There is no question that there is more tension now in the U.S.-Russia relationship and Russia-Western relations more broadly than anytime since the collapse of the Soviet Union. But all of the hype about a “new Cold War” is overblown. No serious political actor in Russia—and you might argue now that Vladimir Putin is the only such actor—desires a return to global confrontation with the United States. The resurgent Russia of Putin is more assertive for sure than Yeltsin’s 1990s basket case, but the principal priorities of Moscow for at least the next decade or so will remain domestic modernization. Russian foreign policy is driven by a pragmatic, and often commercial, assessment of national interest. As we head into an election year in both Russia and the United States, let’s take a moment to examine the key issues in the U.S.-Russia bilateral relationship.

Q1: What are U.S. plans for missile defense in Poland and the Czech Republic?

A1: U.S. plans for radar and interceptor deployments in the Czech Republic and Poland have elicited tremendous opposition from the Russian government. While Putin’s February 10, 2007, Munich speech signaled an accumulation of Russian grievances with U.S. policies, it appears that the missile defense issue was the last straw. Putin surprised the Bush administration at the G-8 conference in June when he proposed using the Gabala early warning radar in Azerbaijan in place of building a new radar in the Czech Republic. Whether this was simply a ploy on Putin’s part to derail the planned deployments (knowing that a Democratic administration will be less supportive of missile defense) or whether he genuinely is keen on collaboration is unclear. Still, his offer opened the door for the two governments to explore cooperation, and last week Secretaries Condoleezza Rice and Robert Gates were in Moscow to meet with Putin and their counterparts to discuss possible cooperation on other issues. Much of the press reporting on these talks suggested failure, but this is a premature judgment as reaching agreement after a first round of talks was an unrealistic expectation.

Q2: Will the Russian presidential elections be “free and fair”?

A2: No one (I hope!) in the Bush administration has any expectations for a particularly “fair and free” election in Russia next March. The hope is likely more limited to avoiding violation of the Russian constitution and having Putin directly assume an extension of this term or a new third term. Recent announcements at the United Russia Party Congress earlier this month hint that a different solution may be in order: Putin leading the ruling party, United Russia, in the parliamentary elections in December and himself taking the role of prime minister in a new Russian government in 2008. This entails a major de facto change in the Russian political system in that the key leader will be a powerful prime minister (Putin), while the president becomes more of a figurehead. Whatever the final variant is—and certainly we remain far from the endgame, as lots of players are still jockeying—it seems extremely likely that Vladimir Putin will remain the main political authority in Russia for some time to come. Some in business and government circles will secretly (or not so secretly) welcome this outcome because Putin is a known entity and has worked with them for eight years; others will be far less satisfied. But the bottom line is that Russia remains too important in security and economic terms for us to isolate and/or ignore.

As a final note, it appears that we will be dealing for the next few years with an authoritarian country increasingly confident and ready to behave independently and in a manner that will often conflict with U.S. interests. The closest analog is China, but there are significant differences. The biggest is that we have a huge and virtually symbiotic economic relationship with China, which creates large and powerful constituencies in the U.S. political system to prevent drastic deterioration in bilateral ties. The U.S.-Russia relationship lacks that ballast, and consequently the voices critical of Russia vastly outnumber more moderate voices. Taking shots at Russia is almost cost free in this regard. This is not only a problem for Russia’s accession to the World Trade Organization (or for congressional approval of a nuclear 123 agreement—a looming positive development for the relationship), but it will also become more of an issue as Russian companies, particularly state-dominated companies, seek to purchase more assets and equities in the United States.

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