
Documentation

Putin's Address to The Federal Assembly

Here are excerpts from President Vladimir Putin's Dec. 4 annual address to the Federal Assembly (the State Duma and the Federation Council) and other dignitaries. The full text of the official translation is at <http://eng.kremlin.ru/news/23341>. Subheads have been added.

What was this Ukrainian tragedy for? Wasn't it possible to settle all the issues, even disputed issues, through dialogue, within a legal framework and legitimately?

But now we are being told that this was actually competent, balanced politics that we should comply with unquestionably and blindfolded.

This will never happen.

We Will Never Relinquish Sovereignty

If for some European countries national pride is a long-forgotten concept and sovereignty is too much of a luxury, true sovereignty for Russia is absolutely necessary for survival.

Primarily, we should realize this as a nation. I would like to emphasize this: Either we remain a sovereign

nation, or we dissolve without a trace and lose our identity. Of course, other countries need to understand this, too. All participants in international life should be aware of this. And they should use this understanding to strengthen the role and the importance of international law, which we've talked about so much lately, rather than bend its standards to suit someone's strategic interests contrary to its fundamental principles and common sense, considering everyone else to be poorly educated people who can't read or write.

It is imperative to respect the legitimate interests of all the participants in international dialogue. Only then, not with guns, missiles or combat aircraft, but precisely with the rule of law will we reliably protect the world against bloody conflict. Only then, will there be no need to scare anyone with imaginary self-deceptive isolation, or sanctions, which are, of course, damaging, but damaging to everyone, including those who initiate them.

Speaking of the sanctions, they are not just a knee-jerk reaction on behalf of the United States or its allies to our position regarding the events and the coup in Ukraine, or even the so-called Crimean Spring. I'm sure that if these events had never happened—I want to point this out specifically for you as politicians sitting in this auditorium—if none of that had ever happened, they would have come up with some other excuse to try to contain Russia's growing capabilities, affect our country in some way, or even take advantage of it.

The policy of containment was not invented yesterday. It has been carried out against our country for many years, always, for decades, if not centuries. In short, whenever someone thinks that Russia has become too strong or independent, these tools are quickly put into use.

However, talking to Russia from a position of force is an exercise in futility, even when it was faced with domestic hardships, as in the 1990s and early 2000s.

Western Support for Separatism, Terrorism

We remember well how and who, almost openly, supported separatism back then and even outright terrorism in Russia, referred to murderers, whose hands were stained with blood, none other than rebels and organized high-level receptions for them. These "rebels" showed up in Chechnya again. I'm sure the local guys, the local law enforcement authorities, will take proper

care of them. They are now working to eliminate another terrorist raid. Let's support them.

Let me reiterate, we remember high-level receptions for terrorists dubbed as fighters for freedom and democracy. Back then, we realized that the more ground we give and the more excuses we make, the more our opponents become brazen and the more cynical and aggressive their demeanor becomes.

Despite our unprecedented openness back then and our willingness to cooperate in all, even the most sensitive issues, despite the fact that we considered—and all

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of you are aware of this and remember it—our former adversaries as close friends and even allies, the support for separatism in Russia from across the pond, including information, political and financial support and support provided by the special services—was absolutely obvious and left no doubt that they would gladly let Russia follow the Yugoslav scenario of disintegration and dismemberment. With all the tragic fallout for the people of Russia.

It didn't work. We didn't allow that to happen.

Just as it did not work for Hitler with his misanthropic ideas, who set out to destroy Russia and push us back beyond the Urals. Everyone should remember how it ended.

Next year, we will mark the 70th anniversary of Victory in the Great Patriotic War. Our Army crushed the enemy and liberated Europe. However, we should not forget about the bitter defeats in 1941 and 1942 so as not to repeat the mistakes in the future.

In this context, I will touch on an international security issue.... Since 2002, after the U.S. unilaterally pulled out of the ABM Treaty, which was absolutely a cornerstone of international security, a strategic bal-

ance of forces and stability, the U.S. has been working relentlessly to create a global missile defense system, including in Europe. This poses a threat not only to Russia, but to the world as a whole—precisely due to the possible disruption of this strategic balance of forces.

I believe that this is bad for the U.S. as well, because it creates the dangerous illusion of invulnerability. It strengthens the striving for unilateral, often, as we can see, ill-considered decisions and additional risks....

No one will ever attain military superiority over Russia. We have a modern and combat ready army. As they now put it, a polite, but formidable army. We have the strength, will and courage to protect our freedom.

We will protect the diversity of the world. We will tell the truth to people abroad, so that everyone can see the real and not distorted and false image of Russia. We will actively promote business and humanitarian relations, as well as scientific, educational, and cultural relations. We will do this even if some governments attempt to create a new iron curtain around Russia.

We will never enter the path of self-isolation, xenophobia, suspicion and the search for enemies.

All this is evidence of weakness, while we are strong and confident.

We Want Equal Partnerships

Our goal is to have as many equal partners as possible, both in the West and in the East. We will expand our presence in those regions where integration is on the rise, where politics is not mixed with economy, and where obstacles to trade, to exchange of technology and investment and to the free movement of people are lifted.

Under no conditions will we curtail our relations with Europe or America. At the same time, we will restore and expand our traditional ties with South America. We will continue our cooperation with Africa and the Middle East.

We see how quickly Asia Pacific has been developing over the past few decades. As a Pacific power, Russia will use this huge potential comprehensively.

Everyone knows the leaders and the drivers of global economic development. Many of them are our sincere friends and strategic partners.

The Eurasian Economic Union will start working in full on January 1, 2015. I'd like to remind you about its fundamental principles. The topmost principles are

equality, pragmatism and mutual respect, as well as the preservation of national identity and state sovereignty of its member countries. I am confident that strong cooperation will become a powerful source of development for all of the Eurasian Economic Union members....

Russia's Economy

...I propose a full amnesty for capital returning to Russia. I stress, full amnesty.

Of course, it is essential to explain to the people who will make these decisions what full amnesty means. It means that if a person legalizes his holdings and property in Russia, he will receive firm legal guarantees that he will not be summoned to various agencies, including law enforcement agencies, that they will not “put the squeeze” on him, that he will not be asked about the sources of his capital and methods of its acquisition, that he will not be prosecuted or face administrative liability, and that he will not be questioned by the tax service or law enforcement agencies. Let's do this now, but only once. Everyone who wants to come to Russia should be given this opportunity.

We all understand that the sources of assets are different, that they were earned or acquired in various ways. However, I am confident that we should finally close, turn the “offshore page” in the history of our economy and our country. It is very important and necessary to do this.

I expect that after the well-known events in Cyprus and with the on-going sanctions campaign, our business has finally realized that its interests abroad are not reckoned with and that it can even be fleeced like a sheep....

Today we are faced with reduced foreign exchange proceeds and, as a consequence, with a weaker national currency, the ruble. As you are aware, the Bank of Russia has switched to a floating exchange rate, but this does not mean that the Bank of Russia has withdrawn from controlling the exchange rate, and that the ruble may now be the object of unchecked financial speculation.

I'd like to ask the Bank of Russia and the Government to carry out tough and concerted actions to discourage the so-called speculators from playing on fluctuations of the Russian currency. In this regard, I'd like to point out that the authorities know who these speculators are. We have the proper instruments of influence, and the time is ripe to use them.

Of course, a weaker ruble increases the risk of a

short-term surge in inflation. It's imperative that we protect the interests of our people, first and foremost, those with low incomes, and the Government and the regions must ensure control over the situation on the food, medicine and other basic goods markets. I'm sure this can be done without any problem, and it must be done.

A weaker national currency also increases the pricing environment and the competitiveness of our companies. We take this factor into account in our policy of import substitution (at least, where it's appropriate and necessary). Within three to five years, we must provide our customers with high-quality and affordable medicines and food that are produced mostly in Russia....

We must also lessen our critical dependence on foreign technology and industrial goods, including in the machine-tool building and instrument-making industries, power engineering, and the production of equipment for field development, including on the Arctic shelf. Our commodities and infrastructure companies can seriously help our producers in this sphere. When implementing large oil, energy and transport projects, they must rely above all on domestic producers and promote demand for their products....

Despite any external restrictions, we must increase our annual investment to 25% of GDP by 2018. What does this mean? I'll explain it with just a few words.

It means that we must invest as much as we save. Our savings must work for the national economy and development, rather than the export of capital. To be able to do this, we must seriously strengthen the stability of our banking system—the Central Bank has been working towards this end quite persistently—and also reduce the dependence of the national financial market on external risks.

I propose using our reserves (above all, the National Welfare Fund) to implement a program for recapitalization of leading domestic banks, with funding to be provided under clearly specified conditions to be funneled into the most significant projects in the real economy at affordable interest rates. Furthermore, banks will have to introduce project financing mechanisms¹....

This year, as has been the case many times during crucial historical moments, our people have demon-

1. This proposal for directed credit resembles one of economist and presidential advisor Sergei Glazyev's proposals, although Glazyev calls for the Russian Central Bank to provide these credits, rather than the Welfare Fund. See [EIR](#), May 2, 2014.

strated national enthusiasm, vital endurance and patriotism. The difficulties we are facing today also create new opportunities for us. We are ready to take up any challenge and win.