



Stanford U.S.-Russia Forum

Post Conference Report

Capstone Conference at Stanford University, California | April 16th-18th, 2014

Stanford U.S.-Russia Forum

2014 Capstone Conference Report

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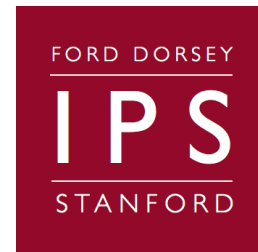
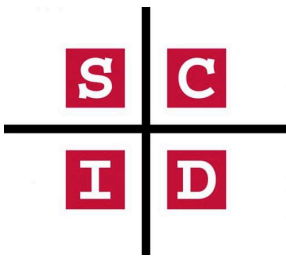
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Acknowledgements

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This conference was funded in part by a grant from the United States Department of State. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the United States Department of State.



Letter from the President

Since 2008, the Stanford U.S.-Russia Forum has been bringing together the brightest university students from across the U.S. and Russia to work together and conduct collaborative research. Holding two conferences in Moscow and at Stanford, the Stanford U.S.-Russia Forum aims to instill an understanding of local realities within the visiting delegation. These contextual complexities are often overlooked in classrooms and are integral to shaping the future leaders of the U.S.-Russian sphere.

This year, the organization has expanded its scope into disciplines such as science and technology as well as business and entrepreneurship, areas ripe for greater collaboration between our two countries. The Stanford U.S.-Forum has three main goals:

- 1. Produce research projects that make meaningful contributions to U.S.-Russia relations**
- 2. Provide delegates an opportunity to apply skills learned in the lecture hall to address real world challenges**
- 3. Build lasting ties between the future leaders of both countries**

With these goals in mind, we kicked off this year's program with an opening conference in Moscow, Russia. Over the next several months, delegates worked together to carry out their research. At the recent Capstone Conference in April 2014, delegates reconvened at Stanford University to showcase the products of their working groups. This year, projects focused on areas of mutual interest, ranging from security cooperation in Central Asia to developing a hypothetical business model for a Russian low-cost carrier airline. At the same time, delegates engaged with prominent figures in U.S.-Russia relations such as Secretaries George Shultz and William J. Perry.

In the following weeks, SURF will produce a journal highlighting the collaborative research work, which is then circulated to policymakers, businesses, and academic institutions across the U.S. and Russia. The Stanford U.S.-Russia Forum is the world's only independent, fully student-run organization dedicated to cultivating U.S.-Russian relations. Despite the constant flux of U.S.-Russia relations, we are all ultimately university students that have come together to make a small impact on this vital bilateral relationship.

A handwritten signature in black ink, appearing to read "Ravi Patel". The signature is fluid and cursive, with the first name "Ravi" and last name "Patel" clearly distinguishable.

Ravi Patel, President of the Stanford U.S.-Russia Forum

Meet the Delegates

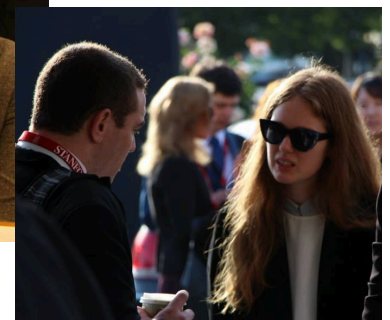
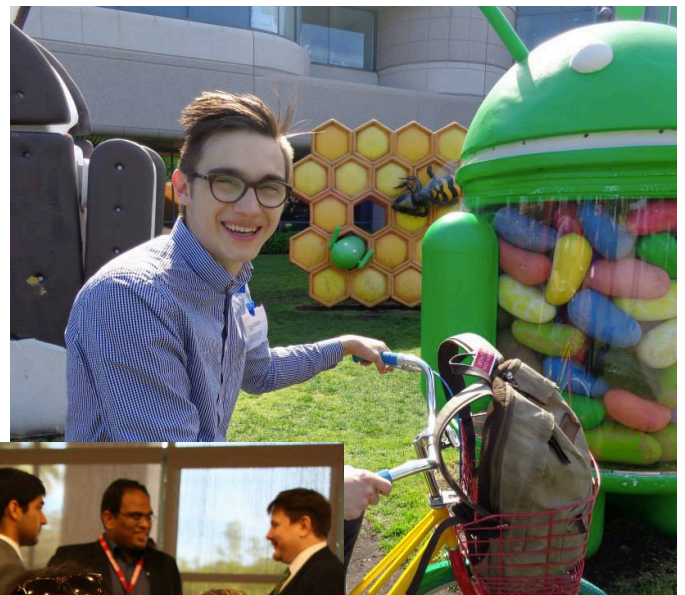
Student Representation

American Institutions

California State University,
San Bernardino
Columbia University
European University at Saint Petersburg
Harvard University
London School of Economics
New York University,
Leonard N. Stern School of Business
Pomona College
Rice University
Stanford University
Swarthmore College
University of Alabama
University of California, Berkeley
University of Chicago
University of Kansas
University of North Carolina, Chapel Hill
University of Pennsylvania,
Wharton School of Business
Yale University

Russian Institutions

Bard College
Carleton University
Financial University under the
Government of the Russian Federation
Moscow State Institute of
International Relations
Moscow State University
National Research University,
Higher School of Economics
Saint Petersburg State University
Saint Petersburg State University,
Graduate School of Management



Conference Highlights

April 16-18, 2014

The first day of speakers addressed chilled relations following Crimea's annexation.

Sec. George P. Shultz, U.S. Secretary of State (1982-89)

Sec. Shultz structured his discussion with the delegation around the question, "How can we prevent the current events [in Ukraine] from causing a return to a Cold War environment?" Within this postulation, Shultz discussed his perspectives on President Putin's objectives and strategies as well as the strengths and weaknesses of Russia today. According to Shultz, while Russia is poised to reclaim Soviet dominance, the country is heavily dependent on the energy trade and struggling to overcome low fertility rates. Considering these challenges, Shultz predicted that President Putin is playing a weak hand and will likely be less aggressive if challenged. This means that the US must act realistically with its relations in the Eurasian region and take steps to help nearby states to develop independent energy sources. Furthermore, President Obama must to re-establish his credibility restored, while respecting international boundaries.

Dr. William J. Perry, U.S. Secretary of Defense (1994-97)

Dr. Perry divided his discussion into three parts: 1) How the U.S. contributed to the development of the current crisis in Ukraine; 2) What the current situation involving Ukraine is; and 3) What can the U.S. do to help resolve the crisis. Regarding the historical development of U.S.-Russia relations over Ukraine, Dr. Perry discussed his personal experience working to address the "loose nukes" problem in the former Soviet states in the early 1990s. According to Perry, this was one of the many areas during this time where the U.S. and Russia had extensive collaboration. Over time, U.S.-Russia relations have deteriorated due to several important factors such as bringing Eastern European states into NATO and the development the "color revolutions" in the former Soviet states. In response to these issues, Dr. Perry explained the annexation of Crimea as a military investment to overcome Russia's feelings of mediocrity. Putin is defensively and politically posed to renew the Soviet empire. According to Perry, at this time the U.S. and the international community needs to prevent military conflict developing over events in Ukraine and also avoid going into a Cold War situation.



Colonel Tracy Rouu, Defense Attaché at U.S. Embassy in Tashkent, Uzbekistan (2011-13)

Col. Rouu discussed U.S. military cooperation as an important component of U.S. foreign policy. She specifically focused on her experiences in Uzbekistan, where she played a vital role in cooperation between the U.S. military and the Uzbek government. One type of military cooperation involves sergeants from around the world come to the U.S. and train with the army. These programs provide officers with an opportunity to learn language and social nuances within a culturally sensitive environment. Similar relationships are developed with the international exchange of military equipment. These exchange programs establish the human dimension, cultivating personal relationships and collaboration.



Prime Minister Kevin Rudd, 26th Prime Minister of Australia (2007-10, 2013)

Prime Minister Rudd discussed China's emerging world dominance and advocated for a new strategic relationship with the US. The rise of China, also known as the China Factor, is happening at an unprecedented speed. Aimed at rejuvenating China's livelihood, prosperity, and military, President Xi Jinping is working to sustain the Communist Party, while building positive international relations. Relying on support from China's party solidification, loyal army, and formidable intelligence agency, the country's economy is on the path to surpass both the US and Japan. Today, we see President Ping working to construct a China that is economically, socially, and globally successful.

Visit to Google

On the second day of the Capstone Conference, delegates had an opportunity to visit the Google Campus. At Google, the delegates first had an opportunity to gain a perspective into the culture that drives entrepreneurship and innovation in Silicon Valley. The first component of the visit to Google involved a question and answer session where delegates were able to discuss with Google staff some of the projects that the company was in the process of developing. These particular employees also were able to shed some insights into Google's Russian operations. In particular, they led a brief discussion with delegates that provided some background into the position Google and its products have in the broader Russian technology sector. Afterwards, delegates broke into smaller working groups where they personally got to engage the hosts from Google about their personal careers and also interact with new products such as Google glass.



The second day of speakers addressed a variety of international topics ranging from the failure of America's Reset with Russia to Mongolia's evolving role in foreign policy.

Dr. Michael McFaul, U.S. Ambassador to Russia (2012-14)

The Delegation had the opportunity to meet Dr. McFaul during the Moscow Conference in the fall, while he was U.S. Ambassador to Russia, and once again during the Capstone Conference at Stanford. At Stanford, Dr. McFaul expressed personal disappointment in the reset's failure, saying that he believed U.S.-Russia relations are "pessimistic in the short term, yet optimistic in the long term." McFaul believed U.S.-Russia relations declined during Russia's 2012 election. According to him, President Putin did not have a narrative against internal opposition and needed a common enemy to unify citizens against domestic issues. The U.S. became this enemy. Putin presented America as a lying, abusive covert power. McFaul emphasized the importance of studying specific aspects of foreign policy to avoid stereotypes, while dissecting the individual from his/her government. McFaul concluded with, "Don't confuse Russia with Putin."



Over the past few months, several news articles were written about the Stanford U.S.-Russia Forum and the fall Moscow Conference. Articles were found in Russia behind the Headlines (RBTH), Russia-Direct, and USA Today.

Former United States Ambassador to Russia Michael McFaul publicly acknowledged the delegation and their efforts, citing the RBTH article:

"I admire these young people. Inspiration for us all."

Zandanshatar Gombojov, Mongolian Minister of Foreign Affairs and Trade (2009-12); Member of Parliament (2004-12)

Mr. Gombojov discussed Mongolia's underutilized role in foreign policy. Mongolia has a third neighbor policy with East and West countries, multilateral cooperation across E. Asia, and economic trade with Russia. These strategic relationships make Mongolia an invaluable trade partner. Furthermore, Mongolia's excellent international partnerships can be used to improve relations between Russia, China, America, and North Korea. Gombojov proposed a three step plan in which cooperation, natural resource integration, and democratization foster dialogue between feuding countries.

Dr. Siegfried Hecker, professor of the Management Science and Engineering Department, Director of the Los Alamos National Laboratory (1986-97)

Dr. Hecker spoke his experiences with U.S.-Russia cooperation in the nuclear sphere. Following the collapse of the Soviet Union, "loose nukes" posed a critical safety threat. Russia experienced a dramatic change in political and economic systems undermining existing socialist safety nets. Nuclear material was abandoned and unprotected. According to Hecker, the U.S. was more threatened by Russia's sudden weakness and inability to regulate nuclear material, than its strength. Nuclear scientists from Russia and the U.S. cooperated to dismantle and dispose of nuclear missiles. This collaboration fostered lab-to-lab cooperation in which scientists developed mutual respect, common interest, and trust.

Visit to Fort Ross

Made possible by the generous support of the Renova Fort Ross Foundation and Renova Group (USA)

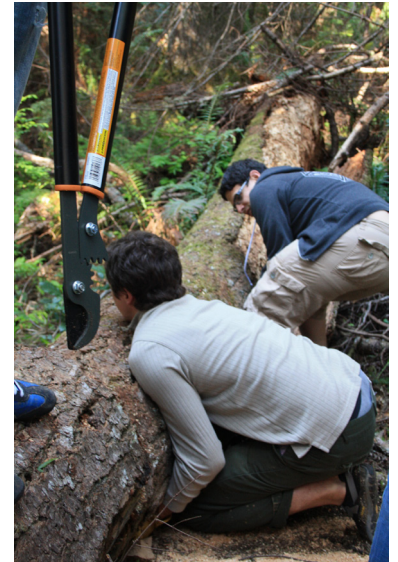


Fort Ross is a California State Park founded at the site of an early Russian colony from 1812. Fort Ross is now a historical landmark celebrating Russian culture and the common history between the United States and Russia. Situated on the coast of California just north of San Francisco, Fort Ross offers a step back in time to the early 19th century before the birth of the State of California. The Stanford U.S.-Russia Forum makes an annual excursion to the historical Fort Ross. The delegation gets to experience first-hand the landmark that is symbolic to the ties between the U.S. and Russia. Students put down their books and picked up shovels to preserve and maintain Fort Ross by creating new trails, trimming branches, pulling weeds, and more.



Through many hours of volunteering and engaging

State Park Interpreters, the Stanford U.S.-Russia Forum's visit highlights the dedication of students working to cultivate the bilateral ties not only within the walls of academia at Stanford University but also within the walls of Fort Ross.



"Fort Ross was a terrific experience, I learned a lot about the history of Russians in America from Hank. I learned about the issues of modern life, law, and civil rights in the US from speaking to our community service supervisor Mary Pat, and I gained invaluable knowledge, which makes me feel forever changed."

Mr. Sergey Petrov, Consul General of the Russian Federation in San Francisco

After the conclusion of the Stanford component of the Capstone conference, the delegation met with Consul General Sergey Petrov in San Francisco. Consul General Petrov spoke about some of the activities the Russian Consulate in San Francisco carries out on behalf of the Russian government and Russian community in the western region of the U.S. it serves. Consul General Petrov also shared some of experiences and observations from his long career in Foreign Service which have ranged from Kabul in the late 1980s to Ottawa, Canada right before coming to San Francisco.

Working Group Abstracts

Nuclear Renaissance: Challenges, Frameworks, and Proposals for U.S.-Russia Cooperation in the International Nuclear Energy Market

Amanda Gress, Dmitry Plekhanov, Aleksander Negara, Sean Kesluk

This project examined contemporary trends in the international market for nuclear energy technology as well as the opportunities for enhanced cooperation between the United States of America and the Russian Federation. Research was primarily conducted via data and primary source materials obtained through international organizations that monitor the nuclear energy field, supplemented by scholarly analysis and articles obtained from academic databases. The research sought to develop a cohesive picture of the growth trajectory of nuclear energy usage, highlighting political and social challenges to the industry and current American and Russian policies. With a clear picture of this situation established, the paper explores the legacies and potential of inter-governmental cooperation, the role of private companies, and the priorities of broader international frameworks. The project offers several proposals within the aforementioned spheres to take advantage of the potential for greater US-Russia cooperation in the global proliferation of nuclear energy capability and technology. These proposals include coalescing divergent and separate Russian and American international frameworks that exist in addition to IAEA standards, empowering private companies to develop their own initiatives, and prioritizing the solidification of a sustainable, international, and equitable nuclear fuel cycle process for all participating countries.

The New Silk Road: A Policy Examination

Jonathan Blaisdell, Aleksandra Egorova, Anna Naumova, Jakub Nowicki

As the U.S. Defense Department begins a complete withdrawal of American troops from Afghanistan, it remains uncertain how many soldiers will stay behind or what measures will be taken to ensure that the political and economic gains of the past decade are not lost. At the forefront stands the Obama administration's vision of expanding the Northern Distribution Network into a viable conduit for interregional trade between Central and South Asian states and a wider global community—the New Silk Road Initiative. Unemployment, lack of infrastructure, and security issues stand out as the biggest problems facing the Afghan economy today. Making significant strides towards these problems will likely improve, not just the economic situation in Afghanistan, but also increase access to outside markets and investment for Central Asian businesses. Stronger adherence to the rule of law and greater economic prosperity will help alleviate the root causes of terrorism such as poverty and political marginalization by regional governments. Thus, security and economic issues should be tackled simultaneously. This paper first considers previous literature on the creation of a "New Silk Road," along with commentary on security concerns, regional integration projects, and the influence of Russia and China in Central and South Asia.

International Interests in the Central Asian Water Crisis: The Water-Energy Security Nexus in the Case of the Rogun Dam

Katie McCloskey, Ilshat Khanafin, Anna Ignatenko, and Irene Eunjung Oh

It is widely accepted that a movement towards multilateral cooperation will be critical to economic success and security in Central Asia. While both the United States and Russia advocate for connectivity and infrastructural development in the Central Asian region, both propose different directions of integration that highlight the geopolitical interests of each state in the region. As China, Russia, and the United States reach a tantamount of global power and influence, the often perceived “in-between” of Central Asia will come to center stage as a geography of geopolitical strategy and economic resources. Historically, the international community’s interest in Central Asia has been limited to physical security and energy development, but have consistently failed to consider a vital component of regional prosperity: water. Severe mismanagement of natural resources during the Soviet Union and following independence have complicated the production of natural resources in the region and provided a generous source of intraregional tension. Both the United States and Russia will have to take seriously the ramifications of Central Asia’s environmental circumstance if a cooperative region or New Silk Road should succeed. This paper assesses Tajikistan’s Rogun Dam conflict through the water-energy-security nexus to demonstrate the complexity of the issue and the criticality of creating policy that considers water, energy, and security as interdependent.

Understanding the University-City Relationship

Amber Ausley, Kelsey Piva, Savva Dudin, and Polina Boyarkina

An assessment of the relationship between technology and globalization provides an important framework for the creation of a modern university-city relationship. With the introduction of Internet and digital technologies, tech startups, innovation driven economies, and hyper-competition, education has become one of the most rapidly evolving components of society in both Russia and The United States. The classic image of academia, lecture halls and grand campus libraries, has been replaced by on-line forums and thread posts. Web-based learning fosters a culture of mass scholarship in which we are invited to explore the connection between higher education and it’s social, urban, economic, and cultural influences.

Within our research, we intend to question “where and why education is changing?” While we know that MOOC’s (Massive Open On-line Courses) developed out of a demand for cost effective and widely accessible education, we believe it is important to unify the roles of technology and environment, while transcending the traditional university boundaries. We propose

that the modern university appeal to a community based form of learning. While a shift to web-based learning is inevitable, it is important that higher education remain a space for collaboration. The information era allows the university to replace isolated education with global interaction. In this way, students learn from the world’s best teachers, while gaining an international perspective. Partnership is the key component to integrating MOOC’s and collective research centers.



Russian LCC: An analysis of Russian civil aviation and recommendations for the creation of a Russia-based low-cost carrier

This project is supported by The Boeing Company

Anastasia Grineva, Daniel Fleishman, Eleana Jao, Georgy Druzhinin, Kuhnen Desai, Margarita Boyarskaya, Savannah Thais

This analysis and research examines the Russian civil aviation market and recommends a business model for a Russian low-cost carrier (LCC). With legacy carriers struggling to thrive in a volatile market, the LCC model has proven itself successful, experiencing substantial growth in markets across the globe. However, Russia has time and again failed to establish a sustainable LCC model, granting a small number of state-supported carriers a monopoly on Russian civil aviation and establishing air travel as a luxury good, accessible to only the elite of Russian society. After a thorough comparative analysis of global civil aviation markets with a particular focus on national economic development, legal environment, financial history, and



prominence of alternative forms of transportation, we have chosen to recommend an LCC based around the business models of Spring Airlines and West Air, two successful Chinese LCCs. Included in this model are suggestions for cost-saving and profit-ensuring business practices, location and route strategies, and legal actions. We further provide an analysis of possible legal, financial, and competitive impediments to the LCC plan and elaborate on technical details such as fleet size, flight network, fare offerings, and financial undertakings.

Anti-corruption compliance of multinational companies in Russia

Nikita Semenov, Tanya Pazhitnykh

The widespread presence of corruption in the Russian business environment is undeniable, and many believe it to be ineradicable. Despite this belief, examples of reduction in corruption have shown that it can be managed through increased perceived costs, through both criminal and social penalties. There are clear incentives for companies and the government to fight corruption. The costs to both state and business are numerous and include inefficient use of resources, erosion of trust, loss of competitiveness, and reputation costs. It is becoming increasingly evident that the short term gains of engaging in corruption are outweighed by long term costs. Far reaching anti-corruption laws such as the U.S. Foreign Corrupt Practices Act make it risky for multinational companies to do business in Russia, and this presents a major obstacle for Russian companies to be internationally competitive and innovative. This project finds that many multinational companies take steps to reduce risk among their vendors and third parties in high-corruption countries such as Russia, but it is a process that could be markedly improved. This is the goal of the Russian Compliance Alliance, an initiative to promote greater understanding of anti-corruption compliance concepts among large corporations and their vendors and third parties. Through a comprehensive self-evaluation and public registry, the RCA will increase awareness, provide standardized methodology for assessing compliance, and facilitate the use of anti-corruption compliance in the due diligence process. According to theories of corruption, this project finds that such an initiative could serve to increase perceived costs of corruption and help in its long term management.

Vocational Education and Training in Developing and Developed Countries

Carissa Landes, Alina Rafikova, Aia Sarycheva, Ekaterina Syrunina

Countries all over the world, both developed and developing, face skill gaps in different industries of the economy. Vocational education and training or VET has the potential to reduce skill gaps, decrease the unemployment rate, and foster higher civic participation. The objective of this research is to analyze the best VET policies at different levels of country development. First, research on the positive and negative effects of vocational education in developed and developing countries is provided. Next, appropriate measures of economic development are used to sort countries into clusters. Finally, recommendations for interventions in VET are compiled based on best practices in Germany, the U.S., and Singapore.

The effectiveness of VET in realizing economic growth targets largely depends on the developmental stage of the country in question. VET has shown the strongest influence on nations undergoing earlier stages of economic development, with high returns of investment realized through improved social environments and higher standards of living. In developing nations, VET has been observed to provide a short-term solution to significant education gaps within countries and to offset gaps between advantaged and disadvantaged groups within countries. In developed nations, the advantages of VET are less pronounced, as general tertiary education that builds flexible and widely applicable skills is preferred. VET is best employed when there is economic demand for labor and when appropriate policy instruments are combined with an assessment of needs for economic growth.

A Comparative Analysis of the Online Media Coverage of the Syrian Crisis: U.S.-Russia Relations through the Syrian Lens

Stanislav Budnitskiy, Nora Kirkizh, Erik Myers, Reagan Thompson

The Syrian Civil War, raging since early 2011, put Russia and the USA on the opposite sides of diplomatic barricades. National news media in both countries have been closely covering, and variously framing, the event all along. Given the impact of foreign affairs news coverage on both lay audiences and policymaking elites, the authors contend that acquiring evidence of the Syrian conflict's media coverage may provide crucial insights into the dynamics of US-Russia relations. The concept of content media bias serves as an analytical entry point into the inquiry. The article examines the Syrian crisis coverage in the four most popular American and Russian online news outlets, in order to locate and describe the existing media bias within two national media environments. The authors use methodologically rigorous and replicable content analysis, both manual and software-based, to build two extensive network graphs—one for each country's selected media sources.

Affirming the hypothesis, the resulting graphs clearly indicate strong national biases in the Syrian crisis coverage. American media focus much more prominently on domestic actors—"US," "Obama," "Kerry," "White House," and others—providing a favorable account of their involvement in the conflict, while portraying Assad's regime in a staunchly negative light. In contrast, the four Russian online news outlets give visibly greater salience to Russian actors—"Russia," "Putin," "Lavrov," "Medvedev," and others—and depict Assad as an ally, rather than an enemy. Based on these findings, the article concludes with a number of media policy suggestions for the US and Russian administrations.

Gas Flaring and Associated Petroleum Gas Usage: Challenges Facing the Russian Federation and the United States

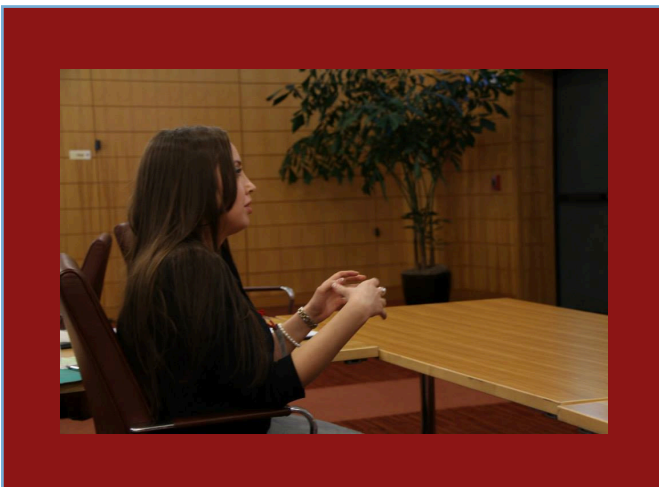
Alexander Belyanov, Amber Rashid, Max Hoyt, Natalia Guseva

Gas flaring – the practice of burning off the Associated Petroleum Gases (APG) produced from crude oil wells – is a global problem. The World Bank estimates that over 150 billion cubic meters (BCM) of natural gas are flared or vented each year, a volume similar to the amount Russia’s Gazprom exports each year to fulfill its European contracts. The USA and Russia are the world’s leading gas producers. They both rank among the top five gas flaring countries, but with significantly different results. Russia flared 37.4 bcm in 2011, while the US flared a more manageable 7.1 bcm. The 30 bcm difference begs the question of causality. This paper examines the current challenges of APG utilization in the US and Russia by analyzing the industry trends and governing policies of both countries. Additional sections of the paper are dedicated to defining the key terms and to providing the reader with background information on both case studies. Finally, this paper assesses the successes and failures of APG usage in both case studies and offers the reader its own conclusions and opportunities for collaboration between the two countries.

Exploring the Aspects of a U.S. Invested Pharmaceutical Cluster in Russia

Rohan Shah, Yuri Gloumakov, Yuri Shprygov, and Sabina Shukyurova

The Russian pharmaceutical market provides as an exciting platform for collaboration between the Russian government and US Pharmaceutical companies with potential gains for both sides. For Russia, there will be developed long-term capabilities in terms of modernization and technologies. For the US private sector there will be a promising market with a reliable purchase requirement and a sophisticated infrastructure and high-educated human resources. In this paper, we give an overview of the current state of the Russian Pharmaceutical Industry, recent legislation impacting regulation and good practices within it. We examine the feasibility of investments in Russian pharmaceutical industry by US private sector through foreign direct investment. More specifically, we outline the application of business cluster theory as a viable and effective medium for foreign direct investment. Finally, we propose policy strategies for both the Russian government and American investors to collaborate and jointly create a pharmaceutical cluster in Russia.



Contact Us

If you have any further questions or inquiries about our organization, the findings and work of our most recent delegation's 10 research groups, and/or possible sponsorship opportunities, please do not hesitate to contact us at:

Ravi Patel
President of the Stanford U.S.-Russia Forum
+1 415 683 1782
rspatel@stanford.edu

The Stanford U.S.-Russia Forum
Center for Democracy, Development and Rule of Law
Encina Hall
616 Serra St.
Stanford, CA 94305
+1 (415) SUR-F101

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DEADLINE: JUNE 16, 2014 5pm PDT

The program is open to both undergraduates and graduates from any university in the United States or Russia. Prior exposure to Russian culture or study of the Russian language is not necessary. There are no prerequisites for the program and delegates are recruited from all fields of study.