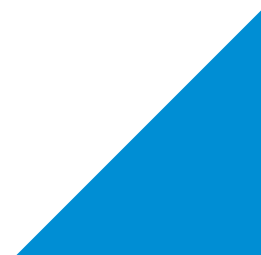


MINISTRY OF ECONOMIC DEVELOPMENT OF RUSSIA

CHALLENGES 2020

THE VIEW FROM
RUSSIAN BUSINESS

2020



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Executive Summary

THIS STUDY PRESENTS a collective view of leading Russian businessmen and experts on the key challenges that the country must deal with in the next 12 years. A survey conducted in March-April 2008 highlights a broad *consensus* among representatives of very different companies and political camps on the challenges that Russia faces. The main conclusion is that *Russia's future is determined by processes inside the country*, and not by global trends. Indeed, approximately 70% of those surveyed believe that the key problems facing Russia are the *low quality of public governance* (they emphasize corruption and the lack of an independent, effective judiciary), *inadequate infrastructure*, and *a dwindling population*. In particular, respondents selected combating corruption and developing infrastructure as the key tasks for the government in the coming years. In addition, the state of *national health* presents significant challenges. Putting the *pension system* on a sound financial footing is also mentioned by respondents as an important practical task. One possible route, according to respondents, would be to turn a portion of the Stabilization Fund into a sort of national endowment. Many respondents also support investing a portion of the Stabilization Fund in infrastructure projects.

Economic challenges, either global or domestic, do not produce any significant anxiety among Russian businessmen (low diversification of the economy being a possible exception). A sharp fall of energy prices, they believe, would be a very serious challenge for the country, yet such a fall is unlikely. At the same time, the study makes it clear that the business community is seriously concerned with *political trends* in the country. Their high hopes for Russia's future notwithstanding, businessmen expect the lack of political competition and restrictions on political, economic, and personal freedoms to become a serious problem for the country in the next 12 years. Though the risk of a political cataclysm (a coup, revolution, sharp reversal of economic policy, seizure of power by radical nationalists, etc.) appears unlikely, it is nonetheless something they think about". It is revealing that, most of all businessmen would like to see their country "*free*" in 2020.

Respondents expect that, in addition to Moscow and St. Petersburg, Yekaterinburg, southern Russia, Novosibirsk, and Krasnoyarsk will be the *key centers* of Russia in 2020.

Table of contents

About the study 5

I Russia 2020: single agenda for the country 6

II What should Russia be like in 2020? 8

III 2020: Challenges for Russia 9

Quality of governance 10

Infrastructure 12

Health 12

Citizens and the state 13

Economic problems 15

Managing the Stabilization Fund 16

Non-dangers 17

IV Where is Russia heading? 18

V “Black swans”: predicting the unpredictable 20

VI Geography 2020 22

VII Professions and education 24

List of participants 27

20

THIS STUDY was prepared by the Ministry of Economic Development of the Russian Federation as a contribution to the Strategy of Socioeconomic Development of Russia to 2020. The study was conducted by the New Economic School (NES) in cooperation with the *Vedomosti* daily, and with support from IBS and the Public Opinion Foundation. The study is based on results of a survey conducted by NES and *Vedomosti* in March-April 2008. Over 100 representatives of the leading companies in the country (according to the Expert 400 ranking), including state-owned companies, were invited to participate in the survey, with a bias towards companies outside of the energy and extracting sectors. Specifically, we were interested in the opinion of key corporate decision-makers – people who are responsible for shaping their companies’ long-term strategies and, therefore, think about the likely scenarios of Russia’s development on a regular basis. Also, we invited a number of leading Russian experts to take part in the survey. As a group, the participants of the survey do not form a representative sample of the Russian economy. Overall, 58 businessmen and experts agreed to answer our questions. The questionnaire was assembled by experts from NES, the Ministry of Economic Development, and the Public Opinion Foundation, and subsequently adjusted after testing on members of a pilot group.

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Russia 2020: Single Agenda for the Country

ONE'S NOTION OF THE COUNTRY'S FUTURE and the challenges it will face depends on one's ideological preferences and vision of long-term national goals. Survey respondents were therefore offered several questions designed to measure their overall optimism regarding Russia's future. The following questions were asked:

If you were to give advice to a 17 year-old today, would you advise him or her to pursue a career in Russia, or, if possible, to try to fulfill his or her potential outside the country?

Would you want your children to live in Russia in 2020?

If you had to make long-term (till 2020) investments of your own money, what percentage of that money would you invest in Russia?

The answers to these questions showed a reasonably *high degree of confidence in Russia's future* among the respondents. 81% of respondents would want their kids to live in Russia in 2020, and 85% of respondents would advise today's teenagers to pursue careers in Russia. Overall, respondents emphasized that there are incomparably better career opportunities in Russia than in the West (especially given the "glass ceiling" for Russians in the West mentioned by some respondents), though some respondents gave a less straightforward answer to this question. According to them, there are better opportunities for self-realization and success in Russia, while in the West one can plan for a calmer and more measured life and career, so that the choice between the two depends on one's personality. Nevertheless, overall optimism concerning the future of the country among respondents is generally high. This is evident from answers to the question about personal investments: on average, respondents would commit 56% of their personal fortune to long-term investments in Russia. And respondents are quite consistent in their choices: the pessimists (those who want their kids to live outside the country) are much less inclined to invest their money in Russia (median share: 20%) than the optimists (median share: 70%).

Despite their overall optimism concerning Russia's future and their desire to live and work in Russia, respondents were *quite critical in their assessment of the situation in the country*. Many of their comments were truly acerbic. "Think about the future of the country, and not about their careers," one respondent snapped when asked to suggest measures that should be high on the agenda of the new cabinet. That kind of answer coming from a very successful member of the national business elite should be treated as a fairly worrisome signal – and this response was not the most critical one. As we will see later, many respondents are concerned about the possibility of undesirable political scenarios,

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such as some sort of a revolution, or an evolution towards “fascism,” autarchy, etc. All respondents were promised anonymity, yet it is telling that a noticeable group (about 15%) requested that their names not even appear on the list of respondents. This can only be interpreted as an expression of insecurity among the businessmen.

Nevertheless, our analysis shows that the *answers given by respondents to questions about the challenges and risks facing Russia depended neither on degree of their optimism regarding country’s future, nor on their background* (including the industry they represent). In other words, both those who would invest 100% of their money in Russia, and those who would want their children to live abroad, believe that the country is facing the same challenges and risks. Similarly, there was no statistically significant difference between those who would prefer Russia to be “*strong*,” or, conversely, “*free*” in 2020 (let alone the fact that many respondents chose both “*free*” and “*strong*”). Nor was there any statistically significant difference between the representatives of financial and non-financial sectors, or between businessmen and experts. We believe that our results reflect a *broad consensus emerging in the business community*. The views and assessments expressed below depend neither on the political sympathies of respondents, nor on the industries they represent: there are no reasons to assume that these suggestions or critical remarks reflect the agenda of a particular group, party, or industry. It appears that, as far as the Russian business community is concerned, *today there exists only one, common agenda for Russia*.

81% of respondents
would want their
children to live in
Russia in 2020

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What Should Russia be Like in 2020?

RESPONDENTS WERE GIVEN A CHOICE of criteria describing *what kind of a country they would like Russia to be in 2020*. This list of 10 criteria is based on preliminary expert discussions, and is meant to cover the broadest possible range of views.

What Kind of Russia Would You Like to See in 2020?

Free	67%
Educated	57%
Active	57%
Law-abiding	56%
Healthy	54%
Rich	30%
Strong	22%

The *most popular* criterion turned out to be “free”: it was selected by 67% of respondents. Next came such criteria as “educated,” “active,” “law-abiding,” and “healthy”: all of them are highly important to more than half of respondents.

The *least popular* criterion, selected by 22% of respondents only, was “strong.” Only 30% of businessmen saw “rich” as a very important criterion.

2020: Challenges for Russia



THE PURPOSE OF THIS STUDY is to highlight *the key challenges that Russia will face in the coming 12 years*. Having indicated what kind of Russia they would like to see in 2020, respondents were invited to identify (again, by selecting from a list) the key problems that are most likely to become an obstacle for Russia. Also, respondents were invited to suggest a few measures that should top the government's agenda in the immediate future. Respondents were also asked to select their preferences for managing the Stabilization Fund, i.e., whether it should be invested on the global financial market, spent on various projects, kept as it is, etc.

Key Challenges for Russia

Low population level	70%
High corruption	69%
Lack of independent and effective judiciary	67%
Disregard for law and citizens' rights by the authorities	60%
Growing presence of the state in the economy	57%
Low quality of pre-college education	56%
Inadequate infrastructure	54%
Dysfunctional bureaucracy	52%

The most frequently mentioned challenge was Russia's *dwindling population*: it is considered highly important by 70% of respondents. However, this problem does not appear at all on the list of practical recommendations for the government, nor there is any discussion of the demographic policies currently pursued by the state. It appears that businessmen are concerned about this problem largely because it leads to a shortage of skilled labor. "We don't realize the scale [of the demographic problem]," says one of the respondents, explaining that what he really means are the "skyrocketing wages, lack of personnel for construction projects slated for the next decade, making a considerable increase in labor productivity inevitable." As far as one can tell, they don't see a quick solution to the demographic problem, and so they just take it into account in their long-term.

Two other issues perceived as the most crucial for Russia's future are the *low quality of public governance* and the *inadequacy of Russia's infrastructure*. Besides being among the most "popular" challenges, these issues also dominate recommendations given by respondents to the government.

Quality of Public Governance

The issues that came in our ranking of key challenges immediately after dwindling population are *high corruption* (69%), the *lack of an independent and efficient judiciary* (67%), and *disregard for law and citizens' rights by the authorities* (70%). As one can see, the issues of high corruption and the absence of an independent and efficient judiciary just barely lagged behind the demographic problem in the survey. One can safely say that *corruption is perceived as one of the two most important challenges for Russia* in the coming 12 years. As we mentioned, first and foremost respondents want Russia to be “Free” in 2020. Yet, corruption and the lack of an independent judiciary are perceived as even more serious challenges for the country than are restrictions of freedoms (see below).

Another detail is noteworthy. Although “legal nihilism,” i.e. disregard for law among citizens also seriously concerns the respondents (48% of them believe that it is an important challenge), *the main threat comes from state officials*. Characteristically, such challenges as the “*growing presence of the state in the economy*” also made the list of the most important problems for the coming period. Another problem that made it to the very top of the list was the “*dysfunctional bureaucracy*.” And recommendations given by respondents to the government reveal that these challenges are perceived as interconnected. According to captains of Russian business (including the leaders of state-owned companies), a *corrupt and inefficient bureaucracy, increasingly meddling in the economy, is the main challenge for Russia*.

Recommendations given to the government by participants of the survey reflect the different levels of conceptualization of this problem. On the one hand, there were vague calls to “*bring some order to the judiciary and law-enforcement agencies*,” “*reform public governance*,” and “*intensify the fight against corruption*.” On the other, there were more specific proposals: “*[it is necessary to] completely replace all [government officials] and raise their salaries*,” and “*[what is needed is] a simplification of legislation*.” One of the participants noted that the gravity of the problem requires extraordinary measures, including decriminalization of giving bribes in order to encourage citizens to inform on corrupt government officials (who take bribes).

**Corrupt
and inefficient
bureaucracy,
increasingly
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challenge
for Russia**

The respondents also emphasized the need for *symbolic steps by the government* that would show that the problem is taken seriously, and that would be geared toward changing the moral climate in the country. According to one respondent, a “*focused campaign to fight corruption, including a publicity campaign and launch of a hotline*” are necessary. “*Declare the fight against corruption priority number one and never say that this problem is insurmountable,*” another respondent urges.

Many of comments by the respondents were, in essence, **a call for the state to change its own behavior**: “[*There has to be*] a transition to life according to the law, not according to some informal agreements”; “*All should be equal before the law, and [the state should be] even more hard on its own representatives, such as a drunk traffic cop behind the wheel.*” Some of the respondents imply that, in essence, the current unsatisfactory situation persists because it benefits some of the powers-that-be. “[*It is necessary to*] stop using law-enforcement agencies as a tool for achieving business ends”; “*Stop using administrative resource and law-enforcement agencies for property redistribution*”; “[*It is necessary*] to end “telephone law” once and for all.” “*Things that need to be corrected are really beyond the cabinet level,*” one respondent observes skeptically (speaking before May 8, 2008).

Respondents often imply that such problems as corruption and inefficiency of the state could only be solved within the context of a broader political change in the country. The situation requires the “*liberalization of civil society, a reduction of barriers for business, and the modernization of government institutions in accordance with the aspirations of business and civil society,*” one respondent urges. In the eyes of many, the current problems are connected with the **low level of competition in the country**: “[*there has to be*] more competition, a fight against the fusion of government and business and against monopolization.”

However, when it comes to practical recommendations, few of the respondents talk about broad political change and call for “*democratization – independent courts, free media, political competition,*” or “*getting the siloviki under control.*” It appears that respondents do not believe that such matters fall under the jurisdiction of the cabinet, or that such calls would be realistic. A more realistic and practical solution to the problem of political monopolization, according to many of them, is the development and empowerment of **local self-government**. “*Create a civil society; allow more self-government at the local level and in different sectors of the economy,*” one of the participants of the survey proposes.

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“Decentralize the bureaucratic system – leave a lot of the decisions up to the regions, abolish some [rules] and simplify others,” another proposes. More specifically, respondents talk about a *“substantial decentralization of ... governance, providing for the fiscal autonomy of local government,”* or *“allowing the regions to use all of the property tax collected on their territory to finance regional education systems.”*

Infrastructure

Another key challenge that the country will face in the coming years, according to respondents, is inadequate infrastructure. More than half of those polled picked this problem as one of the most important for the country. Infrastructure development (the construction of roads comes up most often, though airports and sea ports are also mentioned) is one of the most popular recommendations for the government, and 39% of respondents support spending a portion of the Stabilization Fund on such projects.

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Health

Another noticeable group of challenges has to do with the health of the nation. Problems such as *“unhealthy lifestyles, not paying attention to one’s own health,”* *“an inadequate healthcare system,”* and *“alcoholism, drug addiction, and similar diseases”* were mentioned by over 40% of respondents. A related issue that came up just as frequently is environmental problems.

Citizens and the State

As already mentioned, the most desired characteristic for Russia to have in 2020 is “free.” Yet, specific challenges related to this criterion – such as possible *restrictions on political, personal, and economic freedoms* and the *lack of access to independent sources of information* - were mentioned less frequently than the challenges related to the low quality of governance and inadequate infrastructure. Nevertheless, these problems were mentioned quite often – each of them is considered important by over 40% of respondents. Such challenges as “*populism in social and economic policy*” and “*the weakness of civil society, lack of social capital*” also fall within this broad category of ideas. It is noteworthy that restrictions on economic freedoms were mentioned as the key challenge in 2020 no less frequently than those on political and personal freedoms. In other words, the respondents don’t subscribe to the widely held view that political and personal freedoms aren’t important for economic growth: in the long run, political and personal freedoms may become no less crucial. According to one respondent, “*the institutional foundations of successful social development include not only modern medical and social services but also institutions that protect the rights and property of citizens in everyday life.*” All in all, about half of our respondents expect that *in the next 12 years, restrictions of citizens’ rights will be a serious problem for Russia.*

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*Corrupt and inefficient
bureaucracy, increasingly meddling
in the economy, is the main
challenge for Russia*

Challenges of a Secondary Order

Weakness of civil society	50%
Disregard for law among Russians	48%
Populism in social and economic policy	46%
Inadequate healthcare system	46%
Unhealthy lifestyle, disregard for one's health among Russians	46%
Restrictions in access to independent media	45%
Restrictions on economic freedoms	45%
Restrictions on political freedoms	44%
Uncomfortable living environment	44%
Low quality of labor	44%
Environmental problems	43%
High inequality	42%
Restrictions on personal freedoms	42%
Low diversification of the economy	41%
Alcoholism, drug addiction etc.	40%

Economic problems

Respondents do not perceive economic challenges to be particularly important. Domestic (“*macroeconomic instability*”) and global (“*global agflation*,” “*global financial instability*”) trends didn’t make it to the top of the list of the most important problems. In long-term perspective, the key global trends that have been making headlines for the past few months do not appear to greatly worry the Russian business community. The most pressing economic problem facing Russia, according to our respondents, appears to be the low diversification of the Russian economy.

Economic Challenges

Low diversification of the Russian economy	41%
Lack of entrepreneurial spirit	27%
Macroeconomic instability	26%
Global financial instability	24%
Global agflation	24%
Weakness of Russian financial markets	22%
Rise of protectionism in developed countries	20%

Managing the Stabilization Fund

Respondents were asked for suggestions regarding the future of the Stabilization Fund and its successor funds. Nearly half of them called for at least part of the fund to be invested in global financial instruments in order to put the Russian pension system on a solid financial footing.

What should be done with the Stabilization Fund?

Invest in global financial markets in order to fix the Russian pension system	43%
Invest in infrastructure projects in Russia	39%
Invest in foreign companies	28%
Invest in the Russian economy	17%
Leave everything as it is	9%

Non-Dangers

No less revealing are the problems that are NOT perceived to be very important by the respondents. As we can see, the problems least likely to come up are foreign aggression, breakdown of the country, Russia's inability to influence global decision making, and weakness of Russia's armed forces. The respondents also believe a fall in energy prices to be relatively unlikely – it was mentioned as a key challenge for year 2020 by only 17% of those surveyed. The Russian business community appears not to be worried about a possible lack of foreign investment.

Things Not to Be Afraid Of

Foreign aggression	18%
Low foreign investment	17%
Loss of territory, breakdown of the country	13%
Inability to influence global decision making	10%
Falling energy prices	7%
Weak army	6%

IV

Where is Russia Heading?

SURVEY RESPONDENTS were asked to think of any “trends that are currently barely noticeable and are underestimated, yet already present and could seriously question our current assumptions about Russia’s future.”

The answers to this question betray a serious anxiety among the respondents regarding the situation in the country. While *negative trends in Russia are observed by 30 respondents (more than half the total), only 10 mention positive ones*. Overall, the trends highlighted by respondents mirror the conclusions reached on the basis of answers to the previous questions. It is noteworthy that only 6 respondents (about 10%) mentioned global trends (mainly, possible fluctuations in energy and financial markets) as important for Russia. Thus, according to businessmen and experts who took part in our survey, *Russia’s future will be determined, first and foremost, by developments within the country itself*.

Positive trends mentioned by respondents mostly have to do with changes in the social behavior of Russian citizens. Respondents observe the “*emergence of people who believe in the success of their country and think not only about maximizing profits – these are young people who were born in or after 1980*”; “*greater social activism at the local level, young people increasingly motivated in their business economic activity and career*”; “*people aspiring for economic and political freedoms*”; “*citizens taking more proactive positions in life, partly due to the increasing availability of credit*.” A number of respondents put a special emphasis on the increasing willingness of Russians who have had successful careers abroad to take up jobs in Russia, or even on such trends as the “*high level of computer literacy among young people*”.

Conversely, *negative trends* are the *moral degradation of the population; the overwhelming corruption of officialdom coupled with the increasing presence of the state in society and the economy; and immigration and the popular*

backlash against it. When talking about the moral values of their fellow citizens, respondents identified, for example, an “apathy among a large portion of the younger generations towards their personal lives, work, career, and country”; the “dying out of the population from alcoholism and from lying to themselves,” and even straightforward “cruelty.” When talking about public governance, they mentioned a “return to paternalism”; the “increasing interference of the state in all spheres of social life”; and an “accumulation of a critical mass of distrust,” brought about, for example, by massive corruption among the ranks of the traffic police. “Xenophobia, nationalism, an unwillingness to integrate into the international community, and the search for Russia’s own path of development” were also mentioned.

An important theme brought up by a number of respondents was the *ongoing decline in Russia’s competitiveness*: a “declining quality of education and research vis-à-vis leading world powers”; “Russia’s lagging behind not only the West, but the East as well.” In many respects, all these themes are interconnected and boil down to the low quality of human capital: “the lack of a sufficient number of qualified personnel, the lack of ideas that unite society,” a respondent concludes.

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Negative trends in Russia are observed by half of respondents, only 20% of them mention positive ones



“Black Swans”: Predicting the Unpredictable

RESPONDENTS WERE ALSO POLLED ON “*events that seem unlikely to happen today but could affect Russia’s future if they actually took place,*” thereby shifting the focus of the survey from current trends to unpredictable challenges – shocks that are rare but nevertheless could occur – that are not necessarily accounted for in company forecasts or government plans.

The main concern was a major shift in the global fuel market – *a fall in the price of oil* caused by the emergence of a commercially viable alternative fuel, the discovery of large new oil deposits, or a fall in demand for oil in China due to an economic crisis. This view was expressed by 16 respondents – almost one in three persons polled.

Political shocks in Russia came second on the list of such challenges. Respondents mentioned “*a coup d’état and subsequent changes in Russia’s development strategy,*” “*revolutions and overthrow of the current political elite,*” “*change of the political system,*” the country’s ruling class taking an “*isolationist stance,*” “*the coming to power of nationalist forces dreaming of restoring the Empire,*” “*yet another redistribution of property,*” “*a change in the constitutional system*”; and “*a junta*”. Such challenges were mentioned by 11 respondents – one in five polled.

The third group of significant unforeseeable events is associated with *global economic crises*. The respondents referred to “*the collapse of the international financial system,*” “*a Great Depression,*” “*a deep, long-lasting recession in the United States,*” and “*a slow-down of the Chinese economy.*” The possibility of such events was mentioned by 8 respondents.

The prospects of *positive political and social changes in Russia* was mentioned by 7 survey participants. They referred to “*success in fighting corruption,*” “*a split in the ruling class followed by the victory of liberal forces,*” the acceptance of Russia by developed countries as “*an equal and friendly partner in the world market,*” “*Russia’s entry into the EU and NATO and*

subsequent end of her confrontation with the rest of the world,” “the return of direct gubernatorial elections,” and “the rapid development of civil society.”

And finally, 5 respondents brought up the prospect of a **global military conflict**: above all, a large (possibly, nuclear) war in the Middle East, and “China’s growing global activity turning into aggression.”

Thus, a **slump in oil prices** and **political turmoil** in Russia were deemed to be the most important among these risks. Naturally, people were talking about unforeseeable, unlikely events, yet the fact that the same sort of challenges came to mind for every third (or fifth) person indicates that such developments seemed quite possible to them. The fact that these challenges were mentioned so often illustrates, to a large degree, respondents’ perception of their country and the economy as a whole. It is also noteworthy that a negative political shock in Russia was mentioned twice as often as positive developments.

*One in five
respondents is
concerned about
possibility of a
major political
shock in Russia*

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Geography 2020

AS A PART OF THE SURVEY, respondents were asked to name five cities or regions (other than Moscow and St Petersburg) that by 2020 will be “*the most important regional centers of Russia.*” The indisputable favorite was *Yekaterinburg*, mentioned by 69% of respondents. *Novosibirsk*, with 50% of the vote, came in a distant second, while *Nizhny Novgorod* (46%) and *Krasnoyarsk* (40%) were the third and fourth, respectively.

The Most Important Centers of Russia in 2020: Cities

Yekaterinburg	69%
Novosibirsk	50%
Nizhny Novgorod	46%
Krasnoyarsk	40%
Krasnodar	36%
Rostov-on-Don	36%
Samara	36%
Vladivostok	33%
Kazan	26%

With respect to other results, it is noteworthy that Kaliningrad was mentioned as an important future center of Russia by two respondents only, whereas Vladivostok’s chances to play a prominent national role appear to be quite high (33% of respondents). What also stands out is the expectation that economic and social activity beyond the Urals is going to be concentrated in very few cities: besides Krasnoyarsk and Novosibirsk, the potential of other Siberian cities to become nationally important centers doesn’t provide much optimism. The following cities were also mentioned: Sochi (10 respondents), Perm (7), Tomsk (5), Irkutsk, Omsk, and Tyumen (3 each).

Most Important Centers of Russia in 2020: Regions

The Urals (Yekaterinburg - Perm)	74%
The Volga Region (Nizhny Novgorod – Kazan – Samara)	71%
The South (Krasnodar – Rostov – Sochi)	67%
Western Siberia (Novosibirsk, Omsk, Tomsk, Tumen)	57%

One gets a similar picture if one looks not at individual cities, but at *macro-regions*. Krasnodar, Rostov-on-Don, and Sochi are mentioned especially frequently as interchangeable alternatives, or as parts of a single Southern macro-region. Among such macro-regions, the Urals (Yekaterinburg and Perm) is mentioned most often, followed by the Volga Region (Nizhniy Novgorod, Kazan and Samara) and the South.

VII

Professions and Education

ONE OF THE QUESTIONS in this survey had to do with educational and professional trends facing young people. The question read as follows: “If you were to advise a 17-year-old planning to live in Russia, what profession (or skills) would you recommend that he/she acquire?”

Overall, respondents are quite concerned with the current trends in education and labor markets: the labor shortage came up quite frequently, and the reform of Russia’s educational system occupies a prominent place among recommendations to the government. The most critical challenge, according to respondents, is the *low quality of pre-college education*: 56% declared it to be a major problem. The “*inaccessibility of high quality higher education for the majority of the population*” was considered to be a very important problem by 44% of respondents. The “*brain drain*” as an important problem was emphasized much less frequently (33% of respondents).

The profession that is most often mentioned as having good prospects is *engineering*, including construction and technical engineering: “*All kinds of engineers [are going to be in demand]*,” one of the respondents says. Otherwise, however, the same professions that were “in vogue” in the 1990s–2000s will remain highly popular among the employers. If arranged by frequency of mention, economists and financial specialists are in second place, managers are in third and lawyers in fourth. Many respondents believe that, while the demand for these professions will remain high, the *quality* of professional training in these fields will matter more and more.

The main conclusion, however, is that *professions* are expected to gradually give way to *skills*. Almost half of all respondents emphasized skills in the broadest sense and imply that professions (as specializations in higher education) will become less and less important. According to Russia’s top managers, in order to succeed in 2020 one will first and foremost need *personal qualities* such as leadership, the ability to switch tasks, and a broad vision going

Profession that is most often mentioned as having good prospects is engineering, but financial specialists, lawyers, and managers will also be in high demand

beyond narrow professional expertise. *“The ability to be flexible, to think independently, and to seek new knowledge”* will be in demand, one of the respondents says. Another believes that *“critical thinking and open-mindedness, a willingness to work actively and creatively in one’s chosen field”* are required. A third respondent suggests that it is very important to have *“the ability to switch from one activity to another, in other words, to be flexible”*. The respondents often stressed such ethical characteristics as *“professional modesty,” “decency,”* and *“the ability to keep one’s word”* as crucial for success. Personal skills, such as the ability to communicate and present well, will be important as well.

Many respondents think that specific skills traditionally viewed as discrete professions will in the future turn into mere practical skills, or tools, necessary for effective performance. This includes the knowledge of foreign languages – primarily English, of course. In addition, a familiarity with law, finance, and engineering will also be increasingly perceived not as attributes of “professions,” but as practical skills. *“Financial education”* is vital *“not necessarily as a profession, but as an element of general financial literacy,”* says one of the respondents. The study of these subjects will not be a goal in itself, but rather a component of professional training in 2020. Ideally, there should be a number of such elements, since in the next decade it will be essential to *“think independently, rather than in a narrow professional framework.”* For example, respondents mention such combinations of skills as *“a technical education in engineering with a deep knowledge of finance and the humanities”;* *“finance, mathematics, foreign languages, international economics, and computer programming”;* *“a knowledge of 2 or 3 foreign languages in addition to proper education in engineering and the humanities”;* *“creative thinking, communication skills, foreign languages, basics of history and economics”.*

Thus, future students should look for comprehensive, integrated training. They should *“get a university education, and it doesn’t matter whether it’s in engineering or in the humanities, as long as it allows them to develop critical thinking and open-mindedness”;* *“get a university diploma; study both in Russia and abroad”.* Many respondents stress the importance of quality of education, since practical skills acquired in the process of learning are more important than abstract knowledge. *“Quality is essential. One should get a traditional education at a state university; a narrow qualification doesn’t matter”;* *“fundamental training [is vital]”;* *“[To high-school graduates, I would recommend studying] any [field], but studying it profoundly and aiming to become a top professional in the field”.*

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Aleksandr Auzan, Institute of the National Project “Public Contract”	Dmitry Pumpyansky, TMK
Aleksandr Buligin, UC RUSAL	Teodor Shanin, MSSES
Evgeny Chichvarkin, Euroset	Rair Simonyan, Morgan Stanley
Michael de Csillery, Bain & Company	Aleksandr Soldatov, Razgulay Group
Oleg Demchenko, IRKUT Corporation	Ermolay Solzhenitsyn, McKinsey
Stephan Dertnig, The Boston Consulting Group	Yulia Tsepliaeva, Merrill Lynch
Leonid Fedun, LUKOIL	Ruben Vardanian, Troika Dialog
Sergei Frank, Sovcomflot	Aleksey Vedev, Bank of Moscow
Aleksandr Goncharuk, JSFC Sistema	Victor Vekselberg, TNK-BP
Evsey Gurvich, Economic Expert Group	Arkady Volozh, Yandex
Aleksandr Izosimov, VimpelCom	Oleg Vyugin, MDM Bank
Anatoly Karachinsky, IBS	David Yakobashvili, Wimm-Bill-Dann Foods
Sergei Kirienko, Rosatom	Vladimir Yakunin, Russian Railways
Sergei Kogogin, KAMAZ	Evgeny Yasin, State University – Higher School of Economics
Nadezhda Kosareva, Institute for Urban Economics	Vladimir Yevtushenkov, JSFC Sistema
Nikolay Kovarsky, Club 2015	Igor Yurgens, Russian Union of Industrialists and Entrepreneurs
Sergei Kravchenko, Boeing Russia/CIS	Mikhail Zadornov, VTB 24
Yaroslav Kuzminov, State University – Higher School of Economics	
Yaroslav Lissovolik, Deutsche Bank	
Rori A. MacFarquhar, Goldman Sachs	
Marlen Manasov	
Vladimir Mau, The Academy of National Economy	
Leonid Melamed, Russian Corporation of Nanotechnologies	
Denis Morozov, Norilsk Nickel	
Maxim Nogotkov, Svyaznoy	
Dmitry Orlov, Vozrozhdenie Bank	
Natalia Orlova, Alfa-Bank	
Sergei Petrov, State Duma of the Russian Federation	
Aleksandr Popov, Rosbank	

20

Participants Who Preferred to Remain Anonymous

- President of a retail bank
- Managing director of a telecommunications company
- Managing director of the Moscow office of an international investment bank
- Lead analyst of a large bank
- General director of a large state enterprise
- President of a large company
- General director of a mining company
- Member of the board of a metallurgical company

* Place of work shown at the time of the survey



20

2

