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The Future of Sociopolitical & Socioeconomic Innovation

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“Unleashing Russia’s Potential”

Introduction

Russia is the largest country on earth and possesses vast natural resources but its people languish with a very low standard of living relative to other major nations. Below is a simple chart that illustrates this stark reality:

Description - 2017	Canada	Russia	China	USA
GDP - Nominal	1.6 trillion	\$1.6 trillion	\$11.8 trillion	\$19.4 trillion
Population	36 million	144 million	1,403 million	324 million
GDP per Capita	\$44,444	\$11,111	\$8,410	\$59,877
As % of USA	74%	19%	14%	100%

In truth, the living standards for most people in Russia and China are far worse on a relative basis because corruption and/or the closed political systems concentrate wealth among the very privileged few.

China is widely perceived to be a huge economic success story but its improvements are largely relative to the abysmal GDP per capita below \$1,000 that existed in China 40 years ago prior to its economic transformation. Yes, China has made huge economic progress by largely abandoning communist economic principals but its enormous population and it’s rigid communist political and economic controls leave China’s GDP per capita far below the USA and other western countries.



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Russia Realities

74 years of a disastrous experiment with communism and the extreme corruption thereafter have left ordinary Russians living in a massive country with tremendous human and natural resources and a huge nuclear arsenal and military to protect them from a military threat that does not exist.

All Russians live within an increasingly oppressive and corrupt political system that is designed to maximize the wealth of the privileged few at the expense of the Russian people. Those same political elites have succeeded in creating a geopolitical and economic situation where Russia has been condemned and isolated for its illegal land seizures in Crimea, Georgia, Moldova and Ukraine.

The costs of these misadventures are measured in huge capital flights from Russia and lost trade and economic growth opportunities that are exponentially greater in magnitude than any benefits from the land thefts. They are self-destructive Russian national madness on full display and a massive ceiling on the economic potential and standards of living of all but the most privileged Russian elites.

Most Russians subsist on a very low standard of living with almost no hope that things will improve in the future. Many generations of communist insanity and corruption have oppressed productivity and innovation while fostering hopelessness, economic stagnation and political cynicism that causes Russians to acquiesce to this self-destructive reality rather than challenge it. Putin endures because almost all Russians choose political stability over economic prosperity, especially in the void of a credible alternative vision of a much better future.

The Russian nuclear arsenal is the nations only claim to international power but it is, in truth, a very wasteful and expensive distraction to feed the Russian national ego in a world where the nation refuses to compete successfully in the global economy. Russians have chosen the false perception of great military power over the reality of creating great economic power that would elevate the living standards of all Russians while dramatically reducing its wasteful military expenditures.

Ordinary Russians pay a terrible economic price for supporting this great military power delusion and the rest of humanity wastes trillions of dollars on military expenditures to counter the Russian military threat. This global situation is mass economic, military and social insanity that suppresses the economic well being of almost all people on earth.

This is a major reason that it is in the interest of all humans to help Russia convert from a military threat to an economic success. This cannot occur until the Russian people demand political, economic, geopolitical, social, legal and military reforms that will attract huge amounts of capital and resources to develop the Russian economy to a level where it can compete successfully in the global markets.

Free Enterprise – The Vital Key To Economic Success

It is in the clear best interests of all humanity to foster a sociopolitical, geopolitical and economic transformation in Russia. However, this goal cannot be achieved without 1) confronting the proud Russian people with the harsh realities of their economic, social and political circumstances and 2) projecting a positive alternative vision of a much better future that they can visualize and embrace.



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The harsh lessons of communism’s failures over the last century have reconfirmed that a vibrant free enterprise system is vital to maximizing economic success and prosperity. The economic strength of the USA, China and the western economies relative to Russia can be traced directly to the comparative strengths of their free enterprise systems. The chart below is designed to highlight the major success factors of the free enterprise system and rate each one of them on a scale of 1 to 100 with 1 being poor and 100 being excellent:

Success Factor	USA	China	Russia	Comments
Freedom of speech	100	10	15	Problems cannot be fully addressed without the ability to openly criticize the status quo.
Freedom of assembly	100	0	0	Problems cannot be fully addressed without the ability to openly criticize the status quo.
Political system	70	0	10	Free political expression is vital to optimizing the economic performance of any nation.
Government systems	50	30	10	The government should foster all the success factors of the free enterprise system.
Free elections	90	0	10	Political and government leaders must be held accountable by free elections by the people.
Property rights	100	60	10	Property rights must be secured by the government to attract capital investments.
Rule of law	90	60	10	A strong and fair rule of law is vital to attracting capital investments.
Criminal justice system	90	40	10	The criminal justice system should be perceived as fair and transparent.
Capital	60	50	10	The political, government, taxation and legal systems should be designed to attract capital.
Capital markets	100	70	10	Strong capital markets are vital to attracting capital investment and providing liquidity.
Venture capital	50	30	10	The political, government, taxation and legal systems should be designed to foster venture capital formation.
Entrepreneurship	70	40	10	The political, government, taxation and legal systems should be designed to foster entrepreneurship.
Innovation	80	50	10	The political, government, taxation and legal systems should be designed to foster innovation.



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Natural resources	50	20	80	Primary access to natural resources is important to successful free enterprise.
International trade	70	90	10	The political, government, taxation and legal systems should be designed to foster international trade.
Commodity exports	10	10	40	Commodity exports can be sources of national income but also reflect economic weakness.
Manufacturing exports	80	100	10	The ability to manufacture products that other nations want is vital to economic success.
Military expenditures	40	60	10	Military expenditures should be proportional to the real threats. (A low score means over spending relative to GDP.)
Geopolitical posture	75	50	10	How well does the geopolitical posture foster economic and national interests?
Corruption	90	50	0	How well is political, government and other corruption suppressed.
Productivity - Human	50	40	20	How productive are the nation's human resources?
Productivity - Technology	90	80	10	How productive are the nation's technology resources?
Taxation	20	15	10	How well does the taxation system foster economic growth?
Education systems	40	30	10	How well does the education system foster economic growth and productivity?
Social culture	60	60	10	How well does the society foster economic productivity?
Totals	1,725	1,045	345	
As % total of 2,500	69%	42%	14%	Room for improvement, even in the USA
Score as % USA	100%	62%	20%	
GDP as % USA	100%	61%	8%	
GDP/Capita as % USA	100%	14%	19%	

While the above scoring is subjective, it illustrates a high correlation between the aggregate ratings on the success factors and the GDP performance of Russia and China relative to the USA. It also shows that 1) there are economic consequences for the choices that nations make and 2) there is room for dramatic improvement in the economic performance of all three nations if they are willing to make better choices for the future.



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The chart also provides a formula for Russia to address its many deficiencies in ways that will close the gaps with the USA and China. This will require the Russian people to elect articulate and visionary political leadership that is more determined to help Russia achieve its full economic and prosperity potential than perpetuating self-destructive nationalism and the current corrupt and ineffective systems.

The Russian Presidential Election - 2018

The Russian presidential election will be held in late March 2018. While President Putin has not announced that he is running for President as of this date in November 2017, everyone assumes he will run and be easily reelected because he will not allow any effective political opposition.

While global experts no longer consider Russia to be a democracy, the 2018 presidential election represents an opportunity for major political improvements if a courageous and credible voice can be found to articulate a positive alternative to the Putin regime. Putin's personal approval appears to remain high but a new poll from The Levada Center (See below) indicates that 76% of Russians hold Putin partially responsible for Russia's problems. Russians like Putin a lot more than they like his policies.

<https://themoscowtimes.com/news/most-russians-hold-putin-responsible-for-problems-poll-59617>

A closer look at the following realities shows that there are grounds for discontent in Russia:

- The Russian economy posted only a .3% growth rate in 2016 after a 3.5% contraction in 2015 that was triggered by international sanctions on Russia for the illegal Russian annexation of Crimea and the Russian supported war in the Ukraine Donbas that has killed more than 10,000 people and severely alienated the Ukrainian people for no good reason.
- The Crimea annexation remains popular in Russia but 1) it exposed Russia as a rogue pariah nation and 2) its economic benefits are far outweighed by international condemnation, sanctions and isolation as well as the huge costs of subsidizing Crimea and Donbas economies that have collapsed.
- Putin has created the perception in Russia that he won in Crimea and the Donbas but, in truth, he lost the remaining 85% of Ukraine from Russia's sphere of influence and triggered capital flight, economic losses and additional military expenditures that are exponentially greater than the economic benefits of the annexations.
- Oil prices remain low and unable to sustain Russian economic growth and Putin's huge military expenditures.
- Political freedom is dead in Russia and Putin has ended true democracy by severely oppressing freedom of the press and political opposition while creating a huge national guard to suppress any future unrest.
- Russia exports commodities but almost nothing else that the rest of the world wants to buy. Russia severely lags the developed world in education and productive innovations in the digital age.
- There is no fair rule of law or independent judiciary in Russia as the elites manipulate the legal systems to their own political and economic advantage.
- Russia is rife with debilitating corruption as the elites relentlessly exploit the Russian people to amass huge personal wealth.
- Putin has Russia bogged down in costly and endless wars in Syria and Ukraine that almost no one in Russia understands or cares about.



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Russia is blessed with great human and natural resources that will continue to be squandered until the Russian people stop acquiescing to Putin, abandon cynicism and demand visionary leadership that is determined to maximize the prosperity of the Russian people rather than themselves.

Alternatives To Putin

In spite of his demonstrably poor job performance, Putin has been very successful in extinguishing all serious political opposition in Russia. A survey of potential presidential contenders in 2018 reveals the usual communist and nationalist candidates and a collection of others who offer no credible vision of comprehensive solutions for Russia that would unleash a new age of international reconciliation and strong domestic economic growth and prosperity.

Ksenia Sobchak is a reporter, a celebrity, a reality TV producer and a political novice but she is also the daughter of Anatoly Sobchak who was the first elected mayor of St. Petersburg and Putin’s political father. Ksenia is also the only name on the presidential list who seems willing to speak truth to power on the very serious issues that all Russians face together.

So far, Ksenia has spoken on the issues that inspire her but she has not truly articulated a positive alternative agenda that exposes the flaws in the status quo and offers positive and realistic alternatives that most Russians can grasp and support. She seems content to be an “Against All” protest vote rather than the leader of a new Russia. However, she still has an opportunity to articulate a positive reformation agenda that might appear as follows:

Subject	Putin	Sobchak
Freedom of Speech & Assembly	Should be ruthlessly repressed if it disagrees with the government.	It is vital to for people to freely challenge the political status quo to foster solutions, productivity and accountability.
Politics	Totalitarian kleptocracy/oligarchy.	True democracy.
Government	Of the elites, by the elites and for the elites. Why should government work hard to foster free enterprise when “our” elites are already accumulating huge wealth?	Of the people, by the people and for the people. Government should aggressively foster all the success factors of the free enterprise economy.
Corruption	It must be denied but it will persist regardless of the negative effects on most Russians.	It must end in the economic interests of all Russians. Russia’s resources should benefit all Russians, not just the elites.
Geopolitics	Russia should remain an adversary of the USA regardless of the costs and economic consequences.	Russia should become a geopolitical and economic ally of the USA to minimize defense costs and maximize economic growth and prosperity.



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The Future of Sociopolitical & Socioeconomic Innovation

Military	Russia must have a large military budget as deterrence to the USA.	Military costs can fall dramatically once the USA becomes an ally of Russia. The savings can be redirected to economic growth initiatives that benefit all Russians.
Capital	Obsolete geopolitical considerations are more important than avoiding capital flight and attracting new capital investment.	Economic strength is far more powerful and important than military power and that means capital investment must be made attractive to domestic and foreign investors.
Rule of Law/ Property Rights	The law is an instrument for the elites to retain power and exploit Russia.	The rule of law must be strong and impartial and property rights must be honored to attract large capital investments in Russia.
Crimea/Donbas	Crimea is part of Russia and the Donbas must be defended for the Russian speakers who live there.	Crimea and the Donbas are legally part of Ukraine and the Russian people are paying a terrible economic price for ignoring this reality in defiance of international law.
Ukraine	Should remain an adversary of Russia until Ukraine returns to Russia's sphere of influence.	Should be Russia's greatest friend and ally by returning Crimea, leaving the Donbas, fostering trade and treating each other with mutual respect.
Women's Rights	Women are not entitled to equal pay for equal work and should remain excluded from many professions regardless of their qualifications.	Women are entitled to equal pay for equal work and should not be excluded from any profession because of their sex.
International Trade	Export commodities and import necessities and luxury goods.	Develop the abilities to manufacture goods and offer services that can compete successfully in the global markets. Attract foreign investors, companies and technologies to operate in Russia.
Innovation	Primarily focused on military applications.	Should be systematically invested in and developed for business and other commercial and technology applications.
Nationalism	Russia is unique and special and should go its own way.	It is in the national and economic interests of Russia to end geopolitical conflicts and integrate with western civilization.
Nuclear weapons	A large arsenal must be maintained to project Russia's power, deter its adversaries and defend its interests.	Reconciliation with western civilization will make nuclear weapons largely obsolete and dangerous relics of the past.



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Economy	Russia should largely fend for itself and export most of its natural resources for hard currency.	Russia has tremendous human and natural resources that should be aggressively developed along with the abilities to create products and services that can compete successfully in the global markets.
Tourism	Who cares?	Russia is a fascinating destination & should strive to attract tourists from all nations.
Visas	Russians should vacation in Russia.	Russians should travel everywhere visa free.

This chart illustrates the absurdities of Putin’s status quo that is clearly not in the best interests of Russia or its people. Sobchak should highlight the absurdities and offer a compelling alternative vision of a much better future that is grounded in common sense.

Summary

It is clearly in the interests of the Russian people and the global community for Russia abandon its negative geopolitical posture, integrate with the western world and maximize its economic and prosperity potential.

Yes, it is a very daunting task to raise the awareness of the Russian people and articulate a compelling vision of a better future in terms they can grasp and embrace. It all starts with voices that are willing to tell the people the truth in terms that will inspire hope and action to reform the broken and corrupt institutions that are oppressing the rights and prosperity of almost all Russians.

Ksenia Sobchak seems to be the best available option to speak truth to power and lead a Russian reformation if she is willing to shift her slogan from “Against All” to the “For Everyone” agenda that I have summarized above.

Yes, Putin and his regime will resist but the truth is the strongest argument and the most powerful weapon in politics. In the case of Russia today, Ksenia is in an ideal position to help trigger a new age of reconciliation and prosperity in Russia and the global community.

Now is the time for intelligent action, not timidity. Is Ksenia ready to overcome her fears for the benefit of everyone?