

# **Aims, Priorities and Tasks:**

Attempt at a Systematic Analysis  
of the Presidential Speeches In Russia  
(2000 – 2005)



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## From The Authors

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This report attempts to conduct a systematic analysis of the Speeches of the President of Russia to the Federal Assembly. The speeches have a unique political and legal status. The speech is the only public form of address that, according to the Constitution, the President has to deliver every year.

The high status of the speech imposes important limitations on its content and even emotional tone. Hesitation, uncertainty and multiple scenarios are not characteristic of such texts. The speeches were made at a joint meeting of both chambers of the parliament and broadcasted on radio and television. The president has in principle tried to make maximum generalizations and voice balanced declarations. Departures from these rules happen very infrequently and become immediately a focus of attention.

In the period of his terms in office, President has addressed parliament with his speeches six times. They were generally delivered in April or May.

The speeches have not had one approved structure, nor any official structure. At the same time, they touch on all the main directions of internal policy and economic life, international issues, and the international position of Russia. This report was structured precisely on the grounds of formulating speeches that comprise three elements. Every chapter of the report follows chronological rules - from one speech to the next.

This report by no means can be treated as an analysis of events in the country or of the foreign policy of Russia. The aim of the authors is more modest - to present the evolution of those priorities and tasks that the President set out in his speeches and illustrate it, if possible, by referring to the assessment of real events, made by the president or (in exceptional cases) to other statements.

The authors think that this text will be primarily a subject of interest to foreign readers, who often have a blurred image of such a type of information as the speeches of the President of Russia.

This report presents the personal point of view of the authors and cannot be treated as an official document. It also does not express the opinions of any political or social forces.

*The authors*

## I. Internal Policy

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### **Reform of the political system and federal institutions of the state authority**

The first speech to the Federal Assembly was made by Vladimir Putin as head of state on July 8th, 2000, after decisions relating to the reform of the most important bodies of the political system had already been made. These decisions to a considerable degree were justified by the necessity to restore the authority of the federal government, shaken during the last years of the rule of Boris Yeltsin, and to prevent the process of decentralizing the state administration.

First of all, the institution of the presidential plenipotentiaries in the regions was reorganized by virtue of presidential decree. Earlier these plenipotentiaries had worked in every of the 88 entities of the Federation (in the 89th entity - the Republic of Chechnya - due to the well-known historical circumstances such bodies of state authority as in other regions of Russia have not yet been appointed). The plenipotentiaries served merely informative functions and were subordinated to the territorial division of the presidential administration, without any direct "access" to the head of state. According to the decree, the authority of the earlier plenipotentiaries expired, and seven federal districts were established to replace the previous structure.

Instead, a plenipotentiary of the President of the Russian Federation, endowed with full powers, was appointed in every region.

The importance of such reorganization is not entirely apparent without understanding the previous situation of the territorial representatives of ministries and departments. The latter were appointed outside the framework of any common rules. Often the central departments only nominally managed operations in their territorial bodies, while many of them started to be in fact subordinated to the regional administration. Because of that, the new plenipotentiaries were expected to “restore” at the federal level the temporarily “lost” authority and functions that belonged to the federal authorities. Coordination of the work of the local bodies of the federal ministries and departments has been to date the most important direction of the activity of the presidential plenipotentiaries.

Another major innovation in the system of the federal bodies of state authority was the passage by parliament of the presidential draft of the law on a change in the procedures for appointing the Federal Council, according to which the heads of the bodies of both the executive and the legislative power in the regions lost the right to be represented in the regional chamber. Following the expiry of their terms of office they were obliged to hand over their powers to senators appointed by the legislative assembly of the entities of the Federation from among their own members and also upon a proposal by the head of the executive power in the region. As opposed to the predecessors, the new senators hold permanent positions in the chamber. It should be noted that the initial option of the draft law anticipated automatic removal of the regional chiefs from the Federation Council, but the higher chamber opposed it categorically.

The appointment of the institution of plenipotentiary representatives and the change in the method of forming the Federation Council contributed to the next issue concerning the validity of participation of the regional chiefs in the federal political process.

In his speech, the President expressed the intention of appointing a State Council of the Russian Federation as an advisory body to the president. It was assumed that such a body would include all 89 chiefs of the executive power of the Federal entities. The State Council was appointed on the basis of a presidential decree, of September 1<sup>st</sup>, 2000. Just as in the case of the representatives in the federal districts, the new institution was not assigned any important functions. It was anticipated that in practice it would become evident in which of the constitutional competences of the RF President it



would be useful “to share” these competencies with plenipotentiary representatives and the State Council. Subsequent years did not bring any substantial extension of their functions. The State Council became a “field” of study on separate directions of state governance issues and formulated individual recommendations for the government, which proceeded with them at its own discretion. As far as plenipotentiary representatives are concerned, they focused (and quite successfully) on the coordination of the activities of the territorial representatives of the federal departments and the preparation and coordination of projects relating to interregional economic cooperation. Only in the second half of 2004, after a change in the procedures for the appointment of the chiefs of the regional executive power, were the plenipotentiary representatives advised to present their candidates. The president selected one among them, who would be proposed for approval by the legislative assembly concerned.

In his first speech, Putin formulated the ideology of implementing the reform of the political system, including the reform of the bodies of state authority in the entities of the Federation, and local self-governments. Subsequent speeches and the political practice prove that the president simply complemented and expanded the earlier principles and guidelines from 2000. The key slogan used by Putin was to “strengthen the state”: “Our position is obvious; only a strong – or effective, if someone does not like the word “strong” – and democratic state is able to defend civil, political and economic liberties, and create conditions for a favourable life for the people and the prosperity of our homeland. One cannot imagine a strong state without respect for human rights and liberties. Only a democratic state is able to provide for a balance of the interests of the individual and society, and reconcile private initiative and the nationwide tasks”.

In connection with this, Putin set the task of forming a mature, effective political party system; “Weak authorities favour weak parties. Their calm and comfort is a result of the rules of a political bargain. Meanwhile, strong authority is interested in strong rivals. Only in the conditions of political competition is a serious dialogue about the development of our state possible.” In this statement, a strategic guideline can be heard, which was partially realized in 2005. Putin stated at the time that “candidates for the position of head of state must be selected only by socio-political organizations.” In May 2005, a new version was prepared of the federal law on

the “election of deputies to the State Duma”, which anticipates a shift from the mixed electoral system to proportional representation for the entire lower chamber of parliament.

In 2003, Putin presented details of the thus formulated course for strengthening the role of the party in social life as a task for forming a “professional, effective government, based on the parliamentary majority”, on the basis of the results of elections to the State Duma in December 2003. It should be pointed out that the formation of the new government in February 2004 was conducted after elections, but not on the basis of the results of parliamentary elections. The constitutional majority in the new makeup of the Duma reached by the pro-presidential party “Jedinaja Rossija” could not create a government, because of a lack of legal grounds for applying this mechanism in Russia. As a result, it turned out precisely as had been set out by the president; the government was based on a parliamentary majority. But the State Duma did not have an effective influence on shaping government policy, voting almost mechanically on the proposed drafts of laws. In this way, the party “Jedinaja Rossija”, without any possibility of influencing the political course, took on itself the political responsibility for the results of that course. This contradiction manifested itself most clearly at the beginning of 2005, when a major political and social crisis was likely to occur in Russia, provoked by a government campaign (supported by the Duma), the so-called “monetization of allowances”. The attempts by the leaders in the parliament to shift the whole responsibility for the ineffective policy to the cabinet were not convincing.

Two very important propositions were made in the sixth speech of Putin (April 25<sup>th</sup>, 2005), which foresees reinforcing the role of parliament and of political parties in the system of state authority. First of all, legal procedures should be put in place for trial by parliament. Secondly, the matter of granting plenipotentiary rights for superior executive power to separate the entities of the Federation should be considered at the assembly of the State Council. “A representative of the party, who has won regional elections, can be a candidate for this position.” The civil right of receiving reliable information on the activities of state bodies will follow these actions, which will allow citizens effectively to defend their interests.

One more very important reform, proposed in the first speech, was that “humiliation of the Russian court as one of the federal authorities, acting on

the grounds of the Constitution” is inadmissible. As a matter of fact, reforms of the judiciary were started as late as in 2001; other issues were considered in detail in the second speech, which was addressed by President Putin to the Federal Assembly on April 3<sup>rd</sup>, 2001.

A considerable part of the targets designated in the reform of the judiciary has been realized to date. This is primarily related to overcoming discrepancies in the Russian legislature, when a judge at his/her own discretion could select this or another legal standard. A serious step in the direction of establishing a modern, civilized legislature was the adoption of the third part of the Civil Code of Russian Federation in November 2001, which includes, *inter alia*, a chapter treating the sphere of inheritance. In July 2002, a new Penal Code came into force. A decline was recorded in the number of complaints about violence and lawlessness during the start of criminal cases, the course of investigation and court hearings. New codes were adopted: the Labour Code, the Criminal Procedure Code, the Civil Procedure Code and the Arbitration Procedure Code. At the same time, it is not possible to state that the main flaws of the Russian courts - dependency on the executive power and instances of corruption - have been removed. However, undoubtedly, the endowment of the judiciary with financial means improved and the work of the courts of qualification became activated, which in general reduced the corridor for the revival of the ailments of the judiciary. (Later, in a speech in 2005, Putin remarked in connection with the above: “If a part of Russian society still perceives the judiciary as a corrupt system, it will be virtually impossible to speak of an effective system of judicature.”)

One more strategic guideline contained in the second speech (in line with the court reform), indicated: “We should start preparations for administrative reform, the Government in the first case, followed by the ministries and departments, their local bodies, and revise not only their structure, but most of all, the functions of the bodies of authority.

Realization of that complexity of tasks is subordinated to the achievement of the most important aim of shaping the democratic political system.” The authority in Russia should work in order to make it in principle impossible to deny democratic freedoms, and reverse the economic direction. The authority should work to guarantee a policy of improving the living standards of all layers of the Russian population, improve the rule of law and the consequence of the line directed at the improvement of the business climate.”

The prospect for administrative reform was yet again presented in September 2000, by creating a working group of the State Council under the auspices of the Mayor of Moscow, J.M. Luzkov, which was advised to prepare a proposition for improving the system of legislative power. Later, the preparatory works were conducted to a different degree and with a different intensity. Putin returned to this topic in his speeches of 2002 (April 18<sup>th</sup>) and 2003 (May 16<sup>th</sup>). In 2002, the then Prime Minister, M.M. Kasyanov, as if against the guidelines of the speech, said that there was a necessity for “a gentle tuning” of the cabinet. The Prime Minister underlined publicly his opposition to the presidential aspects of economic growth (contrary to the idea of an economic leap by the idea of smooth evolutionary growth). Such polemics meant that the government started to be transformed into a centre of authority parallel to the president. As a result, the system of federal executive power was fundamentally reorganized in 2004. The issue of how effective was the triple tier system for building the government (ministries – federal services – federal agencies) remains open.

A peculiar “Sturm and Drang” which was made by the new Russian government at the beginning of 2005, proved its ineffectiveness and was possible after achieving so-called macroeconomic stability and real social stability in the country. In Putin’s fifth speech (May 26<sup>th</sup>, 2004) there was a laconic mention about a directive to “clearly determine and divide the responsibility between the levels of authority in the field of social aid for the people.” This was indeed a basis for the government in elaborating the policy of “monetization of allowances”.

In 2002, Putin for the first time referred in a speech to the topic of reform of the military and emphasized that an absolute priority was to continue the reform and transition to a professional army, with a shortening of the period of military service. The president warned that, “It is not possible to postpone the reform, but hurry is also inadmissible. We will be working in steps – considering both the financial potential of the country, and the interests of state security.” The subject of military reform was also touched on in the fourth speech made by Putin on May 16<sup>th</sup>, 2003. The president set the task of ending the formation of units of constant readiness in the ground forces, air and air-borne and marine corps in 2007. Besides that, it was foreseen that service in the interior forces and border guards would be organized on a professional basis. “Speaking straight, it means; if Russia, heaven forbid, would have to deal

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with new challenges, only a trained, professional military force should be involved in internal hot spots and places of local conflicts,” Putin stressed. It was also planned that, from 2008, the term of conscription should be shortened to one year, after which the individual would either have to serve another half a year in a regular unit, or transfer to contractual professional service. Against the background of the problems of in the states of the former USSR, it was highly significant that a decision was announced in the speech to grant Russian citizenship according to simplified procedures to CIS citizens who had served not less than three years in the Russian army on a contractual basis.<sup>1</sup>

The sixth speech was used by the president in order to participate in a kind of political and ideological discussion, conducted on the international level, on the theme of democracy and the prospects for it to spread in the world.

Putin felt obliged to disprove the stereotype, popular in certain circles, related to Russia as a country that rejects democracy. The president underscored that the establishment of democracy is an immanent process for Russia, the biggest European nation: “Our young democracy is a continuation of the statehood of Russia [...] Within three centuries, together with other nations of Europe, we have gone through the reforms of the Enlightenment, the difficulties of establishing parliamentarism, local self-government and the judiciary, and the creation of similar employment schemes. Step by step, we have moved towards granting and expanding human rights, to equal and universal electoral rights, understanding the necessity of taking care of the indigent and the weak, the emancipation of women, and other social achievements. I repeat that all that was done by us together, sometimes lagging behind and sometimes remaining ahead of the European standards. I am convinced that for modern Russia, the values of democracy have been not less important than the pursuit of economic success or the social well-being of the people.”

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<sup>1</sup> In a speech made by Putin in 2005, a very important task was formulated, to modernize “our Armed Forces, including the equipment of strategic nuclear forces, into the most modern systems of strategic weapons - we have everything to do that - and equipping other types of Armed Forces with appropriate weapons for tactical and operational purposes”.

The President emphasized that democratic values “also make us strive for an expansion of the state independence of Russia, and an increase in its sovereignty.” At the same time, “The development of democratic procedures cannot take place at the expense of the rule of law, or at the cost of the stability that was achieved with such great effort, or the constant progress of a specific economic course. I can see an individual character of the democratic way that we follow. That is why we will move ahead, considering our own internal circumstances, but as a matter of obligation obeying the law, and the constitutional guarantees.”

Putin summed up the results of the work of his administration in three directions: the development of the state; the strengthening of the state, the development of the political system and the increase of the effectiveness of the judiciary; and the personal advancement and the development of the civil society. The president underscored that the current direction of political stability has been exhausted, because that stability has already been ensured. Further political progress is limited by the ineffectiveness of the state apparatus. “We do not plan to hand over the state to the disposal of a corrupt, ineffective bureaucracy.”

The above circumstances are especially inadmissible in a situation where the sources of terrorist aggression remain on the territory of Russia. “We should not have any illusion: the threat is still very strong, we are still receiving very serious blows, the criminals are still perpetrating horrible crimes, which are aimed at threatening society. Therefore, we need to take more courage and continue our work for the eradication of terrorism. It is enough to show weakness, lack of character – and there will be considerably more losses, which may lead to national catastrophe.”

### **Federal relations and reform of the institutions of regional authority**

In the first Speech, Putin also set out tasks related to overcoming the costs of Yeltsin’s federalism, along the lines of: “We must admit that in Russia the federal relations are neither built completely, nor developed. Regional independence is often treated as permission to break up the state. We are talking all the time about the federation and strengthening it; we have been

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talking about it for years now. However, we must admit we have not yet had a federal state of full value. I would like to emphasize this: we have a decentralized state created in Russia.”

This topic would be elaborated by Putin in succeeding speeches. By 2000, the president had generally established the unsettled scope of the activity of the bodies of authority at different levels and covered numerous gaps in the depiction of a homogenous legal area.

It needs to be underlined that, with the task of adjusting the regional legislature to the federal having been in general successfully resolved within more or less two years, through the joint efforts of the plenipotentiary representatives of the bodies of Federal authority and the public prosecution, the first task remains a rock of offence still today. Speaking more precisely, over recent years there have been attempts to resolve the problem by a major regrouping of the functions resulting from the competences of the joint administration (Art. 72 of the RF Constitution) for the benefit of the bodies of federal authority. Reform of the tax system was realized in parallel, which led to the concentration of effectively collected taxes in the Centre. This resulted in a major part of social liabilities being shifted to the shoulders of the regional authorities, while the tax base of the regional budgets continued to shrink.

In his third speech, Putin expanded on topics connected with improving the legislature and the optimization of cooperation between different levels of authority. There was an important guideline included in this speech, to “overcome” such federalism legacies of the Yeltsin type as the agreements on the division of the objects of management and competences between the centre and the entities of the Federation. This would lead to the settlement and legalization of the inequality among regions in terms of their levies to the federal coffers and subsidies received from the latter. The president stated that in the event of a need to conclude such an agreement, it should be recorded at the level of federal legislation.

It turned out to be much easier to resolve the problem created by those agreements than it had appeared in 2002-2004. Initially, many regional chiefs undertook the initiative of the early cancellation of the relevant legislation. Aside from this, the practice of mutual relation between the federal and regional authorities has changed significantly – the centre no longer has a need to make arrangements and compromise with the regions. Only a few

regions were exceptions – the main stakeholders in generating the revenues to the federal budget, and certain entities of the Federation facing serious problems.

A particular problem for the federal policy of the central authorities was constituted by the extensive standardization of the situation in Chechnya. In his second speech (2001), in which he conducted his first summary of the work in the field of strengthening the state, Putin particularly emphasized the positive changes that had been made as regards regulating the situation in Chechnya: “Besides the necessity to lead up to the work of completely liquidating the focal spots of terrorism – the stress should move towards creating and reinforcing state authority in the Republic, securing civil rights for the citizens, the social rehabilitation of society, and the resolution of economic problems”.

In spite of internal and external counteractions – the process of regulating the situation in Chechnya has gradually been realized. During the Republican referendum, a constitution for the Republic of Chechnya was adopted. All this allowed Putin to set more specific tasks in his next speech in 2003: to elect a president and parliament for the Republic, establish bodies of local self-government, and sign an agreement on dividing competences between the federal centre and the republic. Putin also set the task of normalizing the work of the security authorities of the RF in the territory of Chechnya, which should secure obedience of the legal order in their own scope, without engagement of the army.

Unanticipated and serious changes were also introduced to the mechanism of the functioning of the political system, after reflection on the reasons for and the course of the terrifying act of terror carried out in the Ossetian town of Beslan on September 1<sup>st</sup>, 2004. On September 13<sup>th</sup>, Putin, during a prolonged meeting of the government, turned to the Russian nation and laid out his opinions. One of the most important themes of the president was as follows: “In their far-reaching plans the inspirers, organizers and executors of acts of terror attempt to break up the state, try to shatter Russia. I regard uniformity of the executive power in the state as a more important factor for strengthening the state, the uniformity that is a result of the spirit of Article 77 of the Constitution of the Russian Federation. As a matter of fact, as regards the objects of governance by the Russian Federation and the objects of joint governance, the central and regional bodies of executive power constitute one system of power and therefore they must act as one uniform, jointly



subordinated organism. We must admit that such a system of power has not yet been created in the country.”

The conclusion of that speech was the following: “It is necessary for the Federation and its entities to have a joint share in forming the bodies of executive power in the territory of Russia. That is why I think that people fulfilling higher official functions in the entities of the Russian Federation should be elected by the legislative assembly, after their presentation to the head of state.”

It will be appropriate to admit that the actions of the bodies of executive power of the Northern Caucasian entities of the Federation and their leaders during the act of terror in Beslan, as well as the effectiveness of their actions, did not create a basis for the head of state to establish a new procedure for replacing the regional leaders. Considering that the Constitutions of the RF does not allow the fundamental resolution of mechanisms for forming the bodies of state authority of the Federation’s entities, the president could not be only driven by a limited number of regions and had to apply a new scheme for the whole Federation.

The necessary changes were introduced to the legislature at very short notice, and since the end of 2004, the new scheme has been applied in replacing regional leaders.

In 2005, in his sixth speech, the president established a new perspective for the development of federal relations and stressed the necessity of all the regions supporting the plan until unification - “For the optimization of the administration, the increase of the effectiveness of socio-economic policy, and finally, for the growth of the well-being of the people.”

### **Development of local self-government**

According to Article 12 of the Constitution of the Russian Federation, the bodies of local self-government are not a part of the system of state authority. In the legal sense, they form the third and lowest level of public authority, with a very wide scope of competences, and have quite limited sources of budget revenue. Relations between the various budgets were built in such a way that local self-governments have not had their own sources of financing, while the amounts that have been flowing from the entities of the Federation have been

incommensurate to the needs. As a result, local self-governments have been at the mercy of commercial banks, while the municipal infrastructure has become unfit.

The optimization of the very complicated and controversial system of local self-government is a task, the resolution of which will require many years. Besides the above, it will only be possible after regulating the problem of the effective division of competences and funds between the two upper levels of authority – federal and regional. Probably this was in fact the reason why the topic of local self-government has been particularly emphasized by Putin in his speeches. In 2002, after highlighting many long-standing problems of local self-government, Putin stated that they should all be considered during the discussions of a new draft of the federal law on the general rules of local self-government, and regional legislation.

Work on the new draft of the law was completed in 2003, and on October 6<sup>th</sup>, it was signed by the president. However, its implementation was postponed until January 1<sup>st</sup>, 2006, in order to introduce changes to many federal laws so that they were adjusted to the amended model of local self-government and federative relations.

### **State authority and civil society: cooperation problem**

As early as his first speech to the Federal Assembly in 2000, formulating the ideology of the on-going reforms of the political system in Russia, Putin asserted that: ‘The roots of many of our failures are hidden in the underdevelopment of the civil society and a lack of skill among the representatives of the authorities to converse and communicate with society. The authorities have constantly been going from one extreme to the other – either not noticing the society at all, or overly caring for it. [...] So far we have not always managed to reconcile our patriotic responsibility for the fate of the country with "civil liberties". That is why it is still so hard to find a way out from the wrongly-interpreted conflict between the freedom of the individual and the interests of the state.’

In his speech of 2000, as well as in subsequent ones, Putin said that the standards of the democratic system that prevail in all civilized countries also constitute the main values for Russian society: ‘The democratic system of the

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country, and the openness of the new Russia to the world have not been contradictory to our independence and patriotism, they do not prevent us from looking for our own answers to the questions related to our spirituality and morality. And the national ideal is not something that we need to look for especially.”

In Putin’s view, the main task in shaping in Russia a developed civil society is ensuring the effective participation of social institutions in shaping the political system. In 2003, the president made a negative assessment of the state of the multi-party system and the competences of the electoral system. Putin acknowledged that: “The market for political technologies, including the electoral ones, constitutes to a considerable degree one of the sectors of the shadow economy.”

In his next speech (2004), he repeated the main critical theses of the previous speech related to the functioning of political associations, whose activities have quite often damaged the image of a civil society. Besides that, the president underlined that the situation is inadmissible where the priority activities of some civil associations and alliances are financed by foreign funds. “As far as violations of basic, fundamental human rights are concerned, and constraints on the real interests of people, we do not even hear the voice of such organizations frequently,” concluded the head of state. At the same time, Putin pointed to the factors restraining the establishment of a democratic political system: “In the last decade of the XX century - in the condition of a damaged economy and loss of position on the world market - Russia was forced to rebuild its statehood and form a system of a market economy that was new to us, in order to defend, in the fight against international terrorism, the homogeneity of the state and the democratic attainments of the nation.”

The president proposed a practical initiative for constituting a civil society: “To use the experiences gathered in certain regions of Russia in the work of social chambers. Also, the non-governmental organizations that have constantly functioned can provide independent expertise for legal acts.” The federal law on the Social Chamber was drawn up and adopted in a relatively short time. The president signed it in April 2005.<sup>2</sup>

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<sup>2</sup> In his speech in 2005, Putin proposed to “strengthen the plenipotentiary of the Social Chamber” within the scope of ensuring civil control in view of the observance of the freedom of speech by television channels.

As early as his first speech, the president acknowledged that: "Clear democratic rules have not been successfully worked out so far to guarantee the true independence of the 'fourth power'. I would like to emphasize this - true independence. Freedom of journalism became a tidbit for politicians and the biggest financial groups; it became a convenient tool for the fight among the clans."

The president formulated a developed position on the issue of the conditions for the functioning of the mass media and freedom of speech in Russia. Putin stressed that the Russian media, and society as a whole, are still in the process of being formed. They are like a mirror on all the problems and "growth sicknesses" of the country ... Without a truly free media, Russian democracy will simply not survive, while a civil society will not be formed." Putin pointed out that; "Censorship and intervening in the activities of the media are forbidden by law. The authorities are strict in observing this rule. But censorship can take not only a state form; involvement may be not only administrative, since the lack of economic effectiveness of a considerable part of the media makes them dependent on the commercial and political interests of their owners and sponsors. This allows the mass media to be used in settling matters with rivals, while sometimes it even transforms them into a medium of mass disinformation, a medium fighting with the state. That is why we are obliged to guarantee for journalists not false but real freedom, and to create in the country the legal and economic conditions for a civilized informational business."

In his sixth speech, the president formulated the task of connecting the institution of the civil society with control of the observance of the rules of freedom of speech by the media, so that state television could be: "To the maximum objective, free from the influence of any groups and able to represent all the socio-political forces in the country." Putin proposed the introduction of appropriate annexes to the federal law on the Social Chamber, also for other legislative acts.

## II. Economy

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### **Macroeconomic situation: Initial conditions and priorities**

In order to understand the economic problems and tasks formulated in Putin's presidential speeches, one must understand the specifics of the economic situation inherited by Putin from the previous president and which, to a certain degree, continues to exist today. Addressing members of parliament for the first time in 2000, he paid special attention to this issue.

First of all, he drew attention to the growing deficit of the primary "productive force" - the population - which he referred to as a demographic catastrophe: "There are fewer and fewer of us, citizens of Russia, from year to year, for several years now, and the population has been decreasing annually by 750.000 persons.... Should the current trend continue, sustainment of the nation will be threatened."

Putin considers the growing distance between leading countries and Russia as a second serious problem.

The reason for such a lag, a decisive negative feature of the Russian economy, is the large share of the primary sector in domestic product. "If we do not start to work actively for the introduction of structural reforms today, tomorrow we may enter long-term economic stagnation. We still live mainly in a stagnating rather than a productive economy." In answer to the rhetorical question, "Where is money made?" Putin answers himself: "In oil, gas, metals and other primary materials. Additional money obtained from exports is either

consumed or feeds the outflow of capital or, in the best case scenario, is invested in the same primary sector.” (2001)

Emphasising “decent” indicators of economic growth, the president reminded that every now and then, quantity does not translate into quality, that prosperity on world markets in the primary sector does not guarantee the adequate quality of growth. “As a result,” he said in his 2001 speech, “the structure of our economy is not modernised, the focus on the primary sector is not only maintained but actually increases, so our dependence on the business cycle continues to exist.”

As noted by the president, it is a paradox, but this situation is comfortable for a substantial part of the elite. “Some kind of consensus has been created.” A large majority are happy with the current equilibrium, or rather idleness, when some have adjusted to receiving financial revenues and other political dividends from the existing situation. Many confuse this consensus with stability, but no one needs this kind of stability, this is the way to preserve a faulty tradition that was based on the “consumption” of national resources, a way to economic and social stagnation.

Still in the year 2000, Putin warned: “Economic growth, as it was during the 1997 boom, is on the verge of danger,” when “apparent welfare, justified with large state loans, collapsed as a result of a major financial crisis.”

A further unfavourable sign of the economic situation in Russia during the year 2000, in the president’s opinion, was the excessive accumulation of national debt, particularly external: “Despite repeated restructuring, the burden of national debt is a threat to the country’s development. Accumulated debt exacts spending for their servicing and repayment – not less than one third of budgetary revenue.”

It is interesting that in his sixth speech (2005), Putin more honestly described the socio-economic situation of the days when he assumed the highest post in the country: “Oligarchic groups having unlimited control over streams of information served exclusively their own corporate businesses. Mass poverty began to be perceived as normal. All this was happening against the background of heavy economic regression, unstable finances, paralysis of the social sphere...”

In 2000, Putin determined his economic priorities in the following way. Firstly, to ensure the protection of the right of ownership. Secondly, to ensure equal conditions for competition (“All unjustified allowances and preferences,

direct and indirect subsidising of companies, regardless of whether these subsidies are justified; justification can always be found”). Thirdly, “to relieve entrepreneurs from administrative oppression. The state should consequently withdraw from the practice of excessive interference in the business sphere.” Fourthly, to reduce the tax burden (“If you have noticed, I have come back to this issue for the third time”). Fifthly, to develop the financial infrastructure. Sixthly, (“although, in terms of priority, this could be of course be put in first place”), a realistic social policy.

In his subsequent speeches, Putin specified these priorities and added new ones to them.

In his speech of 2001, the president stated that the favourable situation on the world primary markets should be utilised to relieve the country from its debt: “The integration of Russia with the world economy requires from us a civilised approach to solve the problem of debt. We should draw conclusions from the current situation for the future and borrow money only when we exactly know how to spend it effectively and how to pay it back, to avoid passing the debt burden on to our children and grandchildren.”

In this same speech, Putin put forward the objective of creating a financial reserve “in order to provide for stable development during less successful years and resolve large strategic objectives.” This task was fulfilled with the establishment of a Stabilisation Fund, in which “extraordinary” revenues from the steady increase of world oil prices were deposited. These revenues may become the main source of the funds designated for the repayment of the external debt. Lately, however, opponents of the government have been saying that the Stabilisation Fund is also a mechanism for the extraordinary financing of political projects and economic government circles.

Probably the central point of Putin’s economic course is the problem of increasing the rate of economic growth. In contrast to several other issues, which once remained in the shadows and only later came to the centre of attention, the issue of economic growth is a regular element of the president’s speeches.

In the third speech (2002) criticising the government for its lack of ambition in defining goals, Putin specified the following goals: “I am convinced that in order to provide for a decent standard of living for our citizens, so that Russia remains an important and fully-fledged member of the world commonwealth, and a strong competitor, our economy should grow at a much faster pace. In

its forecast for the next few years, the government has established it within the 3.5%-4.6% range [...]. Such a low evaluation of Russia's potential is not useful for the issue of the economic development."

In the next speech of 2003, Putin specified the task, that GDP should at least be doubled within ten years. He noted thereby: "They say that rushing economic growth is dangerous, that it is more important to conduct transformation and structural reforms. In connection with this, I would like to express my own opinion; such antithesis is questionable, in any case however, reform for the sake of reform is not necessary."

Even though certain members of the cabinet have not been convinced that the goal set out by the president is feasible, Putin from the very beginning stated that: "There are already all the conditions in Russia to execute tasks of this kind."

After defining the task of reforming the entire social sphere in his first speech to parliament, Putin emphasised this issue in the speech of 2003. The president noted that: "The total annual range of social liabilities of the state today adds up to 6.5 billion roubles. In fact, this exceeds by two times the consolidated budget of Russia. Both the government and the parliament have, over many years, promised people more than the Russian economy could possibly offer."

In the fifth speech (2004), the president referred to the objectives of the development of the transport infrastructure, which "directly influences not only the state of the economy but overall ensures the country's unity, if people can feel themselves to be citizens of a uniform, large country and can benefit from its advantages." The president emphasised the high level of material assets' deterioration and the unjustified low density of the transport network. In terms of permanent economic growth, this situation is unacceptable. "The underdeveloped road and port infrastructure is already a hindrance to exports...". Putin criticised the government that had already for a number of years been unable to determine the priorities for the development of the transport infrastructure. The president distinguished the objectives for broadening the gas distribution network, particularly including the eastern direction and construction of the North European gas pipeline, the modernisation of the main road routes integrated into the Pan-European road network, and, through the Trans-Siberian corridor, united with the road network in the Far East region, the execution of projects that provide transit lines on the main international transport routes.



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In his sixth speech (2005), the president referred to the task of attracting new investment for the national economy. “Russia is very interested in the large inflow of private, including foreign, investment. This is our strategic choice and strategic approach...” Simultaneously, many questions stemmed from the reservation that: “It is necessary to develop and approve, at the legislative level, a system of criteria defining the limitations of foreign capital’s share in such [strategic - *Author*] zones of the economy [...] While preserving such control and restrictions in some sectors of the economy, we should create favourable conditions for the inflow of foreign capital into all attractive sectors.”

### **The Role of the state in the economy**

In his speeches, Putin has formulated specific objectives in spheres of state policy and economy.

Almost anticipating future allegations about the return of administrative methods in managing the economy, Putin emphasised in 2000: “Our objective is to learn how to use the instruments of the state to provide freedom – freedom of the individual, freedom of initiative, freedom of the development of a civil society’s institutions. Disputes in the mutual relations between power and freedom are as old as the world itself. Until now, it raises speculations regarding dictate and authoritarianism. Simultaneously, there exists the threat that these tendencies will not be able to entrench themselves in our country. Well, the underlying causes of our unstable economic development remain the same; the fundamental principles of economic activity are changing too slowly. These problems consist in excessive interference by the state into the areas where it should not be present and its absence where it is needed. Today, participation of the state is unwanted in ownership, initiative and partly in consumption. Inversely, the state remains passive in the creation of the common economic area of the country, the obligatory observance of the law, the protection of the right of ownership.” In summary, he came to the conclusion that: “Without doubt, the key role of the state in the economy is to protect economic freedom.”

In fact, during this period, some essential indicators of economic freedom clearly did not match the level of the contemporary society. A serious problem

was the heterogeneity in the normative and legal conditions of economic activity in different regions. "Local authorities still often introduce bans on the export of grain, limit alcohol sales, obstruct the opening of branches of "alien", for them, banks - stressed the president in the first speech - and they create barriers on the road to the free turnover of capital, goods and services... and this... leads to a catastrophe". Putin also noticed that in "Europe, so many states settled, in Rome in 1957, the free flow of goods, people and services [...] Whereas, we cannot achieve that within one state." This problem was solved relatively quickly - in the process of removing contradictions between the federal and regional law.

### **Tax regulations**

After Putin assumed the position of president, positive changes were achieved in this area, which had been neglected since the 90s. Only one rate of income tax - 13% - was introduced, which partially allowed the removal of citizens' revenues from the shadow economy. The president dispelled the publicly expressed doubts, if such a norm should prevail for a longer period of time, in his second speech (2001) emphasising that repeated consideration of this principle was out of the question. Simultaneously, the general attitude of reducing the tax burden was in conflict with budget revenues and, primarily, the Pension Fund. Taking into consideration the fact that among the priorities were the accelerated payment of external debt and the formation of Stabilisation Fund, the government did not decide to go for a substantial reduction of taxes from natural persons, which hindered business activity. Therefore, tax reform was regularly uncompleted. In 2002, Putin stated that the reform was "continued and uninterrupted"; however, "the frequency of changes introduced to the tax regulations clearly exceeds the acceptable level." In 2004, the president outlined an "ideology" of the future tax system. It should "not be burdensome for the business, not only as far as tax rates are concerned but also in part regarding the settlement of the procedures and the payment of taxes, bringing order to tax control and tax reporting. The tax system should provide not only state fiscal functions but also the function of stimulating the growth of competitiveness." Again, the president emphasised the necessity of lowering the sole social tax.

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**Financial infrastructure and currency regulations.**

Putin seldom included relevant subjects into his speeches to the Federal Assembly. The president formulated tasks for implementing banking reform in a very general manner. In 2000, he ascertained the necessity to deprive the banking system of “institutions unable to act” and “provide transparency in banking.” In 2001, Putin demanded to “make up for delays in the banking reform”, as well as strengthen the supervision of the banks and increase the capitalisation of the banks.

Then the president put forward the task of “considering again the principles of currency regulations, bringing them closer to generally accepted world practice.” In his opinion “the existing constraints on operations with capital and properties discriminate the citizens of Russia as compared to the citizens of other states.”

In 2003, Putin presented to the central bank and government the objective of achieving the full conversion of the rouble, not just internally but also externally. The president reminded that: “In the past, Russia had one of the strongest and most respected currencies in the world. The value of the ‘golden rouble’ was equivalent to the value of the superpower itself. The achievement of this target would be one of the elements of the real integration of Russia with the world economy.”

**Governing of state property.**

The course of governing the state is among the most controversial, because of both the tasks and the methods of execution. In the speech of 2001, the president admitted: “Until now, we have not known the exact volume of the state sector. The inventory of state property, mentioned repeatedly, has not been completed. The inefficient state sector will not contribute to our economy but bring additional expenses and problems. This does not mean that it should not exist. I am only talking about the inefficient sector. I think that we should clearly and very quickly determine property that should be kept as property of the state or local authorities.”

At the heart of the discussions regarding the effectiveness of governing state property is the fate of the so-called natural monopolies. Their efficient

functioning guarantees the economic and political stability of Russia. Simultaneously, (in)efficiency of these monopolies, to a significant degree, is determined by the frame conditions of national economic activity. Among the allegations usually directed at electricity and energy, gas, rail transport and communications sectors, are the lack of financial transparency, the increase of costs and tariffs, and ineffective management. The president drew the attention of parliament and the government exactly to these system defects in his second speech (2001). In 2002, he formulated general objectives for their reform: “Consumers of goods and services [...] must not suffer during the modernisation of these giants. The reform of the monopolies must bring about the reduction of costs, the elimination of unproductive costs, and the exhibition of carefully considered investment programmes. Therefore, still in this year, the government should take care of approving budgets for infrastructure monopolies. Until now, we have not even known what is happening there.” In his subsequent speech (2003), Putin again stressed that “regulated by state tariffs for the production and services of infrastructure, monopolies are bigger and bigger and outpace price increases in the free sector of the Russian economy. As a result, the regrouping of economic resources in favour of monopoly sector occurs, so its weight in the Russian economy is growing. However, this sector does not demonstrate high efficiency.” The president claimed that “monopolists are suffocating the competitive sector of our economy [...] and the continuation of such a policy is, without doubt, a way to stagnation.”

Governing state treasury companies is a painful problem for the state’s economic policy. In his third speech (2002), Putin said: “Out of almost ten thousand *unitarnykh predpriyatij* (state treasury companies), only single plants are operating efficiently. On the other hand, in 2001, about 400 companies of this type were undergoing bankruptcy proceedings.”

## **Economy of the social sphere**

### **Municipal and housing policy**

Reform of the municipal and housing economy (GKM) is one of the most acute problems, provoked by considerable amortisation of fixed funds and the

lack of competition in rendering services. Attempts to approach this problem were made as early as 1997. In the third speech (2002), Putin stated that “people pay more and more”, however “quality is not improving. The state spends on GKM enormous funds, but the return on the incurred investment is low. In certain regions, resolving the crises associated with municipal problems belongs to the Ministry of Extraordinary Situations.” The president admitted “the initial concept of GKM reform assumed the costs of maintaining systems that were technologically obsolete and very much worn out, also the costs of all losses, losses on delivery and the costs of companies’ poor work.” In order to improve the quality of services rendered and simultaneously prevent the further increase of citizens’ expenditure for these purposes, Putin suggested transferring to citizens the right to manage budgetary subsidies. “Monopoly in the GKM sphere does not allow citizens to choose on the market of the necessary housing and municipal services.”

This subject did not return again to the presidential speeches. Starting from 2002, considerable efforts were undertaken in order to attract private capital to municipal systems, including the transfer of ownership and the perpetual lease of adequate infrastructure complexes in cities and regions. But the entire situation in the municipal and housing sphere is difficult and heterogeneous, in different parts of the RF.

Active attempts were also undertaken in order to move from the dead point the problem of access to a dwelling. In the same, third speech, Putin ascertained the “low incomes of people and high interest rates on financial markets, underdeveloped housing market and enormous costs of construction.” In the number of regions some experiences regarding the organisation of mortgage systems has been gathered, but it had a local character and often expressed itself in the form of direct budget financing. In the fifth speech (2004), the president put forward the task of guaranteeing the possibility of purchasing a dwelling “in the market for the majority of Russia’s working population, simultaneously guaranteeing the allocation of social dwellings to non-wealthy citizens.” A task has been addressed to the government, regional and local authorities that “by the year 2010, at least one third of the country’s population (and not one tenth as today) could purchase a dwelling that meets modern requirements [...] within their own savings with the assistance of housing loans. In order to achieve this, housing loans should be granted for the long term and made available to citizens.” According to

Putin, mortgages “should become an accessible means for solving the problems of people on average incomes, [...] other means of financing are needed also, such as participation of citizens in partnership housing and in savings/housing programmes.” To resolve all these tasks, in the president’s opinion, “the national system registering property rights, credit rating agencies, and a developed market for mortgage securities must operate effectively.” Putin also indicated the necessity “to destroy the domination of monopolies on the housing markets.”

### **Retirement insurance**

President Putin in his speeches seldom focused attention on the issues of retirement pensions. In 2000, he stated that: “The most important national objective is ensuring the financial stability of the retirement system. The state should prevent a crisis in this system, to protect the rapidly-ageing Russian population. In order to obtain this, savings mechanisms for financing pensions should be introduced. The transition to this system should be cautious, gradual, but movement in this direction is vital.” In 2001, Putin emphasised with satisfaction that the crisis in the disbursement of pensions was overcome: “Pensions were paid out regularly, they increased in real terms by almost 28%, and that it was the largest increase within the last ten years. In this year we must take one more step ahead, to achieve the objective of the amount of the average pension exceeding the social minimum.” This task was also fulfilled, as announced by the president in the third speech (2002). However, the mechanisms of a transition to a new pension system have not been entirely achieved. Soon the subject of the pension reform disappeared not only from the text of speeches, but also from official political use.

### **Issues of social assistance and allowances.**

This range of state policy is probably least precise, both in the texts of speeches as in actual state policy. As early as 2000, Putin admitted the necessity to abandon the previous social policy: “The policy of general state paternalism today is economically impossible and politically futile [...] Social policy – this is not only assistance to those suffering from poverty but also investment in

people's future; their health, and professional, cultural, and personal development." The discrepancy consists in the fact that the abandonment of the previous social policy has taken place, yet no phenomenon of "investment" has yet been noted.

In the same first speech, the president justly criticised the existence of a large number of allowances, actually benefiting no-one, many of which do not exist in the majority of the state's territory, or function only partially. A change in the system of allowances and a transition from providing them "in kind" rather than in financial compensation was adopted. In the health and education sector, work has begun on programmes of reform, the execution of which could clearly determine what citizens could obtain from the state free of charge and what kind of "services" they could expect, as well as the rules of payment for other services.

Justifying such an approach, Putin in the second speech (2001) emphasised that: "Every year the government approves a programme of state guarantees regarding free medical assistance. But in most of the regions, state funds have not been assured for this programme. The deficit of funds within the framework of this programme has been 30%-40% in relation to needs and has been covered [...] with expenditure enforced from patients for drugs and medical services [...] The increase of payments has been leading to the hidden commercialisation of the state and municipal clinics and hospitals. The system of health insurance, which must reimburse patients' expenses for treatment, has been inefficient. In fact, within budgetary institutions a hidden, but almost legitimised, system of payable medical services emerged, in which sometimes rules are wilful and there is no social justice whatsoever." Parallel arguments were used also for the purpose of justifying the necessity of bringing order to payable "services" in the education sector: "Payment for education in many cases becomes a norm of life. But this market remains non-transparent; this is an illegal market. We should clearly differentiate free access to education, which should be fair and guaranteed, from chargeable education, which requires a proper legal base." Of course, such attitudes caused alarm in Russian society, which had already experienced liberal reforms. The public discussion on the content and form of the reforms in the education sphere assumed the most acute forms. A part of the public, primarily the elderly, negatively accepted the transition to new ways of disbursing drugs and rendering transport services, which were introduced in an accelerated mode by the end

of 2004. For the first time in the last 5-6 years, during the winter to spring of 2005, similar actions by the authorities sparked massive protests by pensioners and employees of the budgetary sector.

In his sixth speech (2005) the president was forced to warn the government: "We must solve the tasks of education and health service modernisation, albeit very carefully. Reorganisation cannot be an objective simply for the sake of reorganisation. The most important issue is the quality of services, I want to emphasise, once again, their accessibility to the majority of citizens and the actual influence on the social and economic development of the country."

It should be emphasised that in the same speech, Putin admitted that the state actually does not invest the necessary means into the development of human capital. The president ascertained that teachers, physicians and employees in the sector of culture, as well as military servicemen, "must finally experience the economic growth of the country." Putin admitted that "the actual level of remuneration in these sectors has still been lower than that at the end of the 1980s, and the average salary in the public sector has been considerably lower than the average salary in the country. Moreover, "the risk of getting into the poverty zone is very high for the majority of employees in the public sector." The president assigned to the government the task of "achieving within three years growth of income for public sector employees by at least 1.5 times." This means that "within the next few years, the salaries of budgetary employees must grow at a pace exceeding the increase of consumer prices by 1.5 times."

### **Problems of ownership and privatisation**

A feature for both terms of Putin's presidency has been the focus on public opinion, the business circles in particular – on the issue of property rights. Attention was focused on the possibilities of the repeated division of property, a certain revision of privatisation results. Such a stand, to a significant degree, was sparked by the catastrophe of some oligarchic clans in the years 2000-2001, which had a strong position during the presidency of Yeltsin, and later due to the "Yukos case".



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The president presented his understanding of the property right in a most developed way in the speech of 2001, when he declared that he was against a repeated division of property. “The repeated division of property could become even more harmful and dangerous for the economy and social sphere of the country. Therefore, in view of our current situation, it is necessary to guarantee the efficient exploitation of these resources and the observance of the proper inflow of financial means to the state treasury, through the effective use of tax instruments.”

Simultaneously with this reasoning, Putin quite pragmatically looked at what privatisation actually was, during the 1990s, referring to the appropriate evaluations made “not only by the followers of the centrally planned economy, but also by the liberals” with understanding. The president emphasised that: “Public expectations and concerns [connected with re-privatisation - *Author*] are not unfounded. They are based on the known logic; after the revolution there was always a counter-revolution, after reforms, counter-reforms, and the hunt for those guilty of abusing the revolution followed afterwards with punishment for the guilty. In particular, Russia’s own historical experience is rich in examples of that kind. But it is the time to state firmly; this cycle has come to an end. There will be no more revolutions or counter-revolutions.”

Along with this, the president critically noted that: “Unfortunately, ownership rights are still poorly protected [...] Wars between claimants to property do not cease, even after court decisions are made, while decisions alone are quite often based on the pressure from the interested parties and not on any legal grounds.”

Convinced that “efficiency of the state is measured not by the size of the property controlled by it, but rather by the efficiency of the political, legal and administrative mechanisms of observing public interests in the country,” Putin in 2001 formulated the task of passing a new law on privatisation, “that will introduce tight and transparent rules for the sale and purchase of state property and will allow an end to political speculation on “selling out Russia”. Unfortunately, discussions on this matter have been lasting, and demands to take away, confiscate, etc., could be heard from time to time. We have already had times when everything, absolutely everything, belonged to the state. It is well known how all this ended.”

The president unambiguously formulated basic guidelines regarding privatisation and the use of state property in the most vulnerable spheres.

Firstly, Putin pronounced for the possibility and necessity to admit private capital to the arms industry. In the second speech, the president declared that: “Almost half of defensive needs have already been provided by private entrepreneurs, including joint venture companies with state partnership. I think that the practice of the participation of non-state owned companies, both in research conducted for defence purposes and in industry, should be broadened. Of course, this should be done only on the strict observation of all the determined requirements, through a system of state tender procurements.”

Secondly, at the same time, the president presented the issue of the necessity to accelerate the passage of the Agricultural Code (which was accomplished). He pronounced for a discontinuation of the efforts to “include in the Agricultural Code all aspects of state regulations regarding land relations. The most important thing today is not to interfere with the development of the land market where it already exists, [but to] admit that non-agricultural land is not yet the subject of restrictions in civil turnover.” Putin specially emphasised that: “Regulating the sales of agricultural land will require special federal law and perhaps it will be necessary to grant the subjects of the Federation the right to determine independently deadlines for the transition to turnover with agricultural land.”

Thirdly, the president (in the speech of 2004) brought up the issue of changing the system of rent payments for the use of resources, which “should provide for equitable terms of competition both within the mining sector as well as between the extracting and processing sectors, and the rational use of natural resources.”

### **State and the business. Business climate in the country**

In its most general form, the issue of mutual relations between business and the state was presented by Putin in the second speech (2001), within the context of the necessity to overcome “excessive state interference” in the economy. The president emphasised that speaking about this kind of interference, first of all, he had in mind the excessive “as of today” mandatory certification of production, all kinds of permits, registrations, accreditation, and other norms and rules that are not foreseen by the Law, yet are persistently

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introduced through instructions of various types. “We shouldn’t have illusions: only transparent, fixed by direct action legislation, relations between the state and entrepreneurs can provide a new impulse for the development of the Russian economy.”

Strictly speaking, these guidelines refer mainly to medium-sized and small businesses, since for large business, specified obstacles have not been a problem.

In the third speech (2002), Putin came back to this subject again, acknowledging that “entrepreneurs in general – and small business in particular – have a large number of reservations resulting from unjustified administrative pressures. And mainly from the supervisory and inspection organs... Order is supervised by hundreds of thousands of people. By these accredited organs are thousands – and this is no exaggeration – thousands of commercial organisations that “live” off control. Their orders and fines, as well as bribes, are a burden beyond reason and suppress entrepreneurs.” The president put forward the objective of tidying up, at the level of legal Acts and Regulations, the competences of the supervisory organs and, wherever possible, replacing them with “more effective means of responsibility of the economic subjects themselves.” As a promising direction for this type of control, the president considers the practice of complex liability insurance: “For order in one or another sphere, the insurance company will be “liable with the rouble” [...] Development of the risk insurance system will lead to an inevitable reduction of the number of controllers, but also to greater efficiency of the supervisory and control system in the country itself. It will favourably influence treasury resources and the entrepreneurial activity of citizens.”

Based on the experience of several regions, first of all the capital, Putin ordered the government to ensure the reduction of various types of control to an essential minimum, “the introduction of a specific “moratorium” for controlling small companies – for example, at least for first three years of their activity.” The statement that the business climate in Russia is favourable would be premature today. As emphasised by Putin in 2001, which as a matter of fact remains true until today: “Ownership rights are still poorly protected. The quality of corporate governance remains relatively low. Wars among property claimants have not ceased even after court decisions have been made, while those decisions alone have quite often been based on pressure from the interested parties and not on legal grounds.”

In “state-business” relations, the violation of entrepreneurial rights by Russia’s legal and tax organs remains a real problem. In the sixth speech (2005), Putin ascertained that from time to time, an “evident collection of tribute by state structures takes place. Many clerks believe that it will stay permanently and that this kind of abuse means precisely effectiveness. I must disillusion them. We do not have in our plans abandoning the country to the disposal of inefficient and corrupt bureaucracy.”

In the speech of 2005, Putin raised the matter of an “active policy of the liberalisation of entrepreneurial space,” with the emphasis on “cardinal broadening of opportunities for endeavours and the sphere of capital investment.” A real step in this direction was the shortening of the prescription period in the case of privatisation offences from ten to three years. As noted by Putin in connection with this: “Three years is also a long period, which allows both the interested party and the state to explain their claims in court. I will also stress that a three-year period has been the longest in our legislation, within the last hundred years. Based on macroeconomic and legal considerations, a ten-year period had been unjustifiably long. Such a period caused much indeterminacy, primarily exhausting the state, but also other participants in the proceedings.”

Also in the speech of 2005, quoting a thesis of L.I. Pietrzycki, a renowned theoretician of state and law, the president discussed the problem of the social recognition of ownership, and business ethics. The president stressed that: “Without guidance from civilizational moral standards generally accepted by the public [...] it is hardly probable that contemporary Russian business could win approval and respect. It is hardly possible that it will become respected not only in the world, but what is more important, within its own country. Yet the roots of many difficulties facing contemporary Russian economy and politics lie precisely in the problem of a lack of trust in the wealthy class in a vast majority of the Russian public.” To a considerable extent, this was a continuation of the behind-the-scenes discussion of Putin with his opponents from the circles of large business.

The subject of the mutual relations between the state and business in the speeches was often included in other plots. Among other subjects, such as the economy and criminal issues, the fight against corruption and endeavours by the shadow economy, which were publicised for the first time still in first speech of 2000. After some years, it became apparent that the president had

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already made a “declaration for the future”, mentioning the use of “hidden schemes” by business. According to Putin, the “dictate of the shadow economy” and corruption were “conducted by the state alone... through inaccuracy of the rules and unjustified restrictions.”

### **Mid-term achievements**

In his speeches, Putin conducted a regular summary of the pursued economic course, which no doubt added optimism to the president’s texts. In 2001, he ascertained with satisfaction that: “In 2000, the Russian economy showed a rate of growth unseen for almost 30 years. In certain sectors of industry, growth has been sustained until today. The revival of investment activity has been noted. Tax revenues have grown. Finally, people have started to receive their salaries and pensions on time – for the first time in many years. The president emphasised that the country could not waste the “unique chance” given by the prosperity on the world primary markets. In another case, the “necessary decisions would have to be made in different, unfavourable for the country, conditions.”

In 2002, Putin noted again that economic growth was being sustained. “After we have had a whole era of budget deficits – when we were spending more than we had earned – for a second year in a row the budget recorded a surplus of revenues over expenses. The horizons of the state and corporate planning have been broadened. Entrepreneurs now make plans for years, not just months. We service our external debt promptly, and sometimes in advance. The total capitalisation of the Russian enterprise sector has more than doubled. Growth of non-primary exports has begun. Within one year, supplies of machines and equipment to other countries have increased by one quarter. After a ten-year interval, we came back as the world’s second biggest producer of crude oil and to first place in the trade of energy carriers. We must wisely manage the country’s new position in the world’s economic community. All these achievements have gradually changed our relations with the rest of the world. The improvement in the economic situation has been noted by international rating agencies, which have raised their own estimates of Russia’s credibility. Foreign banks have increased the Russian share in their investment portfolios. Along with this, the “political stability and favourable economic

boom have not been entirely used to improve the quality of the citizens' lives [...] poverty has retreated a bit, however it still affects 40 million of our citizens."

In 2003, the president did not underline solely the fact of sustained economic growth, which was considered then as normal. The emphasis started to shift to the pace and quality of growth. The president drew attention to the fact that the rate of economic growth had diminished: "In the previous year - after 10% growth in 2000 - the economy showed growth only slightly exceeding 4%." Putin ascertained that: "Within three years, GDP grew by only 20%. Investment in fixed assets went up by more than 30%. The physical volume of the export of goods increased by 25%, with the export of machines, equipment and the means of transport up by more than 70% [...] For the first time in half a century, Russia has turned from an importer of grain to an exporter. Since 1999, sales of our food products on foreign markets has tripled." Of course, the economic welfare of the country to a large extent was built on the export of primary energy products - exports of crude oil, oil products and natural gas increased by 18%." This allowed for the reduction of the country's foreign debt by a quarter of a billion US dollars, and brought the total reserves of the Ministry of Finances and the Central Bank up to the level of US\$61 billion. The real income of people also grew, by 32% within a year, and per capita consumption in the same period grew by almost one third. But Putin still warned that the positive trends were unstable: "Although our economic foundation has become visibly stronger, it is still shaky and very weak... Most economic sectors are non-competitive. The population count is still falling. Poverty is retreating extremely slowly [...] Competition in the world economy is not easing off."

In 2004, Putin noted: "Within the last four years we have crossed a difficult, yet very important, limit [...]. For the first time, in many years, Russia has become a politically and economically stable and independent country - both financially and with regard to international issues, which alone is quite good." The president reminded that in previous years: "During a long term crisis, Russia had lost almost half of its economic potential. Within the last four years we were able to compensate for almost 40% of that decline. Despite this, so far we have been unable to "catch up with ourselves" from 1989. Therefore, only sustaining the high rate of growth that is currently being recorded by the Russian economy will prevent us being thrown back to the "fringes" of the world economy."

### III. Foreign Policy

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These days the leitmotiv of each speech delivered by Putin is foreign policy; however, the sections referring to foreign affairs are actually of a significantly smaller size as compared to those that deal with internal affairs and the economy. It is quite often that passages covering foreign policy seem generally difficult to identify in the form of independent sections, as used to happen, for instance, in 2000 and 2005.

Moreover, the president uses foreign policy as a necessary background for comparing the progress of Russia, or he considers it as an element of crucial importance to the economy and internal affairs.

In general, the relative brevity of Putin in the field of foreign policy is compensated for by his activity in this area, proving he is acting deliberately not to provide parliament with too much information on international issues.

In the early years, very few sections on foreign policy could have resulted from the “freshness” of fundamental policy documents - The Concept on Foreign Policy and The Concept on National Security - that were drawn up and approved by decrees of the president in 2000.

It is also worth remembering that in October 1999, the European partners were provided with a mid-term Strategy for Development of the Russian Federation - EU Relations.

Roughly all parts of Putin’s speeches dealing with international issues are characterised by a certain amount of loftiness that, if received with acceptance, might be considered a quite pragmatic milestone for the ideology lying behind Russian foreign policy.

In this chapter, the authors aim at outlining of four “mega-subjects” Putin has been consistently raising in his speeches. These are: the role of Russia in the world, the position of the country in the global economy, and the post-Soviet and the European reference points for Russian foreign policy.

Although it may seem paradoxical, the U.S., as can just about be concluded from an analysis of the speeches, was not singled out as a separate plot. Certainly, it is present in the background; however, it is not mentioned explicitly when discussing subjects related to international terrorism, NATO and the Commonwealth of Independent States. Yet, mention of the USA and references to bilateral relations between Moscow and Washington are rather brief in all six passages.

More such loftiness can be found in those parts of the speeches that refer to relations with other states outside Europe and the territory of the former USSR. Only the address of 2004 contains a reference to striving for “continuity of the political and economic dialogue with larger partners such as China, India and Japan.”

### **Russia in the contemporary world: role, capabilities, challenges**

The content of his speeches shows that Putin is seriously anxious about understanding the general positioning of Russia in the contemporary world, and issues dealing with the compatibility of its internal progress and foreign policy with the international context.

Analysis of these passages from his speeches is crucial from the pragmatic point of view, since they visualize the tone of the presidential speeches in reference to particular subjects.

In the first speech (July 8<sup>th</sup>, 2000), the president stated that “the only choice for Russia could be the choice of a powerful state [...] Powerful not against the world community, not against others, but along with them.” This reference points to the “global” approach of Putin to foreign policy; these words seem to echo: “Our country is involved in all international processes, including economic globalization [...] and the information revolution.” In 2000, the goals and priorities of foreign policy had not yet been clearly verbalized – one may notice some sort of a contamination of styles expressing the attitudes of



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Primakow and the liberal economists, and the pro-Yeltsin rhetoric (“we cannot and we should not lose in terms of strategy”).

The first speech comprises various elements of the discourse based on a foreign policy featuring the character of the mid 90s. For instance, a separate paragraph was devoted to disapproval of “humanitarian interventions”.

The Russian community and the community of foreign experts considered, in reference to international terrorism, completely new elements that were treated as a “new type of external aggression”.

It is worthwhile remembering that the events of September will have occurred no longer than a year later. The term “international terrorism” has been reinforced in the Russian political language and is used to determine the military activities of extremist circles focused on the ideology of politically radical Islam and linked with international centres promoting these ideas. The term “international terrorism” is mostly used when talking about events occurring in the Northern Caucasus and Central Asia.

For the first time ever, the speech of 2000 heralded the thesis of the obligation to “take joint action with the aim of an objective perception of Russia abroad.” This idea had been developed in the Concept on Information Security and emerged as one of the most important elements of Russian activity in the field of foreign policy at the turn of the first and second cadences.

It is to be emphasized once again that in the first speech, which was shorter than the following ones, foreign policy issues were not singled out as a separate section and were placed almost at the very start of the exposé. In addition, a crucial thing is that the president did not list any particular states, regions or international structures as priorities for Russian policy.

In the second speech (April 3<sup>rd</sup>, 2001) “conceptual and statutory” issues were virtually ignored. The terrorist attack of September 11 and, in effect, establishing the broad anti-terrorist coalition, which Russia joined right away, decisively reorganized the international environment.

The evaluation of the new status quo, as implemented by Putin himself, with no visible influence of the preceding concepts, occurred in the third speech (April 18<sup>th</sup>, 2002). The maturity and self-restraint towards opposing opinions reflected to some extent the experience gained by the president and his establishment in the previous two years of rule.

Raising the difficulties related to accession to the global community, most of all in terms of the economy, Putin stressed that: “In today’s world the cut-

throat competition is the standard across the global community – [everybody battles for] markets, investment, and political and economic influence.”

The rhetoric conducted in the spirit of Realpolitik was perhaps some sort of a compensation for getting rapidly closer to the Western World in the preceding year and was a response to the critics of the president in Russia, or it might have been an element that was supposed to encourage the elite towards a more active and “aggressive” policy. Thus the president highlighted that: “In the contemporary world nobody is going to declare war on us... yet nobody is waiting for us anxiously.”

The priority in the speech of 2002 was undoubtedly given to the “anti-terrorist coalition” that, according to the president, was set up owing to “the firm attitude of Russia.” Generally speaking, it has been said that “today Russia is acting as one of the most solid guarantees of international stability.” This was the first time since the era of the USSR that such high confidence had derived from the role of the state in international affairs. Putin also emphasized the Russian contribution to the solution of certain tasks the coalition had faced, such as overthrowing the Taliban regime in Afghanistan.

From the psychological point of view, Putin finds the struggle against a common enemy essential, considering it a suppression of a burden of the past: “Following September 11<sup>th</sup>, a large number, a very large number, of people realized that the cold war was over.” This thesis proclaiming the common character of a new challenge and including one more reason to get involved in closer cooperation would have been (and still is) a leitmotiv of Putin’s exposés on foreign policy.

The fourth speech (May 16<sup>th</sup>, 2003) strayed from the subject in terms of style as compared to the previous ones that featured a lofty tone. International plots appeared right at the start of the text and the way they were dealt with seemed to indicate a new style for Putin. The statement saying that: “Russia can live and develop within the existing boundaries only if it is a strong *superpower*” (the word “superpower” is used in the address for the first time) is accompanied by the president’s reminder claiming the threat of the imminent demise of the state, otherwise. The warning tone of the speech was used intentionally so that it was treated as some sort of prevention against “successes that make the head swell”, and also included issues of foreign policy, in: “Nuclear weapons are still spread out across our planet. Terrorism threatens the world and the security of our citizens. Simultaneously, national

armies are not used to fight against this evil but to enlarge the strategic influence of particular states.”

It is likely that the style of these exposés was stirred by the “pre-election” character of the year 2003.

At the same time, the president referred in his speech to the value of globalization and once again stressed that: “Those states become successful that take deliberate, competent and dynamic steps to integrate with the world economy.” According to Putin, the most important step in such integration was the accession of Russia to the G8. Simultaneously, the president highlighted that his work in this club meant not only: “Guaranteeing [...] the national interests” and: “Solving common problems faced by civilization.”

The president alluded to the Iraq case in his speech of 2003, in the section referring to foreign policy. His dislike for touching on this subject openly in a statement of such a high priority definitely proved there was no tendency to raise questions about Moscow-Washington relations. However, a careful observer might have easily “deciphered” relevant passages (“events taking place last year were further proof that effective diplomacy as well as *solid weapons* /*Italics- author* /are needed to protect the national interests of Russia”). Incidentally, the speech contained an in-depth presentation of the problems faced by the military forces and issues related to national defence.

Moreover, the very next passage showed clear solidarity with the global community in terms of threats to the world, including: “International terrorism, the proliferation of weapons of mass destruction, regional and territorial conflicts, as well as the danger of drugs.” The U.S. and its allies considered at least the top two threats as originating from Saddam Hussein’s regime.

As in his first speech, dated the “post-Kosovo” period, Putin stressed the role of the UN Security Council in the area of peaceful settlements of conflicts. He made it so that nobody doubted it was about Iraq: “Decisions within the Security Council are not always taken easily... it happens that the initiators of this or that resolution are left basically with no arguments to persuade other states that they are right.”

Passages criticizing particularly the negative experience of the U.S. are followed by opportunities for further cooperation between Moscow and Washington in the field of military action against common sources of threat, citing as an example the operation in Afghanistan.

The fifth speech (May 26<sup>th</sup>, 2004) contained clear repetitions of the leitmotifs of the speeches from 2002 and 2003.

The fight against terrorism continued to be the top priority in a global sense. Further integration with the world economy remained equally important. Simultaneously, the speech emphasized that: "We should grow faster than the rest of the world," since this was a matter of the "Adequate place of Russia in the global environment."

For the first time, the introduction of the speech comprised a reply given to the foreign critics of the political processes taking place inside Russia: "Currently, political, economic and information pressure is actively being exerted in the global competition, *however strengthening our statehood is interpreted as authoritarian rule.*" Passages responding to foreign critics in a similar way occurred later in the text.

The sixth speech (April 25<sup>th</sup>, 2005), particularly in the part dealing with foreign policy, seemed to be the one with the most emotional and ideological character. It is known that starting from end of 2003 and within the year 2004, Russia encountered internal political changes that undoubtedly affected its perception among the political circles of the EU members, European bureaucracy and the entire Western world. Russia was perceived in an increasingly distant and anxious way, resulting in a negative approach towards such events as the case of the well-known oil holding, the domination of a single political party in parliament, and the cancellation of elections to regional authorities. For the first time since the beginning of the 90s, real or alleged anxiety became so high that public debates, mostly in the EU states, raised questions about the values respected by Russia.

President Putin in his speech endeavoured to reply to these questions. He expressed the clear statement, saying that: "Russia was, is and, of course, will be the biggest European nation. Over the centuries, freedom, human rights, justice and democracy, as the ideals attained by European civilisation and paid for with suffering, have been a reference point for our society in setting the hierarchy of values."

Particular issues of foreign policy were scanned over and, in fact, even these small comments were totally dominated by post-Soviet matters. Simultaneously, the leitmotiv was a problem of recognized values, whereas the fact that the speech was delivered on the day prior to the 60th anniversary of Victory Day undoubtedly provided the historical background.

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At the same time, judging from the context of the statement, Russian goals on the international scene and, most of all, in the former USSR “are entirely understood – safe borders and establishing favourable conditions for solving the internal problems of Russia.”

### **Russia in the world economy. Problem with accession to the WTO**

As has been mentioned previously, the president’s first speech (July 8<sup>th</sup>, 2000) reported on economic globalization as one of the most essential parameters in the international relations of Russia, however this plot was not developed.

Foreign policy in the second speech (April 3<sup>rd</sup>, 2001) covered two sections. The first referred to the economic issues of foreign policy; however, this was the one that carried the most important political message.

For the first time in the history of exposés at such a high level, Russian accession to the World Trade Organization was named as the top priority.

In addition, Putin emphasized that: “Parliament is to adopt a Russian legislative system for the standards and regulations of the World Trade Organizations.” In practice, it meant the absolute end of the long-unclear period of vagueness in the relations between Moscow and the WTO, which had received Russia’s application for membership in 1993. Since 2001, negotiations on accession have proceeded on a regular basis, with arguments questioning the need for accession among official foreign policy and economy circles calmed down, while topics of discussion have been the methods, pace and concessions.

The second section of the second speech devoted to foreign policy was also dominated by economic issues. Putin highlighted that Russia: “Is more and more integrating with the world economy. Thus, as far as foreign policy is concerned, we should learn to defend our economic interests across the whole Russian Federation as well as Russian enterprises and Russian citizens.” If these statements had not been closely linked to the problem of WTO accession they would only have been a repetition of the Gorbachov- Shevardnadze thesis on the economization of foreign policy.

Putin’s economization took a similar form of expression – the language intentionally resembled the business environment style: “Good to have a

perfect reputation not only in the economy but also in politics, that is why one has to fulfil [...] obligations and long-term agreements.” The “business” style of Putin’s language still remained an attractive element of his image.

The third speech (April 18<sup>th</sup>, 2002) was also comprised of a separate section on foreign policy. Putin claimed that the problem of integration with the global economy had already been resolved: “The world market has already arrived here and our market has become a part of the world system.” Later in the text, the president dwelled in detail on one subject – the WTO – paying unprecedented attention to it. In fact, he replied to all the opponents of Russian accession to the organization that evidently intensified their efforts in 2001. His main thesis was simple: The World Trade Organization is a mechanism that shapes and works on regulations in the area of world trade, whereas Russia, as a member, should contribute to these regulations.

Until the moment when the fourth speech was delivered (May 16<sup>th</sup>, 2003), the subject of the WTO had been well recognized, and it was mentioned in a short note: “...we moved further up on the road to accession to the World Trade Organization.” Political acceptance in this area was no longer needed and actions turned towards an uneasy negotiation process and internal agreements among Russian ministries.

The international economic aspects outlined in the fifth speech (May 26<sup>th</sup>, 2004) were represented by the issues covering the transport and power industries fostering steps into a new and unknown area. Putin made a credible remark that: “Modern transport infrastructure can make Russia benefit from its geographical features and allow it to become more advantageous than our competitors’.” The president listed the tasks he considered of top priority, provided for the diversification of energy transfer: “Extending the transfer capability of the Baltic pipeline system,...bypassing the Bosphorus and Dardanelle Straits, and the integration of the “Friendship” and “Adria” pipeline systems. In terms of the export of gas, the “key issue”, as stated in the speech, was: “Construction of the North European pipeline system.” For the president, the construction and renovation of transit routes along the “North-South” international route were also of high priority.

In that speech, the WTO was only mentioned in one “mandatory” sentence. Moreover, for the first time since Yeltsin’s speeches, the text included appeals for the development of “cross-border and interregional cooperation”,

something that used to be popular in those days; however, these theses were not specified in detail.

In the sixth speech, (April 25<sup>th</sup>, 2005), Putin did not comment on foreign policy issues.

### **Post-Soviet direction of Russian foreign policy**

The subject of policy towards members of the Commonwealth of Independent States, as well as various regional associations located across the territory of the former USSR, was present in all the speeches delivered by Putin and was generally considered of top priority among other regional issues (taking into account the hierarchy of subjects in the exposé). It is also worth mentioning that many times issues related to the Commonwealth of Independent States have been expressed in a very formal way.

While in the first speech, (July 8<sup>th</sup>, 2000), the reference to the Commonwealth of Independent States referred only to the problem of terrorism in Central Asia, while in the second speech delivered to the Federal Assembly (April 3<sup>rd</sup>, 2001), the president identified the Commonwealth of Independent States as an indisputable priority.

Putin highlighted the need for the activation of goals in foreign policy towards the Commonwealth of Independent States, with “Russia being still a core of integration processes” where, in the period of its “economic growth [...] new opportunities turn up” (actually the activation of Moscow’s policy within the Commonwealth of Independent States happened as early as in 2000, so the thesis of the speech only reiterated the fact that had occurred before).

At the beginning of the first presidency of Putin, the policy dealing with the post-Soviet area comprised two core directions. The first referred to closer military and political cooperation, both within the “larger” Commonwealth of Independent States as well as by enforcing the Agreement on Collective Security. The second was an attempt to return to the idea of an economic community within the Commonwealth of Independent States, which would also cover the free market area. Based on these plans, the structure of the Commonwealth’s bodies was enlarged with a new mechanism – the Economic Council. Such an ambitious idea worked in 2000-2001, while later on it sank

into oblivion. And again, pressure was put on “Russia-oriented” integration forms – the Union State of Russia and Belarus, as well as the Euro-Asian Economic Community. These were the priorities marked in the second speech. However, while the Agreement on the Euro-Asian Economic Community was signed as late as October 2000, establishing the Union State (agreement of December 8<sup>th</sup>, 1999) somewhat behind schedule.

A separate passage of the speech was devoted to issues related to “the defence of the rights and interests of Russian citizens and compatriots from abroad”. Actually, it referred to members of the Commonwealth of Independent States and the Baltic States. Certainly this task was considered a goal far earlier, however it was still present in the foreign policy of Putin’s presidency, despite numerous defects resulting from faulty legislation (this is, among other things, a very unclear new act regulating the issue of Russian citizenship).

In the third speech (April 18<sup>th</sup>, 2002), the president again highlighted the priority of the Commonwealth of Independent States, although he actually did not provide any explanation of this thesis.

The fourth speech (May 16<sup>th</sup>, 2003) also included clichés on the priority of the Commonwealth of Independent States and Euro-Asian Economic Community, which was named “a community of rising efficiency”. For the first time the text referred to another regional structure – the Organization for Agreement on Collective Security, set up on October 7<sup>th</sup>, 2002, and comprising six member states – Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan. At the time, many recognized both organizations – the Euro-Asian Economic Community and the Organization for Agreement on Collective Security, which were actually identical in terms of the makeup, as a powerful, Russia-oriented core of the Commonwealth.

The fifth speech (May 26<sup>th</sup>, 2004) presented a new project, being a part of the traditional focus on the Commonwealth of Independent States that is the Common Economic Space (CES). In September, Russia, Ukraine, Belarus and Kazakhstan signed an agreement on establishing this organization. In the speech, the Common Economic Space was assigned an equal role to the Euro-Asian Economic Community; however, the priority factor referring to each of them was left unstated. Actually, the Common Economic Space meant the hidden positioning of Ukraine as one of the key directions in the foreign policy of Russia within the Commonwealth of Independent States.



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A considerable part of the sixth speech (April 25<sup>th</sup>, 2005) focused on issues related to the territory of the former USSR, which was absolutely justified considering the changes that had taken place in Georgia, Ukraine and Kyrgyzstan.

For the first time, the text of the speech dealing with the Commonwealth of Independent States lacked clear priorities. This was fully understandable - the dynamics of the processes most of all required a detailed analysis of the situation and make it impossible to declare new goals and tasks. In statements touching on the post-Soviet area (by the way, this term appeared in the text, and not the Commonwealth of Independent States), Putin seemed extremely careful and his wording was general. However, this may be interpreted as the attention paid by the elite in foreign policy to the changes inside the Commonwealth, with some sort of positive curiosity. The president noted, among other things, that Moscow was keen on “synchronizing the pace and parameters of the reform processes in Russia and the member states of the Commonwealth,” and he also stated a readiness to “use the valuable experiences of the neighbours.”

Simultaneously, the president emphasized that the “civilizational mission of the Russian nation on the Euro-Asian continent should be continued.”

Putin also raised a previously-stated issue, namely providing compatriots living abroad with their rights. The document explicitly mentioned a reference to Latvia and Estonia: “The new members of NATO and the EU in the post-Soviet area,” which should prove with their attitude “their respect for the rights of minorities.”

The problem of compatriots also appeared when talking about migrations, which, according to the president, in the proper surrounding could bring “a real benefit to the whole Russian state and nation.” Moreover, Putin clearly declared the thesis saying that “every legal immigrant should be given an opportunity to become a citizen of Russia.”

### **European direction of Russian foreign policy. Russia - EU/NATO relations**

In the first speech (July 8<sup>th</sup>, 2000) Putin revealed neither “the European choice” nor the particular direction of Russian policy in Europe. As has been said, the reason for that might be the fact that ten days prior to Putin’s speech, a new Concept for Russian Foreign Policy had been signed. This Concept provided detailed specification of the priorities of state foreign policy. European matters were ranked second among these priorities, following the post-Soviet direction.

In the second speech (April 3<sup>rd</sup>, 2001) Putin mentioned the European Union for the first time and he sacrificed a lot of his time and energy to “establishing partnership relations.” In addition, the same passage dealt with EU matters comprising a declaration saying that “orientation towards *integration* with Europe” was becoming a key direction of our [Russian] foreign policy.” This phrase, currently common in the political discourse, used to be of considerable significance since it gave an answer to the question: “Who is Mr Putin?”

A vast excerpt of the speech was dedicated to NATO. It is known that the intervention of the allied forces in Kosovo cooled down Moscow-NATO relations and their formal reopening was put back to May 2000. At the same time, part of the foreign policy elite remained cold, hostile and ignorant towards the allied forces. In this situation, the tone of moderate, however constructive, criticism of NATO, keeping in mind the possibility of further collaboration outlined in the Fundamental Act of 1997 became a formal ideological matrix provided for relations with the allied forces.

Based on the criticism of NATO, Putin repeated in public what was traditional for Russian policy the thesis saying that “the only organization authorized to legitimize the use of force in international relations is the UN Security Council.”

Nevertheless, the thing to be noted is that the first two speeches, as well as the practice of Russian foreign policy, with its ultimately clear multi-faceted character, taking into account all the positive moments, were not offering the Russian and world communities an explicit answer to the question about the real priorities of Russian foreign policy. It was about, among other things, a higher transparency in the European orientation.

The terrorist attack of September 11<sup>th</sup> resulted in the need for a redirection of Russian foreign policy that was reflected in the speech of Putin addressed to Bundestag deputies on September 25<sup>th</sup>, 2001. In the autumn of 2001, the strategic priority character of Russia's relations with the West, as well as the European orientation of its foreign policy, were given a new definition. The sentence; "Russia – a friendly European state" could be called a leitmotiv of this speech, as one of the most influential "speeches" by the Russian president.

The anti-terrorist campaign created favourable conditions for the intensification of a positive ambiance in Russian-American relations and, in consequence, for appeasing the Russian attitude towards NATO. As early as on September 12<sup>th</sup>, a Permanent Russia-NATO Common Council issued a statement criticizing terrorist acts against the U.S. On first days of October 2001, the Russian president also visited NATO headquarters while participating in the Russian Federation-European Union summit in Brussels.

In the case of the third speech (April 18<sup>th</sup>, 2002) and the European orientation, relations with the EU were considered to be a priority. A core element of this collaboration should have been a Common Economic Space of Russia and the European Union.

It is known that initial drafts of this project had been presented at a Russia-EU summit in May, whereas the joint concept of the Common Economic Space was approved at the summit in November 2003. In brief, it may be determined as a potential model of "the open and integrated Russia-EU market".

In fact, soon after the speech had been delivered, relations with the North Atlantic Organization changed while it [the speech] mentioned the Organization in a very laconic manner. One and a half months following the declaration of the phrase "we are working on changes in quality of our relations with NATO", on May 28<sup>th</sup>, 2002, some statements correcting institutional mechanisms and providing a new spur in Russia-NATO political relations were approved during the Russia-NATO meeting of high-ranking officials in Rome.

In his fourth speech (May 16<sup>th</sup>, 2003), Putin, having outlined the task of "the real integration with Europe", for the first time stressed the role of the Council of Europe, an organization towards which a part of the Russian Commonwealth was very critical.

The policy towards Europe and relations with the EU is expressed in the trendy phrase "Greater Europe", which might be built by means of, among

other things, the Common Economic Space, mentioned in the speech of 2001, as well as by “providing the free flow of citizens” between Russia and the EU. The latter thesis constituted a new legal standard introduced during the Russia-EU summit that took place two weeks later.

The speech of Putin dealt with the up-coming EU enlargement in terms of the problems with transit from Kaliningrad. The resolution of this issue was considered a successful compromise.

The reference to the EU included in the fifth speech (May 26<sup>th</sup>, 2004) expressed after the enlargement of the European Union, was rather short: “The enlargement of the European Union should get us closer not only in terms of the geographical level, but also economic and spiritual ones,” stated Putin. Such brevity seemed to be some sort of compensation for the increased activity of Russia in the field of European affairs in the months preceding the EU enlargement date.

As has been mentioned previously, in the sixth speech (April 25<sup>th</sup>, 2005), the EU and NATO were mentioned briefly when talking about the violation of the right to use the Russian language in some of the Baltic States.

It could be explained that, firstly, issues related to the EU and NATO in Russian foreign policy in 2004-2005 were included in the mode of pragmatic day-to-day work and did not require any political stimulation and, secondly, further strategic collaboration with the European Union and the North Atlantic Treaty Organization was subject to serious discussions among experts, as well as within the society. So far, the parameters of this collaboration have not been sufficiently clear to be enclosed in the president’s speech to parliament.

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