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## The Right Direction for U.S.-Russian Relations: A Business Perspective

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A recently released report by the Council on Foreign Relations special task force chaired by Jack Kemp and John Edwards, *"Russia's Wrong Direction: What the United States Can and Should Do"* has inspired controversy and debate. Discussion is always a healthy thing, and the *Report* provides a foundation and framework useful to analyze approaches and thinking about Russia and policy directions. There are serious and complex implications for business. It is worth some analysis, because if indeed the thinking of this document may drive future policies towards Russia, business will be impacted in a negative way.

### Summary of Council's Report

The *Report* issues the strong moral opinion and judgment of some policy and think-tank elites that there is a lot wrong with Russian society and politics. Russians are told, amongst many admonitions and criticisms, that they are headed in the wrong direction, de-democratizing, using energy as an intimidating weapon and instrument of coercion, that their political institutions are

corrupt and brittle, that they are essentially trouble-makers and that U.S.-Russian relations are a disappointment.

Rather than pursuing a strategy of partnership with Russia, the *Report* concludes, we should engage in "selective cooperation" cautiously limiting bilateral ties due to suspicion and mistrust. America must try to politically intervene to change the course of Russian politics, since Russians are heading in the wrong direction. If the Russians don't listen and obey, they will have a price to pay.

The special task force recommendations are misguided for several reasons. Rather than achieving the desired results, they will only serve to foster greater misunderstandings and more disruptions in the important U.S.-Russian relationship. U.S. objectives would be much better serviced by a policy of constructive and active engagement, as opposed to a "selective cooperation" posture which would be neither well received nor effective.

### Wrong Directions?

If indeed Russia is "headed in the wrong direction" the Russians themselves should decide it. In this connection, the Russians themselves have given their leader, Mr. Putin, record high approval ratings of 75%. Mr. Bush's ratings are currently at 37%. If the Russian president has well over double the approval ratings of the American president, we must exercise caution before we undertake with righteousness a campaign to undo Russian policies. To the extent American policy makers believe that Russia must change its course in terms of democratization, a free press, and liberalization of the economy, we must reach out and understand the electorate.

### Track Records

Why might Russians be happier with their president than Americans are with theirs? One reason might be that Russians have a record high budget surplus, driven by high oil prices and a growing economy. Their stock market performance is among

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reason. American companies, large and small, have invested capital, taken risks and have exerted a tremendous positive force by role modeling market values and practices. They have taken off their gloves and rolled up their sleeves to solve highly complex business challenges and to create wealth under adverse and difficult circumstances. Some won, others lost. As time goes on, there are a lot more winners than losers. It turns out that American business, because it is in the trenches, because, every day it works directly with Russian workers, consumers and managers has come to see a different reality than far-away politicians who form opinions, often with marginal knowledge and limited factual basis.

### **Win-Win for Both**

Industry works with Russians to create win-win economic outcomes. Entrepreneurial Americans have put their money on the line, they have made calculated risks that they will win and not lose in Russia's marketplace. This process requires relationship building, trust, a shrewd assessment of what works, what doesn't, who to deal with and who to stay away from. American know-how and Russian theoretical aptitude is a powerful and dynamic mix. The substantial growth of trade and investment in recent years itself is testimony to the success of American business instincts and acumen in this area.

### **Business Reply to Council**

The response of business to a report such as that issued by the Council is: why overrate the negative

when there is so much positive, and mainly, why alienate a strategic partner when our time is better spent working through differences in a compromising rather than judgmental way? In the current international environment when we face the threat of an enemy who has the potential to cripple our society and life as we know and value, why turn away Russia instead of exhibiting will and determination to make the relationship work?

### **Learn from History**

The kind of thinking exemplified by the Council report is tinged with the arrogance of power and has in human history led ultimately to the decline and fall of nations. If you study the decline and collapse of the Roman and British Empires, for instance, and factors contributing to why these very powerful nations fell to their knees, certain themes emerge: arrogance, overextension, an inability to self reflect and detect the downward trajectory and lack of respect for other nations, to name only a few. We see some of these factors in contemporary America, and in particular, in thinking towards Russia. These policies will never succeed, and we stand to alienate in Russia a prospective partner who is critical to our national security in the fight against terror and who has strategic natural resources we need, and centuries worth of benefits in trading and investment that will help our economy as much, if not more, than theirs. To maintain its position and avoid weakening, America must become more introspective about its dealings globally, and better understand alliance building and strategic partnering. Strategic partnering with Russia, both in areas

of national defense and especially commercially, will strengthen U.S. interests, not undermine them.

### **The Lesson of Common Bond in World War II**

As we approach springtime celebrations of the end of World War II and Victory Day in Europe, and as we reflect on the horror and lessons of that war, let us remember how Russians and Americans fought hand-in-hand against our common enemy and together we defeated the fascist enemy. No one can deny the critical role of the Red Army in the European theater in turning back Hitler's Wermacht. Americans and Russians fought and died together, and won the war together.

### **Revitalized Commercial and Strategic Partnering**

A revitalized commercial partnership can provide a solid grounding for U.S.-Russian relationship. Trade and commerce can provide much needed benefits for both nations. It can help us focus on similar interests, rather than differences. There are exciting horizons for both in areas of energy cooperation, high-tech partnering, increasing American manufactured exports to Russia and so much more.

If we can only understand that our war against terror requires a strong partnership with Russia, and if we can only understand that the economic complementarities between our nations benefit both, then perhaps we can set aside judgments about Russia's internal workings, and work together for the greater good of each nation, and for the greater good of the international community. □