

# **A Comparison of the Stability of the Socio-Economic Systems of the United States and Russia**

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## **Abstract**

The institutions and social practices which produce stability in the United States and instability in Russia are described using casual influence diagrams. In the United States a two party system, a central bank, government regulatory agencies, fluctuating currency values, and business entrepreneurs eager to satisfy consumer demand have created a stable government, progressive social policies, and an innovative economy. In Russia the legacy of seventy years of central planning is a society responds differently to initiatives that a Western society. The failure of institutions reinforces the traditional reliance on personal networks and the neglect of civil society. Privatization has produced private monopolies, budget deficits, inflation, and unemployment. Instability has stimulated capital flight, reducing reinvestment and economic recovery. These dynamics help to explain why the transition has occurred more slowly in Russia than in other countries.

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