

CHAPTER III

Investment and Trade: Obstacles and Opportunities

The long-term prospects for investment and trade in the former Soviet Union are promising, but the outlook over the next decade or so can only be described as stormy. On the one hand, remarkable opportunities abound in all of the republics, which are eager to develop trade and business links with the West. Among the advantages the new republics offer are the following:

- a literate and educated work force with a highly-sophisticated professional class of scientists and engineers;
- a suppressed demand for consumer goods that may be unrivalled anywhere in the world;
- a rich and diverse array of natural resources; and,
- a capacity in science and technology that is among the most advanced in the world.

On the other hand, the obstacles to Western business are immense:

- The political situation is highly unstable.
- The continuing devolution of power to republican and sub-republican jurisdictions adds extra complications. In the long-run, this decentralizing trend may be healthy, especially for business. In the short-term, however, the results are chaotic, with few clear lines of authority and genuine fear within the bureaucracies about loss of power and lack of knowledge in dealing with entirely new circumstances.
- The enormous concentration of resources in the Soviet military-industrial complex over several decades makes any shift of emphasis to civilian production extremely costly and difficult, in terms of infrastructure, the retooling of industry, and the transfer of skills and knowledge.
- The challenge of shifting from a command economy to a market system is beyond the imagining of most Canadians. There is only a very limited understanding of business needs or the functions of the market.

Indeed, the very notion of business remains utterly foreign to many people brought up in the Soviet system, which had constantly emphasized the evils of profit and capitalism. The paradox is that, as Canadian writer Michael Ignatieff has noted: