



Voices of the Future: *How Do Next Generation Russians and Americans Think?*

Three college students above: Steve Morel (George Washington University, School of International Affairs), Elina Zavyalova (University of Denver, Daniels School of Business), and Alexei Bolshakov (University of Denver, Graduate School of International Studies) evaluated questions on the future of the U.S.-Russian business relations. Here is what they have to say.

Q: Will the politics of the past (e.g. Cold War) continue to be important for U.S.-Russian business relations?

A: The Russian leadership is pragmatic, thus economic calculations and goals demand that populist politics have to be abandoned. Moreover, an equally pragmatic U.S. leadership needs an ally in its war on terrorism. These two goals (economic growth for Russia and war on terrorism for the U.S.) will continue to be important for decades to come and none of the countries can afford the old style politics. For business relations, however, the politics of the past, like the Cold War, pale in comparison to the instability incurred following the breakup of the U.S.S.R. This instability may be the only remaining historical concern that is relevant today.

Q: Will the current U.S.-Russian strategic alliance progress into a close political/social economic union similar to the current U.S.-EU relations?

A: The U.S.-Russian alliance is unlikely to ever reach the heights of the U.S.-EU relationship. We think that the U.S.-EU relationship was based on a necessity to interact against a common enemy. Though the war on terrorism requires the help of Russia, the U.S. has no incentive to develop a complex relationship, similar to the one with the EU. Such proof can be found in the relationship between the U.S. and China, where it would be very beneficial for the U.S. to have an economic alliance with such a powerhouse, but there is no common thread or identity that binds the two. The same can be said for Russia and the U.S. where, in the growing stages of developing a relationship, they have yet to find that common bond that brings them together in a strong alliance.

Q: Will traditional communal mindsets, stemming from the origins of Russian-Orthodoxy prevent entrepreneurship from flourishing or do you believe that there is no unique Russian mentality and it will follow the path of the West?

A: There is not much of a communal mentality that is hindering the growth of entrepreneurship. The difficulty lies in the bureaucrats and the nearly doubling size of the government. However, as Russia watches the way that business progresses in the near future, they will be drawn out into the Western-style trade relationship and that communal mentality will become a thing of the past.

Q: Are Russian oligarchs impeding U.S.-Russian business relations by monopolizing the markets and breeding corruption or they do not play an important role in the business system?

A: Following the breakup of the U.S.S.R., the oligarchs in Russia undoubtedly received unfair stakes in the market. Today, as over half of the country is below the poverty line, it is visible that the oligarchs still possess great amounts of power. However, in Russia, they have a two-sided role. On the one hand, they prevent a handful of U.S. businesses from entering the Russian market. Moreover, the oligarchs are slowly realizing the necessity for foreign capital investment, better management practices, accounting policies, audits, and overall credit ratings. As a new generation comes into being in Russia, the power of the oligarchs will dwindle with the inherent nature of market capitalism (higher educated work force, buyouts, sellouts, and mergers).

Q: How do the actions of your government affect U.S.-Russian business relations, and how do the actions of the counterpart government affect these relations?

A: President Putin is acting very pro-American, which gets him a lot of internal criticism from ordinary citizens and hard-line party officials. However, to achieve his goal of doubling the GDP, he has to compromise. As a result, the Bush administration is pressing hard on issues like the ABM Treaty, U.S. military presence and the war on Iraq. In fact, the U.S. feels its domination in the relationship with Russia; thus the U.S. strictly ignores equal-footed cooperation and replaces it with soft power tactics, used to achieve their goals.

Q: In terms of a future economic development strategy, do you think that Russia is better suited for more U.S.-style market forces or more E.U.-style state control?

A: The shock therapy policy of the early nineties is still a painful memory. Over half of the Russian population lives beneath the poverty line, and the long history of Soviet command control over the market is still remembered today. Given Russia's unique history and circumstances, it might not work for Russia to open its economy like the U.S. economic system. It might be a better course of development for Russia to adopt the E.U.-style state control model, thus providing for a smoother transition to market economics, and avoiding severe dislocation and crisis, as occurred earlier under shock therapy policies applied to Russia.□