freedoms, integration initiatives, development assistance, tourism, creative industries, education, science, culture, and healthcare. The main challenges for the EU image is slower economic

Abstrakt

Miękka siła gospodarcza wiąże się z subiektywnie postrzeganą atrakcyjnością podobnie jak sukces systemu gospodarczego i polityki gospodarczej. Obecny stan miękkiej siły Unii Europejskiej w stosunku do innych światowych potęg gospodarczych analizowany jest w niniejszym artykule za pomocą kilku metod: sondaży, wskaźników obiektywnych, szacunków wartości oraz metody infometrycznej. Potwierdzają one dominację UE lub jej drugą po USA pozycję. Na miękką siłę UE składają się między innymi: poziom rozwoju, jakość życia, marki krajowe i korporacyjne, regulacje biznesowe, priorytetowo traktowana ochrona środowiska, swoboda prowadzenia działalności gospodarczej, inicjatywy integracyjne, pomoc rozwojowa udzielana przez UE, turystyka, branże kreatywne, edukacja,

* Taras Shevchenko National University of Kyiv, Ukraine (alxcv@ukr.net); https://orcid.org/0000-0003-3315-2919

growth and a domination of American and Chinese corporate brands in media, technological, and banking sectors.

Keywords: the European Union, soft power, economic power, brand, image

nauka, kultura i poziom opieki zdrowotnej. Główne wyzwania dla wizerunku UE to spadające tempo rozwoju gospodarczego oraz dominacja amerykańskich i chińskich marek korporacyjnych w sektorach medialnym, technologicznym i bankowym.

Słowa kluczowe: Unia Europejska, miękka siła, siła gospodarcza, marka, wizerunek

Introduction

The European Union is one of the main soft and economic superpowers. Unlike the US, which is also a military superpower, and China as fast-growing economy, soft component of the EU's power traditionally plays relatively more important role. This article aims at analyzing the current state of soft power of the EU relative to other global economic powers and its determinants.

The article starts with literature review on the theory of soft power and justification of the notion of soft economic power. It is followed by the literature review on the EU soft power determinants and challenges in front of it. The subsequent section provides a synthesis of alternative measures of the EU soft economic power: results of the published opinion polls, objective statistical indicators, national brand value estimates and infometric measures (the latter include both external measures and previously suggested ones by the author). Advantages and disadvantages of each method are discussed. The same four approaches are applied in the final parts to substantiate assessment of the main determinants of the EU soft power or indicators that raise concern.

Theoretical framework of the research

Soft economic power is a component of national economic power located on the intersection of pure soft and pure economic power. *Economic power* can be defined as an ability to apply economic means to influence foreign and domestic entities, to affect world economy development trends and to resist external pressure (Chugaiev, 2018, p. 416).

Meanwhile, the concept of *soft power* takes its origin in international relations research as an alternative tool to military (hard) and economic power. According to Nye (2004), soft power envisages voluntary readiness of others to cooperate without tangible award or straightforward coercion. Julius (2005) defined soft power as an ability of a state to attract others because of attractiveness of its policy and values. Abels et al. (2020) define soft power as "the ability to project values and norms on to the global stage, without relying on force or coercion."

Soft power is closely related to the notions of image and brand of a country which are also used within the discourse of international communications research and marketing analysis. Sasu and Băgăian's (2010) definitions, in turn, read: "Country image represents a set of beliefs and perceptions that people have about a given country" and "a nation brand or country brand is believed to be a country's identity that has been proactively distilled, interpreted, internalized and projected internationally in order to gain recognition and to construct a favorable national image."

But the borderlines between various components of national power are rather fuzzy, which results in existence of multiple views about the relationship between the notions of soft power and economic power:

– separate notions of hard, economic, and soft power that are based on coercion, bribery, and persuasion, respectively (Treverton & Jones, 2005, p. xi);
– intersection of economic power with soft and hard power (Höhn, 2011, p. 51; Kudryavtsev, 2014), namely, they mention attractiveness of advanced economies or nonreciprocal preferential treatment for imports from other countries;
– economic power is a component of soft power (Treverton & Jones, 2005, p. 17), for example it is based on foreign aid, trade partnership, and volume of trade;
– soft power is a component of economic power (Julius, 2005; Malanciuc, 2014), for instance, of popularity and prestige;
– economic power is necessary for soft power, since the latter is based not only on heritage and language, but also on financial culture (Sajjad, 2011);
– "[…] strong nation brand and positive soft power perceptions allow a nation to promote itself as a place for people to visit, invest in, and build a reputation for their quality of goods and services" and attract talents (Thomson, 2020);
– culture-centered approach to soft power definition is too narrow because soft power both relies on economic resources and is an instrument to achieve economic benefits (Carminati, 2022).

Nye (2014) used about 20 proxy *variables to measure soft power* (also summarized in Höhn, 2011). As we may see, most of the categories are directly or indirectly related to economics: culture (published books, exports of audiovisual products, sports), education (foreign exchange students and professors, Nobel prizes, research papers), global outreach (internet hosts and sales, well-known multinational companies), health (life expectancy), foreign relations (development assistance, public diplomacy), technology (high-tech exports, financing research and development), travel and migration (air travel, immigration, tourism).

Since most of the researchers underscore the relationship between soft and economic power either explicitly or implicitly, considering a hybrid concept of *soft economic power* may be justified. On the one hand, it marks the ability of a state (or another entity, e.g. an inter-state union) to transform economic issues into the benefits of good reputation, attractiveness, and other intangible assets. On the other hand, the latter may help to foster economic development and to raise efficiency of international economic relations.

Unlike ordinary economic power based on real economic resources, soft economic power is related to attractiveness, justice, success, and popularity of economic system and economic policy of a country (or a union) among its own and foreign citizen. It is related to subjective perceptions of compliance with the interests of subjects and affects economic objectives and motivation of people. Soft economic power is a part of the soft power which relies on economic factors, such as economic values, ideology of social and economic policy, feeling of wellbeing and economic progress, business culture, quality of products and services, trust in economic entities and institutions, legitimacy of foreign economic policy, creative industries etc.

Previous studies of the EU's soft economic power determinants

Several authors described determinants of the EU soft economic power. They mostly used qualitative approach or substantiated their views by providing the relevant examples of statistical data. Some of the studies mention peculiarities of European social and economic model. For instance, despite the similar level of hourly rates in terms of salaries in the US and in Western Europe, the EU is distinguished by leaning to more free time, security, and stability (Julius, 2005); more prominent role of social security, trade unions, lower income inequality (Nye, 2004), which raises attractiveness of the EU primarily for its own citizens. But there is also an external dimension of soft economic power. Aside from the demonstration of economic success, quality, and freedoms, the EU also provides financial or technical assistance to its partners and contributes to solving global problems.

Smith (2009, p. 9) noted about the status of the EU as a “continental model of economic and social organization”, which gives strong basis for the European foreign policy. Smith (2014) wrote that the EU demonstrated efficiency of their model. What is more: “Most neighboring countries wish to join it rather than balance it or resist it, and other regional groupings around the world seek to emulate it” (Smith, 2014, p. 104). The EU consists of advanced economies with rich cultural heritage and human right protection guarantees. It is a leading developmental aid donor and a hub for trade and association agreements with other countries. Bilal and Hoekman (2019) add that trade agreements of the EU are aimed at ensuring benefits for all the parties by mutually reducing trade barriers, improving social, labor and environmental policies in partner countries, and providing developmental assistance.

Dimitrova et al. (2016) note that soft power of the EU regarding its neighborhood is founded on economic attractiveness of "a union of prosperous states with free citizens…" (p. 8), assistance, economic norms, and reform clusters, aspirations of people in the neighboring countries for freedom of movement, better welfare, and education opportunities. Chernega (2013) mentions several sources of the soft economic power of the EU: programs of assistance, initiatives for reforms in neighboring countries, European values helping to sustain economic and political stability, successful integration experience as a benchmark for integration projects worldwide. Nielsen (2013), in turn, pays attention to the role of the EU as a "principal voice in relations with the South" (p. 726) or a bridge between the rich and the poor. The Union takes a joint responsibility for the world economy and managing international trade together with other important actors.

Several sector-specific issues are also mentioned. In the long run, cultural sector may have smoothing anticyclical effect on soft power when the image of successful economy is challenged under a crisis. At least, Lisbonne de Vergeron (2015) claims that Chinese cultural perceptions of European countries persisted (which is reflected by tourist flows) despite economic difficulties and related cuts of budget support for cultural and creative industry. Across the EU, visual arts, television channels, newspapers, and publishing were the main components of this industry. Popovska and Darcq (2019) write that the EU's main currency (euro) and European quality of goods and services are among the main elements of the EU's supranational brand. Goldthau and Sitter (2015) assumed that the EU may exercise its soft power in energy sector if non-EU states consider its regulation model to be attractive.

As for challenges for the EU image, Smith (2014) acknowledges that the crisis that started in 2008 undermined not only its soft power (especially in some countries, e.g. Greece) but also the confidence the European social model had previously enjoyed. Mihalcea and Vitelar (2015) also hold that economic crisis in the EU damaged confidence in the EU and its future by revealing its vulnerabilities. Bhardawaj (2019), in turn, claims that Brexit with its serious geopolitical ramifications has affected the EU's soft power and attractiveness.

Abels et al. (2020) note that despite the overall championship of Europe in soft power the bloc faces several challenges: managing migration, strong competition in technological advances with the US and China, the lingering economic problems in the eurozone etc. Abels et al. (2020) also suggest several measures, which include developing a "digital silk road" by setting standards and establishing the “gigabit society” in order to contain Chinese influence; extending the Erasmus+ program to improve human capital and increase cultural, teaching and research influence, and other schemes.

As we may see, in qualitative research of the EU soft economic power often only a few particular issues are considered at a time. But soft economic power is a complex and multidimensional phenomenon that is not directly observable. Therefore a synthesis of multiple approaches to measurement of the EU’s soft economic power will be used to ensure methodological triangulation.

Measuring soft economic power of the EU

Opinion polls method may provide a direct subjective measure, namely, of the EU reputation in human minds (mostly of the general public). The method facilitates the assessment of the attitude(s) distribution in various countries, but may hardly be based on a representative global sample, since it is too costly to carry out opinion polls in all the countries. The opinion polls method uses up-to-date information obtained at the moment of a survey. In practice, either the overall soft power is estimated by this method or its specific dimensions, for instance, subjective view on global economic influence of a given country regardless of its attractiveness or the internal view of economic success (which are both too narrow notions).

For example, according to the opinion poll carried out in 2019 by Pew Research Center (2020), the largest share of people who have a positive opinion about the EU was in Poland (84%), Lithuania (83%), South Korea (80%), Ukraine (79%), and Bulgaria (77%). There was a general upward trend recorded in recent years (the median for the analyzed sample of countries was 52% in 2014 and 58% in 2019). According to the study, the lowest proportion of the public with a positive views on the EU was in Turkey (34%), India (34%), and Russia (37%). The share of favorable views on the US varied from Turkey (20%) to Israel (83%) with the median of 54%; whereas on China – from Japan (14%) to Russia (71%) with the median of 40%.

At the same time the EU lags behind the US and China by the share of people who consider it to be the leading economic power in the world. In this regard, the share for the EU ranged from 2% in India to 12% in Lithuania. The share for the US – from 15% in Russia to 82% in South Korea, for China – from 10% in India to 53% in Germany. The result can possibly be explained by incomplete integration within the EU, therefore there is a differentiated view of the EU both as an actor or as a sum of individual actors in international economic relations.

According to European Commission (2021a, online), in the summer of 2021 "optimism about the future in the EU has reached its highest level since 2009 and trust in the EU remains at its highest since 2008." As much as 60% consider that "the interests of their country are well taken into account in the EU", ranging from 33% in Greece to 80% in Portugal.

Infometric approach provides an indirect subjective measure considering ideas expressed online primarily by influential voices (officials of various institutions, journalists, experts, researchers, analysts, bloggers, etc.). Thus, it actually weighs reputation according to the influence of various target entities and individuals. Positive information about the EU economy can be treated as its intangible asset, negative – as a liability. There is a tradeoff between low cost thanks to automatic sentiment analysis and increasing precision under more labor-intensive thorough analysis. Another risk is language bias as information in one or very few languages is analyzed.

Ranking by Bloom Consulting (2017) considers the number of searches made by people worldwide on a particular country. There were 4 EU countries among the top-10 countries: Germany (rank 4), Spain (7), France (8), Italy (10) in comparison to the US (1) and China (9). But the overall index provides information about the general soft power, while its components – about particular aspects of soft economic power.

In 2015, Chugaiev (2018, pp. 194–197, 243–248) applied a similar approach with several modifications. A webometric index was calculated as a product of positive information about a country's economy and the ratio of positive information to total information. The index was measured as a percentage of the total value for all countries. Search queries in Google were specifically constructed to find the information and to count positive and negative information in English. The total index for the EU and its member states was 18.3–22.2% (or 15–18.8% without the UK) which was larger than the share of its GDP in the global economy. The index for the US was 12.5–28%, and for China 4.8–5.9%. Despite the language bias the index correlated with the size of economies (correlation 0.85 was significant at $p<0.01$). About 20% of the EU index was provided by the EU supranational component. The EU itself (2nd place worldwide) and Germany (5th) led in regard to the net difference between positive and negative information, where the largest negative difference was reported in Greece due to the consequences of the financial crisis at the time.

An index based on *objective indicators* considers a comprehensive set of factors which are supposed to provide a fundamental basis for soft power (cause-oriented approach). This is also a low-cost method if secondary sources of information are used. It is suitable virtually for all the countries considering wide availability of statistical data. The drawbacks include statistical data publication lag, sensitivity to subjectivism in choosing weights for indicators, variability, and uncertainty in importance of indicators for different people (e.g. some people more appreciate development aid while others may appreciate the access to market more). And the resulting index may only be an ordinal variable measured as ranks or artificially created score.

In particular, the Good Country Index in Anholt (2020) reflects the contribution of a country to the wellbeing of the entire humanity and the planet as a whole. Since relative indicators are considered, often high rank economies are not the largest ones. There is no opportunity to get the EU aggregate rank. But 7 out of the top-10 countries are from the EU: Sweden (rank 1), Denmark (2), Germany (3), the Netherlands (5), Finland (6), France (7), Spain (9). They are much ahead of the US (38), and China (60). The lowest ranks among the EU member states are for Romania (57), Greece (46), and Lithuania (40).

Value estimates is a method based on the estimated economic benefits of soft power (outcome-oriented approach). Thus, it is directly related to the notion of power in terms of results, while the previous methods related to the notion of power as resources or potential. But the drawback of the method is that it disregards non-economic benefits of soft economic power.

For instance, in Brand Finance (2021, online) the total national brand value for Germany, France, Italy, Spain, the Netherlands and Sweden was estimated to be \$12.6 trillion in comparison to \$24.8 trillion in the US and \$19.9 trillion in China.

As we may see, many existing indices pay attention to specific countries only, so sometimes it is impossible to calculate the overall index for the EU, for example, if ranks are used. Also it is not enough for practical purposes to know the overall measure for the EU. Factor-oriented approach and comparative case study research design will help to determine the domains of success and challenges for the EU as a whole.

Positive factors of the EU's soft power

In this section we will consider the economic factors constituting net positive contribution to the soft power in case of the EU. They largely correspond to the determinants mentioned in the previous research review section.

Economic development. The EU consists of advanced economies with high income and wealth per capita (see Table 1) and ranks 2nd among the biggest economies by this criterion. These indicators demonstrate the overall average level of economic success as a benchmark for many other economies.

Table 1

Economic development and wealth indicators

Indicator	EU	US	China
	in thousands of dollars		
GDP per capita, PPP method, 2021	48.3	69.4	19.1
Total wealth per capita, 2018	405.0	872.0	174.0
Natural capital per capita, 2018	9.8	17.3	6.9
Produced per capita, 2018	163.0	264.0	38.0
Human capital per capita, 2018	236.0	621.0	128.0

Note: 2021 – forecast published in October 2021.

Sources: International Monetary Fund (2021) – GDP per capita; World Bank (2021a) – wealth indicators; author's own calculations – total or average values for the EU.

Quality of life provided by the economic system is a more complex criterion of opportunities for comfortable life and well-being of the general public.

According to United Nations Development Program (2020), 7 countries of the EU are ahead of the US (17th place) by Human Development Index and they all are ahead of China (85th place). The ranks for the EU member states ranged between 2nd (Ireland), 6th (Germany), 7th (Sweden), 49th (Romania), and 56th (Bulgaria).

The EU is based on a socially-oriented market economy unlike more liberal American and hyperdynamic regulated Chinese economic models. The public expenditure on social protection in 2017 constituted 28% of the EU overall GDP in comparison to 18% in the US. The share of income of 80% of the population (the lowest and 3 intermediate quintiles) was 62%, unlike 53% in the US, and 55% in China (Eurostat, 2020). Life expectancy in 2019 was on average 81.1 years in the EU, 78.8 in the US, and 76.9 in China (World Bank, 2021b). Nevertheless, in 2019 the share of the EU respondents (the median for 14 countries in the sample) who were optimistic about reducing gap between rich and poor was only 23% and about availability of well-paying jobs – 37% (Wike, 2019).

Quality of products and services, and corporate brands. The European brands at micro- and macro-level are able to support each other and promote exports of the EU member states.

According to Kunst (2019), in the country of origin ranking the top-10 economies included Germany (1), the European Union as a whole (3), Sweden (5), Italy (7), France (9) in comparison to the US (10) and China (49) out of 50 countries.

A similar ranking by Future Brands (2015) based on the opinion of consumers and experts provided top-10 positions for France (2), Germany (3), Italy (5), Sweden (8) in comparison to the US (1) and China (9). As for sector-specific reputation of the country of origin, France (ranking 1st), Italy (2nd) and Spain (3rd) are leaders in food and beverages industry, whereas Germany (1st) and Italy (4th) in automotive industry, Italy and France (2nd and 3rd respectively) in fashion and luxury goods, France (2nd) and Germany (5th) in personal care and beauty products. In electronic goods production, from among the EU countries, only Germany (3rd) is among the top-5 countries followed by Sweden (6th), and Finland (7th).

Brand Finance (2022) also provides rankings for corporate brands by industry (see Table 2). The EU brands are especially successful in luxury goods, apparel, automotive, utilities, advertising, football, champagne and wine, chemical and cosmetic industries. At the same time there are industries with domination of the American or Chinese corporate brands in top-10 positions (airlines, banking, gambling, hotels, media, real estate, restaurants, retail trade, technological companies, tobacco). But relative weakness of corporate brands in many cases can be offset by sectoral, national or supranational brands (e.g. famous European cuisine, European quality is largely ensured also in smaller enterprises, national technological achievements).

Table 2

Global ranks of the EU corporate brands, 2021

Category	EU-based brands among the top-10 companies in particular industries (ranks)
Food and drink	Danone (4)
Dairy	Danone (2), Arla (4), Friso (6), Président (10)
Non-alcoholic drinks	Red Bull (3)
Alcoholic spirits	Hennessy (7)
Beers	Heineken (2)
Champagne and wine	Moët & Chandon (1), Henkell (3), Veuve Clicquot (4), Dom Pérignon (6), Martini (10)
Apparel	GUCCI (2), Louis Vuitton (3), Adidas (4), Chanel (5), ZARA (6), H&M (8), Cartier (9), Hermès (10)
Luxury and premium	Porsche (1), GUCCI (2), Louis Vuitton (3), Chanel (4), Cartier (5), Hermès (6), Ferrari (7), Dior (9), Guerlain (10)
Oil and gas	Shell (1), Total (6)
Mining, iron and steel	ArcelorMittal (3)
Chemicals	BASF (1), Linde (5), LyondellBasell (6), Air Liquide (8)
Tires	Michelin (1), Continental (3), Pirelli (6)
Cosmetics	L'Oréal (1), Nivea (3), Guerlain (4), Garnier (9)
Pharmaceuticals	Bayer (4), Sanofi (10)
Medical devices	Fresenius (2)
Aerospace and defense	Airbus (3), Safran (8), Thales (9)
Automotive	Mercedes-Benz (2), Volkswagen (3), BMW (4), Porsche (5), Volvo (9), Audi (10)
Auto components	Valeo (5), Faurecia (7), Schaeffler (8), Marelli (9)
Toys	Lego (1)

Engineering and Construction	Siemens Group (2), Bosch (3), Vinci (9)
Telecommunication infrastructure	Nokia (3), Ericsson (6)
Telecommunications	Deutsche Telekom (3), Orange (9)
Logistics	DHL (5)
Airports	Paris Aeroport (1), Frankfurt Airport (6), Munich Airport (9), Schiphol (10)
Car rental	Europcar (5), Sixt (8)
Leisure and Tourism	TUI (5)
Football	Real Madrid CF (1), FC Barcelona (2), FC Bayern Munich (5), Paris Saint-Germain (7)
Utilities	Enel (2), Engie (3), EDF (4), Iberdrola (6), E.ON (7), Veolia (1)
IT services	Capgemini (6)
Commercial services	KPMG (9)
Advertising	WPP (1), JC Decaux (4), Teleperformance (5), Ogilvy & Mather (7), IPSOS (9)
Insurance	Allianz (3), AXA (4)
Exchanges	Eurex (7)

Source: Brand Finance (2022).

Economic policy is an important factor when it comes to the trust of the general public, investors, and officials (either inside or outside the EU) in both the governments of the member states and the supranational institutions. The individuals may assess whether the institutions act in their interest or not.

In 2019 most of the people in the EU assessed that membership in the Union benefited their country. The ratio of positive to negative answers varied from 40%/20% in the Czech Republic (Czechia) and 48%/28% in the UK to 74%/6% in Germany and 67%/5% in Poland (Wike, 2019). The euro, the single currency for eurozone, became another European symbol and the second major international currency besides its role as a legal tender inside the eurozone. According to European Commission (2021b), 78% of respondents in the eurozone replied that the euro was good for the EU.

The EU countries are among the leaders in terms of business regulation (see Table 3) especially by the regulation environment for the intra EU-trade. This is why the EU is often treated as a benchmark for other countries, especially associated ones. As for economic relief efforts under the COVID-19 pandemic, there were mixed views in the EU: 48% respondents (median share for the 8 countries in the sample) thought that the relief measures were right, 6% that they were excessive, and 40% that they were insufficient (Devlin et al., 2021).

Table 3

Business regulation indicators, 2019

Ease of doing business indicator	Leading EU country	Leading EU country's rank	US's rank	China's rank
Overall index	Denmark	4	6	31
Starting a business	Greece	11	55	27
Dealing with construction permits	Denmark	4	24	33
Getting electricity	Germany	5	64	12
Registering property	Lithuania	4	39	28
Obtaining credit	Latvia	15	4	80
Protecting minority investors	Ireland	13	36	28
Paying taxes	Ireland	4	25	105
Trading across borders	Most Member States	1	39	56
Enforcing contracts	Lithuania	7	17	5
Resolving insolvency	Finland	1	2	51

Source: World Bank (2020).

Thanks to policy priorities, the EU is a leading large economy in the category of transition to green economy, which is also important especially for future generations. In 2017 the energy intensity of GDP in the EU was less than 0.08 toe/$1000, which was less than almost 0.11 in the US and more than 0.12 in China (Eurostat, 2020). In 2018, the EU contributed 8.4% of CO2 emissions, which is almost two times less than its share in the global economy. The US was responsible for 14.6%, and China – for 30.3% (World Bank, 2021b).

As for external economic policy, the EU provided preferential access to its market for several dozen countries by means of establishing free trade areas (often within association agreements) or deeper agreements or non-reciprocal preferential treatment. There is also a potential opportunity for European countries to join the EU as member states, unlike the US and China. Membership in the EU ensures balanced representation of member states in decision-making. The EU is also the largest development and humanitarian assistance donor, which aims at solving problems in neighboring and less developed countries. According to Eurostat (2020), the share of the EU in the official development assistance in 2017 was 45% (the US – 24%).

Tourism attractiveness. Another objective indicator of soft power is a number of international tourist arrivals (at least before the COVID-19 pandemic). It reflects the concept of "voting by feet" together with the indicators of migration. But using the latter for soft power assessment is complicated by restrictions for immigration and existence of non-economic factors of migration.

There were 966 million arrivals in the EU in comparison to 166 million in the US and 163 million in China, although there should be an adjustment for the large share of intra-EU tourism. According to the tourism rank by Bloom Consulting (2017/2018) 4 of top-10 countries were EU member states: Spain (3), France (6), Germany (8), Italy (10) besides with the US (1) and China (7).

Creative industries are especially important for promoting the image of countries as their products are specifically targeted at producing positive emotions. According to UNCTADStat (2022), in 2015 the share of the EU (without UK) in creative goods exports was 28.5% in comparison to China (33.1%) and the US (7.9%). The EU was the 1st exporter by audiovisuals (43.6%), publishing (43.4%), visual arts (33.9%) including antiques (50.6%) and the 2nd (after China) by performing arts (30%), design (26.9%), new media (21.6%), and art crafts (19.3%).

Other positive factors. In 2019 the share of the EU respondents (median for 14 countries in the sample) who were optimistic about culture was 68%, about education 51%, relations with other European countries 68% (Wike, 2019).

The role of several factors is also detailed in some indices. According to Ranking by Bloom Consulting (2017), Germany was the 3rd by the component Prominence (it consists of the subcomponents: Arts, Science, Culture, Gastronomy, Government, Society, Sports) and the 5th by Exports, Investments and Talent. Spain, Italy and France had the ranks 1–3 by Tourism.

In Anholt (2020) the largest EU economy (Germany) ranks high by the Good County index thanks to such factors as patents, journal exports, Nobel prizes, freedom of movement, press freedom, UN treaties signed, financing peacekeeping, ecological footprint, open trading, charity, development assistance, humanitarian aid, food aid, donations to World Health Organization, pharmaceutical exports, international health regulations compliance etc. (see Table 4). There are very few relatively worse than average values for Germany, mainly the effect of arms exports and UN volunteers abroad.

Table 4

The Good Country Index components, ranks

Component	Germany	US	China
Science and Technology	22	48	68
Culture	12	45	131
Peace and Security	38	108	21
World order	1	25	120
Planet and Climate	8	82	64
Prosperity and Equality	19	36	65
Health and Wellbeing	1	9	32

Source: Anholt (2020).

Many other member states take even higher positions. Hungary is the 2nd country by Science and Technology component (relative to the economy size), Belgium – the 1st by Culture, Ireland – the 2nd by Peace and Security, Germany – the 1st by World Order and by Health and Wellbeing, Finland – the 2nd by Planet and Climate, Denmark – the 2nd by Prosperity and Equality.

Challenges for the EU's soft power

Economic trends. This factor is the main source of vulnerability for the EU image. The EU lags behind the US, many emerging economies, and especially behind China in terms if the pace of economic growth. Moreover, unlike China, the EU had negative economic growth in 2009 and 2020 (see Table 5). In particular, the crisis of 2008–2009 had a prolonged effect for financial stability and public sentiment. The periods of crises became a challenge for European solidarity too.

Table 5

GDP growth, %

Period	EU	US	China	World
2001–2020, average	1.2	1.7	8.7	3.4
2009	–4.2	–2.6	9.4	–0.1
2019	1.9	2.3	5.9	2.8
2020	–5.9	–3.4	2.3	–3.1
2021	5.1	6.0	8.0	5.9

Source: International Monetary Fund (2021).

According to Pew Research Center (2020), the satisfaction with the current economic situation in 2007 varied from 19% in Bulgaria to 65% in Spain, in 2010 from 13% in Spain to 53% in Poland, in 2013 from 1% in Greece to 75% in Germany. The confidence was restored upon improvement of economic and financial situation (circa 2015–2019). For instance, in 2019 the share of assessments of situation as "good" ranged from 15% in Greece, 23% in Italy, and 34% in Bulgaria to 82% in the Netherlands, 79% in Germany, and 78% in Sweden (in comparison to 32% in the US).

In early 2021 the share of the EU residents who thought that their "economy is failing to recover from the effects of the coronavirus outbreak in ways that show the weaknesses of their economic system" (online) was 58%, which was larger than 37% – the share of those who believed that recovery was enough to show strength of the economic system (Devlin et al., 2021).

In the long-run retrospective, a survey in 2018 showed that the share of people who thought that their financial situation improved relatively over the last

20 years varied from 7% in Greece and 10% in Italy to 66% in Sweden and 68% in Poland. The median was 31% for 10 countries in the sample against 50% who thought the situation became worse (Devlin, 2019).

Infometric tool for assessing vulnerability. We further test a relative webometric index by applying Google search engine. A query "good economic * * EU" query is used to find positive information about the EU, while "bad economic * * EU" query is used to find negative information about the EU. Option "at any time" is used to consider all the information, which has been created by the moment of analysis. Then, we count the number of webpages suggested by the search engine as a response to the search and calculate a ratio based on the number of positive (P) and negative information (N):

$$R_G = 100\% * (P - N)/(P + N)$$

Then we check robustness of the results by searching for recent information (by 24 January 2022) with the online service Social Mention (http://www.socialmention.com/). It monitors various types of media: blogs, microblogs, bookmarks, images, and videos. The mentions are classified by the service as positive, neutral or negative. Then we construct another index considering also the number of neutral information (O):

$$R_{SM} = 100\% * (P - N)/(P + O + N)$$

The results are presented below (see Table 6).

Table 6

Calculation of webometric indices for the images of the global leading economies

Key words in the search query for Google	Good / bad economic * * EU / European	Good / bad economic * * EU / European / Germany / France / Italy	Good / bad economic * * the US / America	Good / bad economic * * China /Chinese
P	31	84	83	66
N	37	98	80	69
R_G	–8.8%	–7.7%	+1.8%	–2.2%
Key words in the search query for Social Mention	EU economy / European economy / economy of the EU / EU economic	EU economy / European economy / economy of the EU / EU economic / German economy / French economy / Italian economy	US economy / American economy / economy of the US / US economic	China economy / Chinese economy / economy of China / Chinese economic
P	8	106	78	25
O	93	132	82	56
N	4	8	13	16
R_{SM}	+3.6%	+39.8%	+37.6%	+9.3%

The results calculated using Google and (partially) Social Mention may be presumably explained by the current GDP growth trends (see Table 7), so that a lower R_G and R_{SM} in the EU can be associated with lower growth in 2022. The exception is the total R_{SM} for the EU and its three largest economies (Germany, France, and Italy), which provides a better ranking for the EU.

Table 7

Forecasted GDP growth in 2022, %

Quarter	Q1	Q2	Q3	Q4
EU	0.9	0.6	0.6	0.5
US	3.1	2.0	1.8	2.5
China	1.5	1.5	1.2	1.1

Source: Trading economies (2022).

Promoting faster and balanced positive economic growth in all the member states may improve soft economic power of the EU. Nevertheless, relatively slower economic growth is the only major challenge for the bloc, while many other determinants of the soft economic power are well-balanced in favor of the EU.

Conclusions

Economic power can be defined as an ability to apply economic means to influence foreign and domestic entities, to affect world economy development trends and to resist external pressure. Soft component of economic power is related to subjective perceptions of attractiveness, justice, success and popularity of an economic system and economic policy. Various approaches may be used to estimate it (opinion polls, objective indicators, value estimates, and infometric approach).

The EU is one of the main economic and soft superpowers. Opinion polls show that it has a better image than the US and China, although people think that it possesses less economic power than the other two superpowers. Earlier infometric studies showed that the EU possessed much more soft economic power than China. Objective data prove that the EU is a leader by contribution to the wellbeing of humanity, which provides a moral reason to consider the EU to be the main soft superpower. The EU lags behind the US by supranational brand value estimate.

The EU outperforms China by quantitative measures of economic development (income and wealth) and often even the wealthier power (US) by quality of life. European multinational companies and countries of origin support the EU's soft power by leadership in a number of industries (e.g. automotive, apparel, chemical, cosmetic).

Domestic and foreign economic policy in the EU is another net positive contributor to the soft power (e.g. monetary union, quality of business regulation, green economy priority, freedom of movement inside the EU, trade agreements, opportunity for accession, development and humanitarian assistance). It dominates in exports of several types of creative goods. The EU has a good reputation in education, prominent achievements in science and technology, culture, healthcare and pharmaceutical industry.

Relatively slow economic growth with two recessions in the 21st century is the main challenge for the EU's soft power, particularly among its own citizens. Confidence in the EU is associated with the phase of a business cycle and varies a lot among the member states. Another matter of concern is domination of American or Chinese corporate brands in some key sectors such as media, technological companies, banking etc., but in many cases this can be offset by the good umbrella image of European quality or powerful national brands of the member states. Also the suggested infometric tool in the paper provides mixed evidence on comparative position of the EU by the relative amount of positive and negative economic information.

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