

Putin Tells Nation, World Faces Watershed

by Rachel Douglas

Dec. 12—Russian President Vladimir Putin today delivered a fiercely patriotic speech to the Russian nation, in his first annual Message to the Federal Assembly since resuming office as President last Spring. At the outset of the 80-minute presentation, Putin announced that he would not repeat his policy program, outlined in Presidential decrees issued in May, nor report on its implementation. Rather, he said he would address “certain matters of principle for our moving forward—matters of principle not only for the medium term, but for the long term, for the present and the future of Russia.” He said that this was the proper approach because, “I want us all to understand distinctly, that the years immediately ahead will be watershed years, not only for us, but for the entire world, which is entering a period of fundamental changes and perhaps even shocks.”

In a 21st Century fraught with “grounds for new economic, geopolitical, and ethnic conflicts,” said Putin, “Russia must be a sovereign and influential nation.” He went on to discuss the cultural, moral, demographic, and economic dimensions of this challenge.

Reaffirming Russian Identity

Putin devoted the first half of the speech to Russia’s survival, sovereignty, and identity, with a focus on demography and moral values.

A recurring polemic was that a patriot aims to serve society and the nation, above all, and not merely as a byproduct of seeking personal gain. He lamented that when the ideology of the Soviet Union was discarded after 1991, “we threw the baby out with the dirty bathwater,” so that “on the streets of our cities and towns today, we see the results of what happened in the state, in society, in the schools, in the media, and even in our heads, over the past 15-20 years.... Many moral

guidelines were lost.... Today, that is manifested in the form of indifference to public affairs, readiness to accept corruption, blatant money-grubbing, extremism, and offensive behavior.”

These things are a long-term threat to Russia’s security and integrity as a nation. Putin outlined a range of areas—from the teaching of Russian literature in the schools, to perpetuation of the memory of the country’s military ordeals and heroes—in which action should be taken to maintain the moral foundations of society.

He declared that population growth is a national security priority. This year, for the first time in two decades, births have begun to surpass deaths in Russia, he said, but mortality from working conditions, road accidents, smoking, alcohol, and drug addiction are still causing “hundreds of thousands” of premature deaths. He stated a commitment to ongoing measures to make young people want to stay in Russia, and to create conditions for family-formation, with a norm of three children per family.

Putin discussed both his commitment to rooting out corruption (which, in a Dec. 9 meeting with his former campaign supporters, he said was not an “anti-corruption campaign,” but rather “it’s our policy”), and combining greater access to the media and political activity in Russia, with strict legality. “What kind of confidence



Presidential Press and Information Office

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will people have in an official or a politician,” he asked, “who makes loud proclamations about the good of Russia, but tries to keep his own resources and money abroad? I ask your support for legislation limiting the right of officials and politicians to hold accounts, securities, or shares abroad. Don’t applaud yet. You may not like everything here.” He added that the restrictions should apply to the immediate family members of officials, as well.

Economic Policy Shift?

Besides opposing personal financial holdings abroad, Putin, in the economic section of his report also set forth a perspective of starting a radical and long-overdue change in Russia’s economy, for which he used a new Russian word, *deoffshorizatsiya*—meaning, “de-offshore-ing” of the economy. Currently, he acknowledged, 90% of all major deals done by Russian companies, including state-owned companies, are conducted in offshore jurisdictions, so that they are not subject to Russian law! (This is the “Pirates of the Caribbean” phenomenon, featured in *EIR*, April 30, 2010.) Putin demanded that the government present laws for *deoffshorizatsiya* in the near future. Prime Minister Dmitri Medvedev and Deputy Prime Ministers Igor Shuvalov and Arkady Dvorkovich, the latter two of whom have championed the offshore cause—listened somberly and intently.

Putin developed several important lines of discussion of economic policy, implying some major changes, although not all the implications were spelled out. He introduced this section by saying, “We cannot be satisfied with the current situation, when Russia’s budget and social spending are essentially held hostage to the financial and raw materials markets of other countries. We have said many times that a preponderantly raw-materials economy is not only vulnerable to external shocks.” It also, he elaborated, blocks the development of Russia and its population. Furthermore, “the potential of the raw-materials model has been exhausted, at a time when Russia needs annual growth of at least 5 or 6% in the coming decades.”

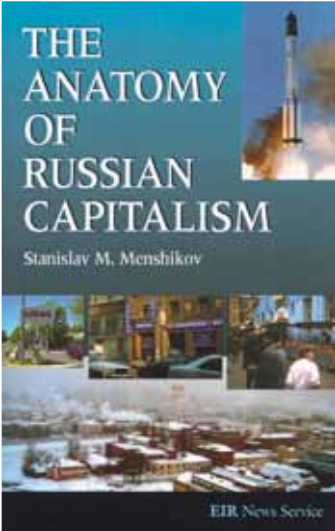
While not challenging the practice of setting aside oil and gas export earnings in a Reserve Fund and a National Welfare Fund (a monetarist practice that has actually been revamped and consolidated in recent months), Putin said that at least any Welfare Fund accumulations in excess of 7% of GDP should begin to be invested in government securities to finance infrastruc-

ture. This could start in 2013, he said, albeit at the low level of 100 billion rubles (around \$3.2 billion).

Demonstrating the lack of a full credit-system concept in Russia today, Putin otherwise said that Russia needed to forge ahead with making the country “more attractive for investors,” in order to get the “long-term money” needed for development.

The economic discussion in the speech also touched on the “Eastern vector”—the development of Siberia and the Far East—which was the subject of a recent State Council session; the importance of upgrading the Northern Sea Route along the Arctic Coast, the Baikal-Amur Railway, and the Trans-Siberian Railroad; the importance of the Eurasian integration programs of the Customs Union (Russia—Belarus—Kazakhstan) and the Eurasian Union now being formed.

Near the conclusion, Putin said that some people believe that “chaos management” is the right approach to conflicts in a multipolar world. “Russia,” he countered, “stands for principles of coordinated collective actions to solve the problems of our time.”



This English translation of the work of Russia's authoritative economist, Stanislav Menshikov presents a critical analysis of the complex economic processes in Russia over the last 15 years.

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