

Russian President Vladimir Putin

"The World Order: New Rules or a Game without Rules"

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PRESIDENT OF RUSSIA, VLADIMIR PUTIN:

Colleagues, ladies and gentlemen, friends, it is a pleasure to welcome you to the XI meeting of the Valdai International Discussion Club.

It was mentioned already that the club has new co-organisers this year. They include Russian non-governmental organisations, expert groups and leading universities. The idea was also raised of broadening the discussions to include not just issues related to Russia itself but also global politics and the economy.

I hope that these changes in organisation and content will bolster the club's influence as a leading discussion and expert forum. At the same time, I hope the 'Valdai spirit' will remain - this free and open atmosphere and chance to express all manner of very different and frank opinions.

Let me say in this respect that I will also not let you down and will speak directly and frankly. Some of what I say might seem a bit too harsh, but if we do not speak directly and honestly about what we really think, then there is little point in even meeting in this way. It would be better in that case just to keep to diplomatic get-togethers, where no one says anything of real sense and, recalling the words of one famous diplomat, you realise that diplomats have tongues so as not to speak the truth.

We get together for other reasons. We get together so as to talk frankly with each other. We need to be direct and blunt today not so as

to trade barbs, but so as to attempt to get to the bottom of what is actually happening in the world, try to understand why the world is becoming less safe and more unpredictable, and why the risks are increasing everywhere around us.

Today's discussion took place under the theme: New Rules or a Game without Rules. I think that this formula accurately describes the historic turning point we have reached today and the choice we all face. There is nothing new of course in the idea that the world is changing very fast. I know this is something you have spoken about at the discussions today. It is certainly hard not to notice the dramatic transformations in global politics and the economy, public life, and in industry, information and social technologies.

Let me ask you right now to forgive me if I end up repeating what some of the discussion's participants have already said. It's practically impossible to avoid. You have already held detailed discussions, but I will set out my point of view. It will coincide with other participants' views on some points and differ on others.

As we analyse today's situation, let us not forget history's lessons. First of all, changes in the world order – and what we are seeing today are events on this scale – have usually been accompanied by if not global war and conflict, then by chains of intensive local-level conflicts. Second, global politics is above all about economic leadership, issues of war and peace, and the humanitarian dimension, including human rights.

The world is full of contradictions today. We need to be frank in asking each other if we have a reliable safety net in place. Sadly, there is no guarantee and no certainty that the current system of global and regional security is able to protect us from upheavals. This system has become seriously weakened, fragmented and deformed. The international and regional political, economic, and cultural cooperation organisations are also going through difficult times.

Yes, many of the mechanisms we have for ensuring the world order were created quite a long time ago now, including and above all in the period immediately following World War II. Let me stress that the solidity of the system created back then rested not only on the balance of power and the rights of the victor countries, but on the fact that this system's 'founding fathers' had respect for each other, did not try to put the squeeze on others, but attempted to reach agreements.

The main thing is that this system needs to develop, and despite its various shortcomings, needs to at least be capable of keeping the world's current problems within certain limits and regulating the intensity of the natural competition between countries.

It is my conviction that we could not take this mechanism of checks and balances that we built over the last decades, sometimes with such effort and difficulty, and simply tear it apart without building anything in its place. Otherwise we would be left with no instruments other than brute force.

What we needed to do was to carry out a rational reconstruction and adapt it to the new realities in the system of international relations.

But the United States, having declared itself the winner of the Cold War, saw no need for this. Instead of establishing a new balance of power, essential for maintaining order and stability, they took steps that threw the system into sharp and deep imbalance.

The Cold War ended, but it did not end with the signing of a peace treaty with clear and transparent agreements on respecting existing rules or creating new rules and standards. This created the impression that the so-called 'victors' in the Cold War had decided to pressure events and reshape the world to suit their own needs and interests. If the existing system of international relations, international law and the checks and balances in place got in the way of these aims, this system was declared worthless, outdated and in need of immediate demolition.

Pardon the analogy, but this is the way nouveaux riches behave when they suddenly end up with a great fortune, in this case, in the shape of world leadership and domination. Instead of managing their wealth wisely, for their own benefit too of course, I think they have committed many follies.

We have entered a period of differing interpretations and deliberate silences in world politics. International law has been forced to retreat over and over by the onslaught of legal nihilism. Objectivity and justice have been sacrificed on the altar of political expediency. Arbitrary interpretations and biased assessments have replaced legal norms. At the same time, total control of the global mass media has made it possible when desired to portray white as black and black as white.

In a situation where you had domination by one country and its allies, or its satellites rather, the search for global solutions often turned into an attempt to impose their own universal recipes. This group's ambitions grew so big that they started presenting the policies they put together in their corridors of power as the view of the entire international community. But this is not the case.

The very notion of 'national sovereignty' became a relative value for most countries. In essence, what was being proposed was the formula: the greater the loyalty towards the world's sole power centre, the greater this or that ruling regime's legitimacy.

We will have a free discussion afterwards and I will be happy to answer your questions and would also like to use my right to ask you questions. And during the upcoming discussion let someone try to disprove the argument that I just set out.

The measures taken against those who refuse to submit are well-known and have been tried and tested many times. They include use of force, economic and propaganda pressure, meddling in domestic affairs, and appeals to a kind of 'supra-legal' legitimacy when they

need to justify illegal intervention in this or that conflict or toppling inconvenient regimes. Of late, we have increasing evidence too that outright blackmail has been used with regard to a number of leaders. It is not for nothing that 'big brother' is spending billions of dollars on keeping the whole world, including its own closest allies, under surveillance.

Let's ask ourselves, how comfortable are we with this, how safe are we, how happy living in this world, and how fair and rational has it become? Maybe, we have no real reasons to worry, argue and ask awkward questions? Maybe the United States' exceptional position and the way they are carrying out their leadership really is a blessing for us all, and their meddling in events all around the world is bringing peace, prosperity, progress, growth and democracy, and we should maybe just relax and enjoy it all?

Let me say that this is not the case, absolutely not the case.

A unilateral diktat and imposing one's own models produces the opposite result. Instead of settling conflicts it leads to their escalation, instead of sovereign and stable states we see the growing spread of chaos, and instead of democracy there is support for a very dubious public ranging from open neo-fascists to Islamic radicals.

Why do they support such people? They do this because they decide to use them as instruments along the way in achieving their goals but then burn their fingers and recoil. I never cease to be amazed by the way that our partners just keep stepping on the same rake, as we say here in Russia, that is to say, make the same mistake over and over.

They once sponsored Islamic extremist movements to fight the Soviet Union. Those groups got their battle experience in Afghanistan and later gave birth to the Taliban and Al-Qaeda. The West if not supported, at least closed its eyes, and, I would say, gave information, political and financial support to international terrorists' invasion of Russia (we have not forgotten this) and the Central Asian region's

countries. Only after horrific terrorist attacks were committed on US soil itself did the United States wake up to the common threat of terrorism. Let me remind you that we were the first country to support the American people back then, the first to react as friends and partners to the terrible tragedy of September 11.

During my conversations with American and European leaders, I always spoke of the need to fight terrorism together, as a challenge on a global scale. We cannot resign ourselves to and accept this threat, cannot cut it into separate pieces using double standards. Our partners expressed agreement, but a little time passed and we ended up back where we started. First there was the military operation in Iraq, then in Libya, which got pushed to the brink of falling apart. Why was Libya pushed into this situation? Today it is a country in danger of breaking apart and has become a training ground for terrorists.

Only the current Egyptian leadership's determination and wisdom saved this key Arab country from chaos and having extremists run rampant. In Syria, as in the past, the United States and its allies started directly financing and arming rebels and allowing them to fill their ranks with mercenaries from various countries. Let me ask where do these rebels get their money, arms and military specialists? Where does all this come from? How did the notorious ISIL manage to become such a powerful group, essentially a real armed force?

As for financing sources, today, the money is coming not just from drugs, production of which has increased not just by a few percentage points but many-fold, since the international coalition forces have been present in Afghanistan. You are aware of this. The terrorists are getting money from selling oil too. Oil is produced in territory controlled by the terrorists, who sell it at dumping prices, produce it and transport it. But someone buys this oil, resells it, and makes a profit from it, not thinking about the fact that they are thus financing terrorists who could come sooner or later to their own soil and sow destruction in their own countries.

Where do they get new recruits? In Iraq, after Saddam Hussein was toppled, the state's institutions, including the army, were left in ruins. We said back then, be very, very careful. You are driving people out into the street, and what will they do there? Don't forget (rightfully or not) that they were in the leadership of a large regional power, and what are you now turning them into?

What was the result? Tens of thousands of soldiers, officers and former Baath Party activists were turned out into the streets and today have joined the rebels' ranks. Perhaps this is what explains why the Islamic State group has turned out so effective? In military terms, it is acting very effectively and has some very professional people. Russia warned repeatedly about the dangers of unilateral military actions, intervening in sovereign states' affairs, and flirting with extremists and radicals. We insisted on having the groups fighting the central Syrian government, above all the Islamic State, included on the lists of terrorist organisations. But did we see any results? We appealed in vain.

We sometimes get the impression that our colleagues and friends are constantly fighting the consequences of their own policies, throw all their effort into addressing the risks they themselves have created, and pay an ever-greater price.

Colleagues, this period of unipolar domination has convincingly demonstrated that having only one power centre does not make global processes more manageable. On the contrary, this kind of unstable construction has shown its inability to fight the real threats such as regional conflicts, terrorism, drug trafficking, religious fanaticism, chauvinism and neo-Nazism. At the same time, it has opened the road wide for inflated national pride, manipulating public opinion and letting the strong bully and suppress the weak.

Essentially, the unipolar world is simply a means of justifying dictatorship over people and countries. The unipolar world turned out too uncomfortable, heavy and unmanageable a burden even for the

self-proclaimed leader. Comments along this line were made here just before and I fully agree with this. This is why we see attempts at this new historic stage to recreate a semblance of a quasi-bipolar world as a convenient model for perpetuating American leadership. It does not matter who takes the place of the centre of evil in American propaganda, the USSR's old place as the main adversary. It could be Iran, as a country seeking to acquire nuclear technology, China, as the world's biggest economy, or Russia, as a nuclear superpower.

Today, we are seeing new efforts to fragment the world, draw new dividing lines, put together coalitions not built for something but directed against someone, anyone, create the image of an enemy as was the case during the Cold War years, and obtain the right to this leadership, or diktat if you wish. The situation was presented this way during the Cold War. We all understand this and know this. The United States always told its allies: "We have a common enemy, a terrible foe, the centre of evil, and we are defending you, our allies, from this foe, and so we have the right to order you around, force you to sacrifice your political and economic interests and pay your share of the costs for this collective defence, but we will be the ones in charge of it all of course." In short, we see today attempts in a new and changing world to reproduce the familiar models of global management, and all this so as to guarantee their [the US'] exceptional position and reap political and economic dividends.

But these attempts are increasingly divorced from reality and are in contradiction with the world's diversity. Steps of this kind inevitably create confrontation and countermeasures and have the opposite effect to the hoped-for goals. We see what happens when politics rashly starts meddling in the economy and the logic of rational decisions gives way to the logic of confrontation that only hurts one's own economic positions and interests, including national business interests.

Joint economic projects and mutual investment objectively bring countries closer together and help to smooth out current problems in

relations between states. But today, the global business community faces unprecedented pressure from Western governments. What business, economic expediency and pragmatism can we speak of when we hear slogans such as “the homeland is in danger”, “the free world is under threat”, and “democracy is in jeopardy”? And so everyone needs to mobilise. That is what a real mobilisation policy looks like.

Sanctions are already undermining the foundations of world trade, the WTO rules and the principle of inviolability of private property. They are dealing a blow to liberal model of globalisation based on markets, freedom and competition, which, let me note, is a model that has primarily benefited precisely the Western countries. And now they risk losing trust as the leaders of globalisation. We have to ask ourselves, why was this necessary? After all, the United States’ prosperity rests in large part on the trust of investors and foreign holders of dollars and US securities. This trust is clearly being undermined and signs of disappointment in the fruits of globalisation are visible now in many countries.

The well-known Cyprus precedent and the politically motivated sanctions have only strengthened the trend towards seeking to bolster economic and financial sovereignty and countries’ or their regional groups’ desire to find ways of protecting themselves from the risks of outside pressure. We already see that more and more countries are looking for ways to become less dependent on the dollar and are setting up alternative financial and payments systems and reserve currencies. I think that our American friends are quite simply cutting the branch they are sitting on. You cannot mix politics and the economy, but this is what is happening now. I have always thought and still think today that politically motivated sanctions were a mistake that will harm everyone, but I am sure that we will come back to this subject later.

We know how these decisions were taken and who was applying the pressure. But let me stress that Russia is not going to get all worked

up, get offended or come begging at anyone's door. Russia is a self-sufficient country. We will work within the foreign economic environment that has taken shape, develop domestic production and technology and act more decisively to carry out transformation. Pressure from outside, as has been the case on past occasions, will only consolidate our society, keep us alert and make us concentrate on our main development goals.

Of course the sanctions are a hindrance. They are trying to hurt us through these sanctions, block our development and push us into political, economic and cultural isolation, force us into backwardness in other words. But let me say yet again that the world is a very different place today. We have no intention of shutting ourselves off from anyone and choosing some kind of closed development road, trying to live in autarky. We are always open to dialogue, including on normalising our economic and political relations. We are counting here on the pragmatic approach and position of business communities in the leading countries.

Some are saying today that Russia is supposedly turning its back on Europe - such words were probably spoken already here too during the discussions - and is looking for new business partners, above all in Asia. Let me say that this is absolutely not the case. Our active policy in the Asian-Pacific region began not just yesterday and not in response to sanctions, but is a policy that we have been following for a good many years now. Like many other countries, including Western countries, we saw that Asia is playing an ever greater role in the world, in the economy and in politics, and there is simply no way we can afford to overlook these developments.

Let me say again that everyone is doing this, and we will do so to, all the more so as a large part of our country is geographically in Asia. Why should we not make use of our competitive advantages in this area? It would be extremely shortsighted not to do so.

Developing economic ties with these countries and carrying out joint integration projects also creates big incentives for our domestic development. Today's demographic, economic and cultural trends all suggest that dependence on a sole superpower will objectively decrease. This is something that European and American experts have been talking and writing about too.

Perhaps developments in global politics will mirror the developments we are seeing in the global economy, namely, intensive competition for specific niches and frequent change of leaders in specific areas. This is entirely possible.

There is no doubt that humanitarian factors such as education, science, healthcare and culture are playing a greater role in global competition. This also has a big impact on international relations, including because this 'soft power' resource will depend to a great extent on real achievements in developing human capital rather than on sophisticated propaganda tricks.

At the same time, the formation of a so-called polycentric world (I would also like to draw attention to this, colleagues) in and of itself does not improve stability; in fact, it is more likely to be the opposite. The goal of reaching global equilibrium is turning into a fairly difficult puzzle, an equation with many unknowns.

So, what is in store for us if we choose not to live by the rules – even if they may be strict and inconvenient – but rather live without any rules at all? And that scenario is entirely possible; we cannot rule it out, given the tensions in the global situation. Many predictions can already be made, taking into account current trends, and unfortunately, they are not optimistic. If we do not create a clear system of mutual commitments and agreements, if we do not build the mechanisms for managing and resolving crisis situations, the symptoms of global anarchy will inevitably grow.

Today, we already see a sharp increase in the likelihood of a whole set of violent conflicts with either direct or indirect participation by the world's major powers. And the risk factors include not just traditional multinational conflicts, but also the internal instability in separate states, especially when we talk about nations located at the intersections of major states' geopolitical interests, or on the border of cultural, historical, and economic civilizational continents.

Ukraine, which I'm sure was discussed at length and which we will discuss some more, is one of the example of such sorts of conflicts that affect international power balance, and I think it will certainly not be the last. From here emanates the next real threat of destroying the current system of arms control agreements. And this dangerous process was launched by the United States of America when it unilaterally withdrew from the Anti-Ballistic Missile Treaty in 2002, and then set about and continues today to actively pursue the creation of its global missile defence system.

Colleagues, friends,

I want to point out that we did not start this. Once again, we are sliding into the times when, instead of the balance of interests and mutual guarantees, it is fear and the balance of mutual destruction that prevent nations from engaging in direct conflict. In absence of legal and political instruments, arms are once again becoming the focal point of the global agenda; they are used wherever and however, without any UN Security Council sanctions. And if the Security Council refuses to produce such decisions, then it is immediately declared to be an outdated and ineffective instrument.

Many states do not see any other ways of ensuring their sovereignty but to obtain their own bombs. This is extremely dangerous. We insist on continuing talks; we are not only in favour of talks, but insist on continuing talks to reduce nuclear arsenals. The less nuclear weapons we have in the world, the better. And we are ready for the most

serious, concrete discussions on nuclear disarmament – but only serious discussions without any double standards.

What do I mean? Today, many types of high-precision weaponry are already close to mass-destruction weapons in terms of their capabilities, and in the event of full renunciation of nuclear weapons or radical reduction of nuclear potential, nations that are leaders in creating and producing high-precision systems will have a clear military advantage. Strategic parity will be disrupted, and this is likely to bring destabilization. The use of a so-called first global pre-emptive strike may become tempting. In short, the risks do not decrease, but intensify.

The next obvious threat is the further escalation of ethnic, religious, and social conflicts. Such conflicts are dangerous not only as such, but also because they create zones of anarchy, lawlessness, and chaos around them, places that are comfortable for terrorists and criminals, where piracy, human trafficking, and drug trafficking flourish.

Incidentally, at the time, our colleagues tried to somehow manage these processes, use regional conflicts and design ‘colour revolutions’ to suit their interests, but the genie escaped the bottle. It looks like the controlled chaos theory fathers themselves do not know what to do with it; there is disarray in their ranks.

We closely follow the discussions by both the ruling elite and the expert community. It is enough to look at the headlines of the Western press over the last year. The same people are called fighters for democracy, and then Islamists; first they write about revolutions and then call them riots and upheavals. The result is obvious: the further expansion of global chaos.

Colleagues, given the global situation, it is time to start agreeing on fundamental things. This is incredibly important and necessary; this is much better than going back to our own corners. The more we all face common problems, the more we find ourselves in the same boat, so to

speak. And the logical way out is in cooperation between nations, societies, in finding collective answers to increasing challenges, and in joint risk management. Granted, some of our partners, for some reason, remember this only when it suits their interests.

Practical experience shows that joint answers to challenges are not always a panacea; and we need to understand this. Moreover, in most cases, they are hard to reach; it is not easy to overcome the differences in national interests, the subjectivity of different approaches, particularly when it comes to nations with different cultural and historical traditions. But nevertheless, we have examples when, having common goals and acting based on the same criteria, together we achieved real success.

Let me remind you about solving the problem of chemical weapons in Syria, and the substantive dialogue on the Iranian nuclear programme, as well as our work on North Korean issues, which also has some positive results. Why can't we use this experience in the future to solve local and global challenges?

What could be the legal, political, and economic basis for a new world order that would allow for stability and security, while encouraging healthy competition, not allowing the formation of new monopolies that hinder development? It is unlikely that someone could provide absolutely exhaustive, ready-made solutions right now. We will need extensive work with participation by a wide range of governments, global businesses, civil society, and such expert platforms as ours.

However, it is obvious that success and real results are only possible if key participants in international affairs can agree on harmonising basic interests, on reasonable self-restraint, and set the example of positive and responsible leadership. We must clearly identify where unilateral actions end and we need to apply multilateral mechanisms, and as part of improving the effectiveness of international law, we must resolve the dilemma between the actions by international community to ensure security and human rights and the principle of

national sovereignty and non-interference in the internal affairs of any state.

Those very collisions increasingly lead to arbitrary external interference in complex internal processes, and time and again, they provoke dangerous conflicts between leading global players. The issue of maintaining sovereignty becomes almost paramount in maintaining and strengthening global stability.

Clearly, discussing the criteria for the use of external force is extremely difficult; it is practically impossible to separate it from the interests of particular nations. However, it is far more dangerous when there are no agreements that are clear to everyone, when no clear conditions are set for necessary and legal interference.

I will add that international relations must be based on international law, which itself should rest on moral principles such as justice, equality and truth. Perhaps most important is respect for one's partners and their interests. This is an obvious formula, but simply following it could radically change the global situation.

I am certain that if there is a will, we can restore the effectiveness of the international and regional institutions system. We do not even need to build anything anew, from the scratch; this is not a "greenfield," especially since the institutions created after World War II are quite universal and can be given modern substance, adequate to manage the current situation.

This is true of improving the work of the UN, whose central role is irreplaceable, as well as the OSCE, which, over the course of 40 years, has proven to be a necessary mechanism for ensuring security and cooperation in the Euro-Atlantic region. I must say that even now, in trying to resolve the crisis in southeast Ukraine, the OSCE is playing a very positive role.

In light of the fundamental changes in the international environment, the increase in uncontrollability and various threats, we need a new

global consensus of responsible forces. It's not about some local deals or a division of spheres of influence in the spirit of classic diplomacy, or somebody's complete global domination. I think that we need a new version of interdependence. We should not be afraid of it. On the contrary, this is a good instrument for harmonising positions.

This is particularly relevant given the strengthening and growth of certain regions on the planet, which process objectively requires institutionalisation of such new poles, creating powerful regional organisations and developing rules for their interaction. Cooperation between these centres would seriously add to the stability of global security, policy and economy. But in order to establish such a dialogue, we need to proceed from the assumption that all regional centres and integration projects forming around them need to have equal rights to development, so that they can complement each other and nobody can force them into conflict or opposition artificially. Such destructive actions would break down ties between states, and the states themselves would be subjected to extreme hardship, or perhaps even total destruction.

I would like to remind you of the last year's events. We have told our American and European partners that hasty backstage decisions, for example, on Ukraine's association with the EU, are fraught with serious risks to the economy. We didn't even say anything about politics; we spoke only about the economy, saying that such steps, made without any prior arrangements, touch on the interests of many other nations, including Russia as Ukraine's main trade partner, and that a wide discussion of the issues is necessary. Incidentally, in this regard, I will remind you that, for example, the talks on Russia's accession to the WTO lasted 19 years. This was very difficult work, and a certain consensus was reached.

Why am I bringing this up? Because in implementing Ukraine's association project, our partners would come to us with their goods and services through the back gate, so to speak, and we did not agree

to this, nobody asked us about this. We had discussions on all topics related to Ukraine's association with the EU, persistent discussions, but I want to stress that this was done in an entirely civilised manner, indicating possible problems, showing the obvious reasoning and arguments. Nobody wanted to listen to us and nobody wanted to talk. They simply told us: this is none of your business, point, end of discussion. Instead of a comprehensive but – I stress – civilised dialogue, it all came down to a government overthrow; they plunged the country into chaos, into economic and social collapse, into a civil war with enormous casualties.

Why? When I ask my colleagues why, they no longer have an answer; nobody says anything. That's it. Everyone's at a loss, saying it just turned out that way. Those actions should not have been encouraged – then it wouldn't turn out that way. After all (I already spoke about this), former Ukrainian President Yanukovich signed everything, agreed with everything. Why do it? What was the point? What is this, a civilised way of solving problems? Apparently, those who constantly throw together new 'colour revolutions' consider themselves 'brilliant artists' and simply cannot stop.

I am certain that the work of integrated associations, the cooperation of regional structures, should be built on a transparent, clear basis; the Eurasian Economic Union's formation process is a good example of such transparency. The states that are parties to this project informed their partners of their plans in advance, specifying the parameters of our association, the principles of its work, which fully correspond with the World Trade Organisation rules.

I will add that we would also have welcomed the start of a concrete dialogue between the Eurasian and European Union. Incidentally, they have almost completely refused us this as well, and it is also unclear why – what is so scary about it?

And, of course, with such joint work, we would think that we need to engage in dialogue (I spoke about this many times and heard

agreement from many of our western partners, at least in Europe) on the need to create a common space for economic and humanitarian cooperation stretching all the way from the Atlantic to the Pacific Ocean.

Colleagues, Russia made its choice. Our priorities are further improving our democratic and open economy institutions, accelerated internal development, taking into account all the positive modern trends in the world, and consolidating society based on traditional values and patriotism.

We have an integration-oriented, positive, peaceful agenda; we are working actively with our colleagues in the Eurasian Economic Union, the Shanghai Cooperation Organisation, BRICS and other partners. This agenda is aimed at developing ties between governments, not dissociating. We are not planning to cobble together any blocs or get involved in an exchange of blows.

The allegations and statements that Russia is trying to establish some sort of empire, encroaching on the sovereignty of its neighbours, are groundless. Russia does not need any kind of special, exclusive place in the world – I want to emphasise this. While respecting the interests of others, we simply want for our own interests to be taken into account and for our position to be respected.

We are well aware that the world has entered an era of changes and global transformations, when we all need a particular degree of caution, the ability to avoid thoughtless steps. In the years after the Cold War, participants in global politics lost these qualities somewhat. Now, we need to remember them. Otherwise, hopes for a peaceful, stable development will be a dangerous illusion, while today's turmoil will simply serve as a prelude to the collapse of world order.

Yes, of course, I have already said that building a more stable world order is a difficult task. We are talking about long and hard work. We were able to develop rules for interaction after World War II, and we

were able to reach an agreement in Helsinki in the 1970s. Our common duty is to resolve this fundamental challenge at this new stage of development.

Thank you very much for your attention.

<...>

VLADIMIR PUTIN (commenting on statements by former Prime Minister of France Dominique de Villepin and former Federal Chancellor of Austria Wolfgang Schuessel): I would like to begin by saying that overall I agree with what both Wolfgang and Dominique have said. I fully support everything they said. However, there are a few things I would like to clarify.

I believe Dominique referred to the Ukrainian crisis as the reason for the deterioration in international relations. Naturally, this crisis is a cause, but this is not the principal cause. The crisis in Ukraine is itself a result of a misbalance in international relations.

I have already said in my address why this is happening, and my colleagues have already mentioned it. I can add to this, if necessary. However, primarily this is the outcome of the misbalance in international relations.

As for the issues mentioned by Wolfgang, we will get back to them: we will talk about the elections, if necessary, and about the supply of energy resources to Ukraine and Europe.

However, I would like to respond to the phrase “Wolfgang is an optimist, while life is harder for pessimists.” I already mentioned the old joke we have about a pessimist and an optimist, but I cannot help telling it again. We have this very old joke about a pessimist and an optimist: a pessimist drinks his cognac and says, “It smells of bedbugs,” while an optimist catches a bedbug, crushes it, then sniffs it and says, “A slight whiff of cognac.”

I would rather be the pessimist who drinks cognac than the optimist who sniffs bedbugs. (Laughter)

Though it does seem that optimists have a better time, our common goal is to live a decent life (without overindulging in alcohol). For this purpose, we need to avoid crises, together handle all challenges and threats and build such relations on the global arena that would help us reach these goals.

Later I will be ready to respond to some of the other things mentioned here. Thank you.

BRITISH JOURNALIST SEUMAS MILNE (retranslated from Russian): I would like to ask a two-in-one question.

First, Mr President, do you believe that the actions of Russia in Ukraine and Crimea over the past months were a reaction to rules being broken and are an example of state management without rules? And the other question is: does Russia see these global violations of rules as a signal for changing its position? It has been said here lately that Russia cannot lead in the existing global situation; however, it is demonstrating the qualities of a leader. How would you respond to this?

VLADIMIR PUTIN: I would like to ask you to reword the second part of your question, please. What exactly is your second question?

SEUMAS MILNE (retranslated from Russian): It has been said here that Russia cannot strive for leading positions in the world considering the outcomes of the Soviet Union's collapse, however it can influence who the leader will be. Is it possible that Russia would alter its position, change its focus, as you mentioned, regarding the Middle East and the issues connected with Iran's nuclear programme?

VLADIMIR PUTIN: Russia has never altered its position. We are a country with a traditional focus on cooperation and search for joint solutions. This is first.

Second. We do not have any claims to world leadership. The idea that Russia is seeking some sort of exclusivity is false; I said so in my address. We are not demanding a place under the sun; we are simply proceeding from the premise that all participants in international relations should respect each other's interests. We are ready to respect the interests of our partners, but we expect the same respect for our interests.

We did not change our attitude to the situation in the Middle East, to the Iranian nuclear programme, to the North Korean conflict, to fighting terrorism and crime in general, as well as drug trafficking. We never changed any of our priorities even under the pressure of unfriendly actions on the part of our western partners, who are led, very obviously in this case, by the United States. We did not even change our positions even under the sanctions.

However, here too everything has its limits. I proceed from the idea that it might be possible that external circumstances can force us to alter some of our positions, but so far there have not been any extreme situations of this kind and we have no intention of changing anything. That is the first point.

The second point has to do with our actions in Crimea. I have spoken about this on numerous occasions, but if necessary, I can repeat it. This is Part 2 of Article 1 of the United Nations' Charter – the right of nations to self-determination. It has all been written down, and not simply as the right to self-determination, but as the goal of the united nations. Read the article carefully.

I do not understand why people living in Crimea do not have this right, just like the people living in, say, Kosovo. This was also mentioned here. Why is it that in one case white is white, while in another the same is called black? We will never agree with this nonsense. That is one thing.

The other very important thing is something nobody mentions, so I would like to draw attention to it. What happened in Crimea? First, there was this anti-state overthrow in Kiev. Whatever anyone may say, I find this obvious – there was an armed seizure of power.""

In many parts of the world, people welcomed this, not realising what this could lead to, while in some regions people were frightened that power was seized by extremists, by nationalists and right-wingers including neo-Nazis. People feared for their future and for their families and reacted accordingly. In Crimea, people held a referendum.

I would like to draw your attention to this. It was not by chance that we in Russia stated that there was a referendum. The decision to hold the referendum was made by the legitimate authority of Crimea – its Parliament, elected a few years ago under Ukrainian law prior to all these grave events. This legitimate body of authority declared a referendum, and then based on its results, they adopted a declaration of independence, just as Kosovo did, and turned to the Russian Federation with a request to accept Crimea into the Russian state.

You know, whatever anyone may say and no matter how hard they try to dig something up, this would be very difficult, considering the language of the United Nations court ruling, which clearly states (as applied to the Kosovo precedent) that the decision on self-determination does not require the approval of the supreme authority of a country.

In this connection I always recall what the sages of the past said. You may remember the wonderful saying: Whatever Jupiter is allowed, the Ox is not.

We cannot agree with such an approach. The ox may not be allowed something, but the bear will not even bother to ask permission. Here we consider it the master of the taiga, and I know for sure that it does not intend to move to any other climatic zones – it will not be

comfortable there. However, it will not let anyone have its taiga either. I believe this is clear.

What are the problems of the present-day world order? Let us be frank about it, we are all experts here. We talk and talk, we are like diplomats. What happened in the world? There used to be a bipolar system. The Soviet Union collapsed, the power called the Soviet Union ceased to exist.

All the rules governing international relations after World War II were designed for a bipolar world. True, the Soviet Union was referred to as 'the Upper Volta with missiles'. Maybe so, and there were loads of missiles. Besides, we had such brilliant politicians like Nikita Khrushchev, who hammered the desk with his shoe at the UN. And the whole world, primarily the United States, and NATO thought: this Nikita is best left alone, he might just go and fire a missile, they have lots of them, we should better show some respect for them.

Now that the Soviet Union is gone, what is the situation and what are the temptations? There is no need to take into account Russia's views, it is very dependent, it has gone through transformation during the collapse of the Soviet Union, and we can do whatever we like, disregarding all rules and regulations.

This is exactly what is happening. Dominique here mentioned Iraq, Libya, Afghanistan and Yugoslavia before that. Was this really all handled within the framework of international law? Do not tell us those fairy-tales.

This means that some can ignore everything, while we cannot protect the interests of the Russian-speaking and Russian population of Crimea. This will not happen.

I would like everyone to understand this. We need to get rid of this temptation and attempts to arrange the world to one's liking, and to create a balanced system of interests and relations that has long been prescribed in the world, we only have to show some respect.

As I have already said, we understand that the world has changed, and we are ready to take heed of it and adjust this system accordingly, but we will never allow anyone to completely ignore our interests.

Does Russia aim for any leading role? We don't need to be a superpower; this would only be an extra load for us. I have already mentioned the taiga: it is immense, illimitable, and just to develop our territories we need plenty of time, energy and resources.

We have no need of getting involved in things, of ordering others around, but we want others to stay out of our affairs as well and to stop pretending they rule the world. That is all. If there is an area where Russia could be a leader – it is in asserting the norms of international law.

QUESTION: The peaceful process between the Palestinians and Israelis has completely collapsed. The United States never let the quartet work properly. At the same time, the growth of illegal Israeli settlements on the occupied territories renders impossible the creation of a Palestinian state. We have recently witnessed a very severe attack on the Gaza Strip. What is Russia's attitude to this tense situation in the Middle East? And what do you think of the developments in Syria?

One remark for Mr Villepin as well. You spoke of humiliation. What can be more humiliating than the occupation that Palestine has been experiencing all these years?

VLADIMIR PUTIN: Regarding Palestine and the Israeli conflict. It is easy for me to speak about this because, first, I have to say and I believe everyone can see that our relations with Israel have transformed seriously in the past decade. I am referring to the fact that a large number of people from the former Soviet Union live in Israel and we cannot remain indifferent to their fate. At the same time, we have traditional relations with the Arab world, specifically with Palestine. Moreover, the Soviet Union, and Russia is its legal

successor, has recognised Palestinian statehood. We are not changing anything here.

Finally, regarding the settlements. We share the views of the main participants in international relations. We consider this a mistake. I have already said this to our Israeli partners. I believe this is an obstacle to normal relations and I strongly expect that the practice itself will be stopped and the entire process of a peaceful settlement will return to its legal course based on agreement.

We proceed from the fact that that Middle East conflict is one of the primary causes of destabilisation not only in the region, but also in the world at large. Humiliation of any people living in the area, or anywhere else in the world is clearly a source of destabilisation and should be done away with. Naturally, this should be done using such means and measures that would be acceptable for all the participants in the process and for all those living in the area.

This is a very complicated process, but Russia is ready to use every means it has for this settlement, including its good relations with the parties to this conflict.

DIRECTOR, KIEV CENTER FOR POLITICAL AND CONFLICT STUDIES MIKHAIL POGREBINSKY: Mr President, I have come from Ukraine. For the first time in 70 years, it is going through very hard times. My question has to do with the possibility of a settlement. In this connection, I would like to go back in history. You mentioned that there was a moment when a trilateral format was under consideration: Russia-Ukraine-Europe. Back then, Europe did not agree to it, after which a series of tragic events took place, including the loss of Crimea, the death of thousands of people and so forth.

Recently, Europe together with Ukraine and Russia agreed that this format is possible after all; moreover, a corresponding resolution was passed. At that moment, there was hope that Russia together with Europe and Ukraine would manage to reach agreement and could

become the restorer of peace in Ukraine. What happened next? What happened between Moscow and Brussels, Moscow and Berlin – because now the situation seems completely insane? It is unclear what this might lead to. What do you think happened to Europe?

VLADIMIR PUTIN: You know, what happened can be described as nothing happened. Agreements were reached, but neither side complied with them in full. However, full compliance by both sides might be impossible.

For instance, Ukrainian army units were supposed to leave certain locations where they were stationed prior to the Minsk agreements, while the militia army was supposed to leave certain settlements they were holding prior to these agreements. However, neither is the Ukrainian army withdrawing from the locations they should leave, nor is the militia army withdrawing from the settlements they have to move out of, referring, and I will be frank now – to the fact that their families remain there (I mean the militia) and they fear for their safety. Their families, their wives and children live there. This is a serious humanitarian factor.

We are ready to make every effort to ensure the implementation of the Minsk agreements. I would like to take advantage of your question to stress Russia's position: we are in favour of complete compliance with the Minsk agreements by both sides.

What is the problem? In my view, the key problem is that we do not see the desire on the part of our partners in Kiev, primarily the authorities, to resolve the issue of relations with the country's southeast peacefully, through negotiations. We keep seeing the same thing in various forms: suppression by force. It all began with Maidan, when they decided to suppress Yanukovich by force. They succeeded and raised this wave of nationalism and then it all transformed into some nationalistic battalions.

When people in southeast Ukraine did not like it, they tried to elect their own bodies of government and management and they were arrested and taken to prison in Kiev at night. Then, when people saw this happening and took to arms, instead of stopping and finally resorting to peaceful dialogue, they sent troops there, with tanks and aircraft.

Incidentally, the global community keeps silent, as if it does not see any of this, as if there is no such thing as ‘disproportionate use of force’. They suddenly forgot all about it. I remember all the frenzy around when we had a complicated situation in the Caucasus. I would hear one and the same thing every day. No more such words today, no more ‘disproportionate use of force’. And that’s while cluster bombs and even tactical weapons are being used.

You see, under the circumstances, it is very difficult for us in Russia to arrange work with people in southeast Ukraine in a way that would induce them to fully comply with all the agreements. They keep saying that the authorities in Kiev do not fully comply with the agreements either.

However, there is no other way. I would like to stress that we are for the full implementation of the agreements by both parties, and the most important thing I want to say – and I want everyone to hear that – if, God forbid, anyone is again tempted to use force for the final settlement of the situation in southeast Ukraine, this will bring the situation to a complete deadlock.

In my view, there is still a chance to reach agreement. Yes, Wolfgang spoke about this, I understood him. He spoke of the upcoming elections in Ukraine and in the southeast of the country. We know it and we are constantly discussing it. Just this morning I had another discussion with the Chancellor of Germany about it. The Minsk agreements do stipulate that elections in the southeast should be held in coordination with Ukrainian legislation, not under Ukrainian law, but in coordination with it.

This was done on purpose, because nobody in the southeast wants to hold elections in line with Ukrainian law. Why? How can this be done, when there is shooting every day, people get killed on both sides and they have to hold elections under Ukrainian law? The war should finally stop and the troops should be withdrawn. You see? Once this is achieved, we can start considering any kind of rapprochement or cooperation. Until this happens, it is hard to talk about anything else.

They spoke of the date of the elections in the southeast, but few know that there has been an agreement that elections in southeast Ukraine should be held by November 3. Later, the date was amended in the corresponding law, without consulting anyone, without consulting with the southeast. The elections were set for December 7, but nobody talked to them. Therefore, the people in the southeast say, “See, they cheated us again, and it will always be this way.”

You can argue over this any way you like. The most important thing is to immediately stop the war and move the troops away. If Ukraine wants to keep its territorial integrity, and this is something we want as well, they need to understand that there is no sense in holding on to some village or other - this is pointless. The idea is to stop the bloodshed and to start normal dialogue, to build relations based on this dialogue and restore at least some communication, primarily in the economy, and gradually other things will follow. I believe this is what should be achieved first and then we can move on.

PROFESSOR OF POLITICAL SCIENCE, DIRECTOR OF THE CENTER FOR GOVERNANCE AND PUBLIC POLICY AT CARLETON UNIVERSITY (OTTAWA) PIOTR DUTKIEWICZ: Mr President, if I may I would like to go back to the issue of Crimea, because it is of key importance for both the East and the West. I would like to ask you to give us your picture of the events that lead to it, specifically why you made this decision. Was it possible to do things differently? How did you do it? There are important details – how Russia did it inside Crimea. Finally, how do you see the

consequences of this decision for Russia, for Ukraine, for Europe and for the normative world order? I am asking this because I believe millions of people would like to hear your personal reconstruction of those events and of the way you made the decision.

VLADIMIR PUTIN: I do not know how many times I spoke about this, but I will do it again.

On February 21, Viktor Yanukovich signed the well-known documents with the opposition. Foreign ministers of three European countries signed their names under this agreement as guarantors of its implementation.

In the evening of February 21, President Obama called me and we discussed these issues and how we would assist in the implementation of these agreements. Russia undertook certain obligations. I heard that my American colleague was also ready to undertake some obligations. This was the evening of the 21st. On the same day, President Yanukovich called me to say he signed the agreement, the situation had stabilized and he was going to a conference in Kharkov. I will not conceal the fact that I expressed my concern: how was it possible to leave the capital in this situation. He replied that he found it possible because there was the document signed with the opposition and guaranteed by foreign ministers of European countries.

I will tell you more, I told him I was not sure everything would be fine, but it was for him to decide. He was the president, he knew the situation, and he knew better what to do. "In any case, I do not think you should withdraw the law enforcement forces from Kiev," I told him. He said he understood. Then he left and gave orders to withdraw all the law enforcement troops from Kiev. Nice move, of course.

We all know what happened in Kiev. On the following day, despite all our telephone conversations, despite the signatures of the foreign ministers, as soon as Yanukovich left Kiev his administration was taken over by force along with the government building. On the same

day, they shot at the cortege of Ukraine's Prosecutor General, wounding one of his security guards.

Yanukovych called me and said he would like us to meet to talk it over. I agreed. Eventually we agreed to meet in Rostov because it was closer and he did not want to go too far. I was ready to fly to Rostov. However, it turned out he could not go even there. They were beginning to use force against him already, holding him at gunpoint. They were not quite sure where to go.

I will not conceal it; we helped him move to Crimea, where he stayed for a few days. That was when Crimea was still part of Ukraine. However, the situation in Kiev was developing very rapidly and violently, we know what happened, though the broad public may not know – people were killed, they were burned alive there. They came into the office of the Party of Regions, seized the technical workers and killed them, burned them alive in the basement. Under those circumstances, there was no way he could return to Kiev. Everybody forgot about the agreements with the opposition signed by foreign ministers and about our telephone conversations. Yes, I will tell you frankly that he asked us to help him get to Russia, which we did. That was all.

Seeing these developments, people in Crimea almost immediately took to arms and asked us for help in arranging the events they intended to hold. I will be frank; we used our Armed Forces to block Ukrainian units stationed in Crimea, but not to force anyone to take part in the elections. This is impossible, you are all grown people, and you understand it. How could we do it? Lead people to polling stations at gunpoint?

People went to vote as if it were a celebration, everybody knows this, and they all voted, even the Crimean Tatars. There were fewer Crimean Tatars, but the overall vote was high. While the turnout in Crimea in general was about 96 or 94 percent, a smaller number of Crimean Tatars showed up. However 97 percent of them voted 'yes'.

Why? Because those who did not want it did not come to the polling stations, and those who did voted 'yes'.

I already spoke of the legal side of the matter. The Crimean Parliament met and voted in favour of the referendum. Here again, how could anyone say that several dozen people were dragged to parliament to vote? This never happened and it was impossible: if anyone did not want to vote they would get on a train or plane, or their car and be gone.

They all came and voted for the referendum, and then the people came and voted in favour of joining Russia, that is all. How will this influence international relations? We can see what is happening; however if we refrain from using so-called double standards and accept that all people have equal rights, it would have no influence at all. We have to admit the right of those people to self-determination.

EASTERN EUROPE EDITOR OF THE FINANCIAL TIMES NEIL BUCKLEY (retranslated from Russian): Thank you. I am Neil Buckley from the Financial Times.

Mr President, as I heard, one of your international colleagues said that you do not consider Ukraine a real country. You see Ukraine as a country formed out of what were pieces of other countries. Could you confirm this view? Is this your view? Do you think that Ukraine has the right to exist as a sovereign and independent state, and is it indeed a real country? Is Novorossiia – this region that has been spoken about of late – part of this country? If this is the case, why do the media, including reporters from my own newspaper, say that soldiers wearing Russian uniforms are in Novorossiia at this moment? I would like to take this opportunity to say that I trust the authenticity of the facts our reporter has provided, even though I know they came under inaccurate criticism from the Russian authorities today.

Thank you.

VLADIMIR PUTIN: First of all, regarding my view of Ukraine's sovereignty: I have never disputed that Ukraine is a modern, full-fledged, sovereign, European country.

But it is another matter that the historical process that saw Ukraine take shape in its present borders was quite a complex one. Perhaps you are not aware that in 1922, part of the land that you just named, land that historically always bore the name of Novorossiia... Why this name? This was because there was essentially a single region with its centre at Novorossiisk, and that was how it came to be called Novorossiia. This land included Kharkov, Lugansk, Donetsk, Nikolayev, Kherson and Odessa Region. In 1921-22, when the Soviet Union was formed, this territory was transferred from Russia to Ukraine. The communists had a simple logic: their goal was to increase the share of proletariat in Ukraine so as to ensure they had more support in various political processes, because in the communists' view, the peasantry was a petty bourgeois group that was hostile to their aims, and so they needed to create a bigger proletariat. That is my first point.

Second, what also happened I think is that during the Civil War, nationalist groups in Ukraine tried to seize these regions but didn't succeed, and the Bolsheviks told their supporters in Ukraine: Look what you can show the Ukrainian people. The nationalists didn't manage to get hold of this territory, but you have succeeded. But it was all one country at the time and so this was not considered any great loss for Russia when it was all part of the same country anyway.

In 1954, Khrushchev, who liked to bang his shoe at the UN, decided for some reason to transfer Crimea to Ukraine. This violated even the Soviet Union's own laws. Let me explain what I mean. Under Soviet law at that moment, territory could be transferred from one constituent republic to another only with the approval of the Supreme Soviets in each of the republics concerned. This was not done. Instead, the Presidium of the Russian and Ukrainian Supreme Soviets rubber-

stamped the decision to go ahead, but only the presidiums, not the parliaments themselves. This was a flagrant violation of the laws in force at the time.

In the 1990s, after the Soviet Union's collapse, Crimea pressed for and proclaimed autonomy with wide-ranging powers. Unfortunately, the authorities in Kiev then started abolishing these autonomous powers and essentially reduced them to zero, centralising all the political, economic and financial processes. The same goes for southeast Ukraine as well.

As for western Ukraine, perhaps you are not aware that Ukraine gained territory following World War II? Some territory was transferred from Poland and some from Hungary, I think. What was Lvov if not a Polish city? Are you not aware of these facts? Why do you ask me this question? Poland was compensated through the territory it gained from Germany when the Germans were driven out of a number of eastern regions. If you ask around, you will see that there are whole associations of these expelled Germans.

I cannot judge here and now whether this was right or wrong, but this is what happened. In this respect it is difficult not to recognise that Ukraine is a complex, multi-component state formation. This is simply the way historical developments went. The people of Crimea feared for their and their children's future following a coup d'état carried out with the support of our Western partners and decided to make use of the right to self-determination enshrined in international law. However, this does not in any way mean that we do not respect Ukraine's sovereignty. We do respect Ukraine's sovereignty and will continue to do so in the future. I hope very much for normalisation and development of Russian-Ukrainian relations and I think this is an inevitable process.

QUESTION: Mr President, during the discussions here at the club, a representative of the Russian authorities spoke and among other things

he said that, “Putin is Russia and Russia is Putin.” I would like to know what you think of this slogan.

Thank you.

VLADIMIR PUTIN: It was the famous Sun King, Louis XIV, who declared that France was him, but this is of course completely wrong. There is no disputing whatsoever that Russia is my life. That is a fact. Not for a second can I imagine myself without Russia. I’ve said in the past about how I looked through my family’s genealogy in the archives. They all came from not far from Moscow, 120 kilometres away. There is a village where my forebears lived from the 17th century, going all these long years to one and the same church. In this sense I feel a connection with the Russian soil and Russian people and could never live anywhere but Russia. Russia can of course get by without people like me, though. Russia has no shortage of people.

But since I have come to where I am today and to this office I hold, I consider it my duty to do all I can for Russia’s prosperity and development and to protect its interests.

SENIOR INTERNATIONAL ADVISOR, AKIN GUMP STRAUSS HAUER & FELD LLP TOBY TRISTER GATI (retranslated from Russian): I will speak in the spirit of the Valdai forum. I hope you will understand my question in this same way.

Several weeks back, Mr Obama spoke of three challenges: Ebola, the Islamic State, and Russia, the Russian Federation, because of the events in Ukraine.

This statement greatly angered the Russian leaders. And I must say that what I heard from you today was not talk of three challenges, but of a single global problem that you outlined – the United States.

Some in the United States will welcome what you said because these are not statements about ‘soft power’, perhaps, not about a Cold War,

but about a 'hot war' in the global system created by the United States.

Others will be surprised at your words and your tone, because many in the United States do not think that it is a good idea to completely destroy our ties, and I am one of these people.

I do not think that foreign policy should be based on not taking Russia's interests into account, but I think that America's interests need to be respected too.

To be honest, I do not recognise the country that you described in your statements.

My question is, who is the 'they' that you refer to in your statements? Is it President Obama, is it the US elite, which sets the foreign policy, or is it the American people? What did you describe as the 'United States' genetic code in the post-war world'? Did you say that you cannot work with the United States in general or with their closest allies?

One more question: do you see any special role that other countries could play, in particular China?

Finally and most importantly, what response do you expect from the Americans to your words?

VLADIMIR PUTIN: First of all, I did not say that we perceive the United States as a threat. President Obama, as you said, views Russia as a threat. I do not think that the United States is a threat to us. I think that, to use a hackneyed term, the ruling establishment's policies are misguided. I believe that these policies are not in our interests and undermine trust in the United States, and in this sense they damage the United States' own interests by eroding confidence in the country as a global economic and political leader.

There are plenty of things we can pass over in silence. But I already said, and Dominique mentioned the same thing too, that unilateral

action followed by a search for allies and attempts to put together a coalition after everything has already been done is not the way to reach agreement. This kind of unilateral action has become frequent in US policy today and it leads to crises. I already spoke about this.

President Obama spoke about the Islamic State as one of the threats. But who helped to arm the people who were fighting Assad in Syria? Who created a favourable political and informational climate for them? Who pushed for arms supplies?

Are you really not aware of who is fighting there? It is mostly mercenaries fighting there. Are you not aware that they get paid to fight? And they go wherever they get paid more.

So they get arms and they get paid for fighting. I have heard how much they get paid. Once they're armed and paid for their services, you can't just undo all that. Then they hear that they can get more money elsewhere, and so they go there, and then they capture oil fields in Iraq and Syria say, start producing oil, and others buy this oil, transport it and sell it.

Why are sanctions not imposed on those engaged in such activities? Doesn't the United States know who is responsible? Isn't it their own allies who are doing this? Don't they have the power and opportunity to influence their allies or do they not want to do so? But then why are they bombing the Islamic State?

They started producing oil there and were able to pay more, and some of the rebels fighting for the so-called 'civilised opposition' rushed off to join the Islamic State, because they pay better.

I think this is a very short-sighted and incompetent policy that has no basis in reality. We heard that we need to support the civilised democratic opposition in Syria, and so they got support, got arms. And the next day half the rebels went off and joined the Islamic State. Was it so hard to foresee this possibility a bit earlier? We are opposed to

this kind of US policy. We believe it is misguided and harmful to everyone, including to you.

As for the question of taking our interests into account, we would love to see people like you in charge at the State Department. Perhaps this would do something to help turn the situation around. If this does not happen, I ask you to get the message across to our partners, the US President, Secretary of State and other officials, that we do not want or seek any confrontation.

You think that with some respect for our interests many problems could be resolved. But this needs to be about action, not just words. Respecting others' interests means, as I said in my opening remarks, that you cannot just put the squeeze on others by using your exceptional economic or military clout.

It is no good thing that they are fighting in Iraq, and Libya ended up in such a state that your ambassador there was killed. Are we to blame for these things? The [UN] Security Council took the decision at one point to declare a no-fly zone in Libya so that Gaddafi's aircraft would not be able to bomb the rebels. I do not think this was the wisest decision, but be that as it may. But what happened in the end? The United States started carrying out air strikes, including against targets on the ground. This was a gross violation of the UN Security Council resolution and essentially an act of aggression with no resolution to support it. Were we to blame for this? You did this with your own hands. And what was the result? Your ambassador was killed. Who is to blame? You can only blame yourselves. Was it a good thing for the United States that an ambassador was killed? It was a terrible thing, a terrible tragedy.

But you should not look for scapegoats if you are the ones who made the mistakes. On the contrary, you need to overcome the desire to always dominate and act on your imperial ambitions. You need to stop poisoning the minds of millions of people with the idea that US policy can only be a policy of imperial ambitions.

We will never forget how Russia helped the United States to obtain independence, and we will never forget our cooperation and alliance during World War I and World War II. I think that the American and Russian peoples have many deep strategic interests in common, and it is on these mutual interests that we need to build our foundations.

DEAN OF SCHOOL OF ADVANCED INTERNATIONAL AND
AREA STUDIES AT EAST CHINA NORMAL UNIVERSITY,
DIRECTOR OF CENTRE FOR RUSSIAN STUDIES FENG
SHAOLEI: Mr President,

My question is about Russia's modernisation. You emphasised the notion of conservatism several times. I think this is a key concept for Russia's modernisation.

You know very well that Europe, the United States and East Asia also all have their concepts of conservatism. Could you explain this concept as you see it? How does it differ from other concepts of conservatism? Will it be a dominant concept in Russia's modernisation or will it play more of a temporary role for a certain period?

Thank you.

VLADIMIR PUTIN: First of all, we did not come up with the concept of conservatism. The conservatism that I am talking about is little different to the traditional interpretation of this concept and approach.

But this does not in any way mean that conservatism is about some kind of self-isolation and reluctance to develop. Healthy conservatism is about using the best of all that is new and promising for progressive development.

However, before we tear down the old, the foundations that brought us to where we are today in terms of development, we first need to understand how the new mechanisms will work. This is extremely important. This means that if we want to survive, we need to support

the basic pillars upon which we have built our societies over the centuries. These basic pillars include looking after mothers and children, preserving and cherishing our own history and achievements, and looking after our traditions and our traditional faiths. Russia has four traditional religions recognised by law and is a very diverse country.

We therefore need to create a solid base out of everything that helps us to shape our identity as the multi-ethnic Russian nation, the multi-ethnic Russian community, while at the same time remaining open to everything new and effective in the world, everything that can contribute to growth. We will certainly make use of all these things.

I therefore appeal to you all not to distort our words and think that if we speak of conservatism this means we are planning to close the doors and sit in the past. This is in no way what our real plans are actually about.

EMERITUS PROFESSOR OF POLITICAL ECONOMY AT WARWICK UNIVERSITY ROBERT SKIDELSKY (retranslated from Russian): Mr President, I have fond recollections of your visit to London. You were the guest of honour at a dinner at a moment when relations between our countries were a lot simpler than they are today.

I would also like to raise the question of modernisation and look at it from the economic angle. I think we would all agree that Russia's future place in the world and place as a great power will depend greatly on its economic development. You proposed that we speak frankly and openly, and so, may I suggest that the greatest failure of your three presidential terms since 2001 or of the only very limited success in diversifying Russia's economy is that Russia is still highly dependent on oil prices, which remain very volatile and inclined to a downward trend?

I want to ask what you can do during your third term to increase diversification, get business running better, stop the flight of Russian

capital that gets spent on buying real estate in London and encourage investment in Russia instead? What can you do to convince others to invest in the Russian Federation? In short, what steps would you like to take, now or in your next term, perhaps, to diversify Russia's economy so that it can play an important part in the 21st century?

VLADIMIR PUTIN: Let me note first of all that we were in third place for attracting direct foreign investment last year, after the United States and China.

The sanctions and the games underway with various ratings will probably change this situation. But let me tell you that development continues and there is no stopping it. If I recall correctly, we attracted around \$93 billion last year.

What should we do to boost Russia's attractiveness? What steps will we take and how will we respond to changes that affect us, changes in energy prices say, which as you rightly said, are very volatile?

First, we have put together a big programme for improving the business climate. The Economic Development Minister told me yesterday that we have made some substantial progress as far as assessments of the business climate we offer is concerned. The Doing Business rating has moved us up several points. This is recognition that our efforts are not in vain.

We have a constant dialogue underway with our business community and have put together a comprehensive plan for joint action, and let me stress the joint nature of these efforts, to reduce red tape, put the banking system in order, make investment simpler and protect private investment. We have a whole package of measures. Overall, we are succeeding so far in carrying out these plans.

We developed a system for working together with the business community and are trying to get ongoing feedback on how the decisions that we take are being implemented in practice.

We also put in place a system for regional development. This covers the Far East and eastern Siberia. We will put the emphasis on offering preferential conditions for business in these regions, especially when it comes to greenfield projects and incentives for regional authorities supporting these projects, through the establishment of priority development areas. We have a whole package of measures and incentives here.

As for energy prices, yes, we see that they are volatile. You know that we calculated our budget for 2015 on the basis of \$96 a barrel. But we will meet all of our social obligations in full. There is no doubt on this point. We will not make any sudden changes to our macroeconomic indicators and macroeconomic policy.

We will monitor our gold and currency reserves and our national currency's exchange rate and will gradually shift to a floating exchange rate. We will not throw our reserves to the winds but will use them to ensure the needed balance. Of course we will pay close attention to the unemployment level, which at the moment is at a minimum. We will reduce inefficient spending if need be.

But let me say again that we will put the emphasis above all on attracting investment, especially private investment. I am confident that working on the Russian market will continue to be of interest to our traditional partners.

Over the current period, we have had growth in industrial output and in the agriculture sector. I have absolutely no doubt that this trend will continue.

CHAIRMAN OF THE CENTRE FOR LIBERAL STRATEGIES IN SOFIA IVAN KRASDEV (retranslated from Russian): Hello, my name is Ivan Krastev.

In Bulgaria, the way we define pessimism and optimism is that a pessimist is someone who feels that the situation has already reached

rock bottom, whereas an optimist thinks that things could be much worse. In this respect, I am an optimist.

I would like to ask two questions. First, you have a very hard stance towards people who take to the streets in all regions of the world. But I am certain that people will continue taking to the streets. In the last five years, there have been many protests in many countries. People are unhappy As a result of existing technologies, as a result of the fact that they do not trust their elite. Do you think that we will be able to change the world without a revolution? Don't you think that we should be more flexible in this regard?

And my second question concerns Europe. Many people feel that Europe's position on the Ukrainian crisis can only be due to US pressure. Do you feel that Germany's position can be explained by US pressure?

VLADIMIR PUTIN: As far as protests are concerned, you said that I have a very hard stance towards all mass protests in the world. That is not true. I do not have a hard stance towards mass protests; I have a hard stance and negative attitude towards breaking the law. Mass protests and rallies are an entirely legitimate method for expressing one's opinion and fighting for one's interests, but all of this needs to happen within the framework of the law. Revolutions are bad. We have had more than enough of those revolutions in the 20th century. What we need is evolution. I am certain that we can move forward by following that path.

As for sanctions, whether or not they are due to pressure, it is not up to me to judge that. You are probably better aware of how all this happened. The Vice President of the United States, for example, said just recently that they had to put serious pressure on their European partners for them to impose sanctions. He said that, not me. So it seems they did apply pressure.

Do the Europeans need these sanctions or not? I think they do not. After all, nobody ever makes decisions under the pressure of sanctions, even small nations; and a large nation like Russia certainly isn't going to take any steps that our partners who are trying to pressure Russia would like us to take under pressure. This is entirely counterproductive and does not lead to solving any problems.

Do the sanctions affect us? Somewhat. Just now, I answered a colleague's question about that. I can only add that in spite of this, our industrial output grew by 2.5% in the first eight months of this year. Last year, industrial output grew by only 1.5% during the same period. Last year, our agriculture sector grew 2.5% during the first eight months of the year, whereas this year, we had 4.9% growth for the same period of time. We are closing out budget with a surplus of over one trillion rubles. Yes, our foreign exchange reserves have declined somewhat and are currently around \$450 billion. This has to do with the fact that the Central Bank is using these funds to affect the rate of the national currency. But as I have already said, there will be limits to everything and we will not spend our reserves mindlessly.

It is important to keep in mind that we also have Government reserves: one fund is somewhere around 80 billion; another is around 90 or 100 billion. So the fact is, we have reserves. We will use them for a certain period, in order to get through difficult times, as we did in 2008. But we will not simply live off of reserves alone. We will try to generate positive work from the economy itself. I already spoke about this when answering previous questions.

Still, we do not need revolutions in order for everything to function effectively. Let's talk about evolution.

Incidentally, with regard to mass demonstrations, let's look at Occupy Wall Street. Where is that movement? It was nipped in the bud. And nobody says that they were treated badly. They were treated well, but they were suppressed. They were embraced so tightly that nobody had

time to say a word, and it is unclear where it all dissipated. In this regard, we need to give them credit: they work well.

DMITRY SUSLOV: Dmitry Suslov, Higher School of Economics, Valdai Club.

Mr President, you mentioned the development of Siberia and the Far East; this is an extremely important direction. You called it a strategic objective for the 21st century. This is probably part of an even broader foreign policy objective that you declared: a shift in focus towards Asia and the Asia-Pacific Region. Incidentally, you declared this at nearly the same time as President Obama, who stated approximately the same policy for the United States, the same vector. Now many people are concerned that given the current tensions in relations between Russia and the West, this Asian direction in Russia's foreign policy may become less of a priority, may lag somewhat, which would be unfortunate given the global development macro-trends.

But my question is about something else. Since the United States itself is one of the main Pacific nations, many countries in East and Southeast Asia are allied with the United States, and in the context of the current tensions in Russian-US relations, could we have difficulties conducting a policy of increasing our economic and political presence in the Asia-Pacific Region and, therefore, creating an external impulse for developing Siberia and the Far East?

VLADIMIR PUTIN: I don't think so. And if certain countries succumb to pressure from the United States and curtail cooperation with Russia to the detriment of their own national interests, then that is their choice.

But, you know, as I said in my address, the world has changed. You see, it is impossible to suppress technology or investments if they are profitable and beneficial. It is impossible. You can slow something down for a period of time, but in general, this is not a method of development. In spite of everything that is happening, in spite of all

the sanctions, during the first six months of 2014, our trade with the EU totalled over \$260 billion. It didn't go anywhere. Can it go down? Maybe, I suppose, if, for example, we fully halt our energy exports to EU countries. Do we want that? Of course not. Why would we do that, when this is a good client who pays?

Can you imagine it happening because that is what our partners, say, in Europe, want? I have a hard time imagining it. Why? Because, what is the alternative? The Middle East crises are no less intense than ours, and perhaps even more acute, much more so with the emergence of the Islamic State – what could happen there? Suppose there is shale oil, shale gas from the United States. Is that possible? I suppose in some places it may be. But how much will it cost? If the Europeans go for it, this is a direct path towards reducing their competitiveness, because this will be more expensive than our pipeline gas or oil supplied through our pipelines with a “short haul” for delivery and logistics with extraction sites in Russia. That would simply mean killing their competitive edge. I don't know what kind of colony Europe would have to be to go for that. I think that common sense will prevail and it will not come to that.

The same is true of Asia. Who can force major Asian nations to stop cooperating with Russia to the detriment of their interests? These are illusions. And we do not need to feed those illusions. In general, it is harmful, fundamentally harmful to build one's policy according to those principles, just as it is harmful for Europe to continue trying to dictate to others using the old methods. I spoke about this as well. It truly seems as though they really want to recreate a bipolar system in order to continue throwing their weight around.

What is happening in Europe? I will not name the country here, but I spoke with one of my former colleagues in Eastern Europe. He told me proudly, “Yesterday, I appointed a Chief of Staff.” I was very surprised. “Oh yeah? Why is this an achievement?” “What do you mean? It has been many years since we've appointed a Defence

Minister or Chief of Staff without approval from the US ambassador.” I was so surprised that I said, “Wow. Why is that?” And he said, “That’s just how it is. They said that if we want to join the EU, we first need to join NATO. And this is what’s necessary to join NATO. We need to have military discipline.” I asked him, “Listen, why have you sold your sovereignty? What is the volume of investments into your nation?” I will not tell you the volume, because it will immediately become evident which nation I am talking about. It is minimal! I said, “Listen, are you crazy? Why did you do this?” He replied, “Well, that’s just how it’s turned out.”

But this cannot continue forever. Everyone must understand that, including our American friends and partners. It is impossible to keep humiliating one’s partners forever in such a way. That kind of relationship breaks down; I know this, I’ve been here a long time. You can draw them in now and force them to do some things, but this cannot continue forever, and certainly not in Asia – especially not in Asia. There are countries there that truly – there are few such nations in the world – that really command their sovereignty. They treasure it and won’t let anybody near it.

RESEARCH DIRECTOR AT THE GERMAN-RUSSIA FORUM
ALEXANDER RAHR: Mr President, a question on energy. Will Europe freeze in the winter if Russia does not sign the agreement with Ukraine that is so important for us?

Also, could you please explain to this audience, which I think is probably aware of all the details, what is the catch in these talks? Why hasn’t there been any success in agreeing with Ukraine on the price for two or three months now, when there are constant meetings?

And another question: how will you build the new energy strategy with the European Union, which has suddenly changed the rules and begun to liberalise its market, and will offer to buy gas from Russia at one price? What are your thoughts on this?

VLADIMIR PUTIN: I will start with the latter part of your question. We have long been in discussion with our colleagues in the European Commission about the Third Energy Package, so this was not born yesterday. We feel that this decision is harmful for Europe. At first glance, it seems like liberalisation, the creation of market conditions. In fact, we believe, it's nothing of the sort, because everything was liberalised long ago in the oil sector; oil is traded on the exchange, and the price is set at the exchange. Of course, you can partially manipulate the prices for a period by sharply increasing the volume being traded, by increasing production, but that is also impossible to maintain forever, because it will be damaging to shale oil producers and to traditional black gold exporters.

In the gas sector, for example, nothing is more sustainable than long-term contracts that are tied to the market price for oil. This is an absolutely fair pricing system. What can be more liberal than the market price for oil, which is traded on the exchange? There are standard parameters that indicate the calorific value of gas which is comparable to the calorific value of oil, and everything can be easily calculated by experts. And an important factor for our European consumers is that they can be certain that this volume will definitely be delivered according to those rules of setting the price. This creates certainty in European energy security. And Russia has never – I want to stress this – has never failed to abide by its commitments, not a single time.

In 2008, a crisis occurred because Ukraine practically blocked transit. But Russia was not responsible for this. Regardless of what anyone says, the experts are all fully aware of this.

What happened in 2008? Ukraine did not want to sign a new contract with Russia, and the old one had expired. And without signing a new contract, they began siphoning certain volumes of gas from the export pipeline in the winter. At first, we tolerated this, simply indicated to them that this was unacceptable. We tolerated it for some time, and

then said that every day, we will reduce the amount of gas pumped equal in volume to the amount illegally taken – essentially stolen. They stole one million cubic metres one day, so the next day, we reduced the volume pumped out by a million cubic metres. And we continued this, from day to day. Eventually, we reduced it to zero. But this was not our doing. We cannot deliver free gas. What kind of behaviour is that?

Now over to the existing threats and what is going on there. As you may know, last year, to help Ukraine pay the debt it accrued since 2013 – they stopped paying last July and by November the unpaid debt had added up – to normalise the situation we said, and I have to repeat this: we will lend you \$3 billion and we will reduce the price in the first quarter of 2014 to below the lowest limit. However, we will keep this price for the second quarter only if Ukraine uses the loans it receives to pay off its entire debt for 2013 and makes regular payments at the lowest rate - \$268.5 for 1,000 cubic metres.

The result is that the debt for the previous year was not paid out and the current payments for the 1st quarter were not made in full. Therefore, in full compliance with its agreements, Gazprom shifted to contractual pricing. As we all remember, the contract was signed in 2009. It has been in effect all this time and was never questioned by our partners in Europe, by us, or by our Ukrainian friends. This contract has been in effect all these years. The Timoshenko government signed it. The current authorities in Kiev, including Energy Minister Prodan attended the signing ceremony and are fully aware of all this. Now it suddenly turns out that this was a bad contract and it needs to be revised. Why? Yet again, they don't want to pay.

Everybody knows these figures, but I would like to repeat them. Last year we issued a loan for \$3 billion. The official debt for this year has already reached \$5.6 billion. However, we are willing to revise it with a \$100 discount on the gas price. This still adds up to \$4.5 billion for

last year and this year. Thus, a \$3 billion loan plus a \$4.5 billion debt adds up to \$7.5 billion.

In addition to that, Gazprombank lent its client in Ukraine, a private company, \$1.4 billion to buy gas for the chemical industry at the lowest price of \$268. The same Gazprombank gave Naftogaz Ukrainy another \$1.8 billion to balance current accounts.

Nobody wants to pay off their debts. We undertook a huge responsibility. Now we have agreed on almost everything – the price and the payment procedure. I would like to stress that under the contract and in line with current agreements, Gazprom has switched to advance payment, which means we will only ship as much gas as we are paid for in advance. Under the previous arrangement, we first shipped the gas and they paid a month later. However, since they don't pay, we cannot carry on in the same way. We said, and this is in strict compliance with the contract, that first they pay and then we ship. Everybody agreed to this as well. Our Ukrainian partners agreed and the members of the European Commission admitted this was fair: they have to repay their debt to us and shift to advance payment.

The IMF and the European Commission have confirmed what our Ukrainian friends are saying. Ukraine now has \$3.1 billion to pay its debt. This is not the entire \$4.5 billion, only \$3.1 billion. Technically, we could assume a tough stance and say we want it all. I had to put some pressure on Gazprom, and I would like to apologise to its shareholders, including foreign shareholders for this, but I asked Gazprom not to insist and to let them pay at least the \$3.5 billion and then argue over the balance.

So, they have \$3.5 billion, and they say: either we use the entire amount to pay our debt and then we have nothing left to make advance payments, or we prepay future shipments, but then we would not be able to repay the debt. In the latter case, we would ask for an extension of our debt repayment until March or April 2015. What does this mean for us? I can say with a great degree of certainty that if we

agree to this, we will get nothing for the last month. This has happened a countless number of times before. Therefore, we said no, we are not doing this anymore.

What did the European Commission suggest – and this was publicly voiced by Mr Ettinger? They suggested that we again lend money to our Ukrainian partners to pay for future transit. Another loan from us, or we can ship without prepayment. This is also a loan – a commodity loan, this time. We told our friends in Ukraine and in the European Commission that we will not do this anymore. Our total loan to Ukraine currently stands at nearly \$11 billion. In January, Ukraine is to receive another \$3 billion tranche from the IMF. So we told them that we know Ukraine is to get money in January, and we want them to get it, so let us move this payment from January to December. In reply, they said this was impossible due to the complicated decision-making procedure at the IMF. Then I suggested that they provide Ukraine with a bridge loan for a month, since everyone knows that there will be payment in January. The reply was they could not make that decision in the European Union, the European Commission because they have a very complicated lending procedure. All right, we asked for a guarantee from a top class European bank instead. And again, we hear that this is a complicated procedure, they cannot do it right now.

You know, the mentality here in Russia, and in Ukraine is different from Europe. Here if a man invites a woman to a restaurant, he will pay the bill, while you would normally go Dutch, when everybody pays for themselves. However, this is a different situation. The European Union has chosen association with Ukraine and undertook certain commitments. Why don't you help Ukraine and issue it a bridge loan for a month, only for one month?

We are having a very professional and amicable discussion with our partners both in Ukraine and in the European Commission. We took on a huge responsibility and great risks and we think it would be

absolutely fair if we shared these risks with our European or American partners. Why are they humiliating Ukraine with these \$40 million handouts? What should they do with them? Give them at least \$1.5 billion, and only for a month.

I very much hope that this issue will be resolved shortly, maybe next week. If this is the case, then there is and can be no threat. However, if this does not happen, we will again face the threat of gas siphoning from the export pipeline, which, in turn, could lead to a crisis. We don't want to see this happen. However, Russia would never cause a crisis. We will comply with all our contractual commitments with great care and ship in a timely manner.

PETER LAVELLE (retranslated from Russian): I am very happy to see you, Mr President.

I would like to ask a question on behalf of the media, because all the questions were very interesting. For several days, we discussed many of the issues that were mentioned here today. However, I would like to talk about your image in the world. I am an American, as you can tell by my accent. There are quite a few Americans here.

You are possibly the most demonised politician in the world today. We now see a demonstration of various levels of ignorance, of inability to speak out and to establish necessary contacts. On the other hand, if we take a global view, you may be one of the most popular people in modern history. I would even say that from a distance – from the Eurozone and from America – you are seen as a saviour, a man who is saving the situation. What do you think about this?

VLADIMIR PUTIN: I want to make sure you understand me correctly so that when I make any historical references nobody says I am comparing myself to anyone. Otherwise, many things can get distorted.

When Bismarck first appeared on the international European arena, they found him dangerous because he spoke his mind. I also always

try to say what I think and to make the conversation more to the point and effective. On the one hand, this may be attractive to some. On the other, this may impress some people because few can afford this. But Russia can.

PRESIDENT AND FOUNDER OF THE CENTRE ON GLOBAL INTERESTS IN WASHINGTON NIKOLAI ZLOBIN: Justice has prevailed. Nikolai Zlobin, Centre on Global Interests, Washington, D.C.

VLADIMIR PUTIN: Your name sounds menacing. [The surname Zlobin derives from the Russian root zlo – evil].

NIKOLAI ZLOBIN: Do you know the TV character Doctor Evil? That's what my wife calls me sometime.

VLADIMIR PUTIN: That is quite a wife you have.

NIKOLAI ZLOBIN: It is all about contrast, Mr President, as you have just said.

You surprised me a bit today, because, frankly speaking, I expected to hear stronger assessments in your speech. You were rather diplomatic.

VLADIMIR PUTIN: It's my surname: as opposed to yours, it seems to indicate that we are moving in a certain direction. [The surname Putin derives from the Russian root put' – path].

NIKOLAI ZLOBIN: The direction is exactly what I would like to find out.

Incidentally, I made a note of the way you described the modern world, and overall I agree with it: injustice, monopoly on power, attempts at pressure, manipulation and propaganda. Frequently this is exactly how political life in Russia is described in Washington, where I live. This is just to give you an idea of the opposite point of view. However, my question has nothing to do with this.

On September 11, 2001, I was in America. I watched America change after that day. It is different now. It has become more hardened. Tolerance levels have gone down. The President's rating went up sharply. Everybody became very patriotic. America became more aggressive in its foreign policy and closed itself to the rest of the world.

Perhaps I am mistaken, and if so please convince me that I am wrong, but I get the impression that Russia is beginning to repeat the mistakes made by America. Your rating is very high and that's great. However, this fantastic patriotism you have in your country in my view is beginning to break up into the right and wrong kinds of patriotism. The right kind refers to those who support you and everything you do, while the wrong one applies to people who have the nerve to criticise you or, say, disagree with you on some issues. I think in some cases, patriotism finds its expression in a very dangerous form of nationalism, which is sharply on the rise in Russia, the way I see it.

Simultaneously I will try to argue with one of the statements you made in your address. I think Russia has become closed to the world lately. This is not only because the world is shutting Russia out, but also because Russia is doing things that shut it from the rest of the world. Certain educational exchange programmes have been shut down, certain NGO's have been cut off from funding even though they were not involved in politics, and there is a search for foreign agents and registration of dual citizenship. There are many things I can name here – things that, in my view, speak of a certain tendency. I used to believe that the more Russia was integrated into the global community and the world into Russia, the safer it would be. However, now it seems you have decided differently: the less Russia – Russian society, civil society – is integrated into the world, the safer Russia would feel.

Over the years since September 11, America, where I live, proved to me that it has become less democratic. I have the impression that

Russia is becoming less democratic. If I am mistaken, please show me where I went wrong.

Thank you.

VLADIMIR PUTIN: First, regarding whether Russia is shutting itself off or not. I already said this in my address and will say it again - we do not intend to shut ourselves off. The fact is that others are trying to seal Russia off. This is obvious. Your leaders say as much in public – they say they want to punish Russia and it will pay dearly, it will become an outcast and so forth. However, it is unclear how they intend to resolve global issues with such an outcast – and it seems as though they also realise that it is impossible.

Therefore, I would like to reiterate that we do not intend to seal ourselves off – this is not our goal. Moreover, I believe this would only do us harm. Meanwhile, I can say to those who are trying to do this to us that it is futile and impossible in the modern world. Some 40 or 50 years ago, this may have been possible, but not now. Clearly all such attempts will fail. And the sooner our colleagues see this, the better.

As for the growing patriotism, you compared it to the United States. Yes, this is true. Why did it happen in the United States? Why is it happening here? The reason is the same: people felt endangered. In the USA after September 11, people did not feel safe and they rallied around the country's leadership. Meanwhile the leaders had to react in a way that would match the level of trust. I am not sure they did everything right. Now that all this time has passed since the introduction of troops into Afghanistan, there are so many losses. Now the coalition intends to pull out, while it is not clear what will happen next. You see, this is complicated. Nevertheless, this is how they reacted. That is one thing.

The second point has to do with various NGO's and so forth. This does not mean shutting the country off at all. Why did you think so?

This is self-defence. We were not the ones to adopt the foreign agents' law. This was done in the United States where you now live, that is where this law was passed. True, they tell me now that this was done back in the thirties to protect against Nazism and propaganda. Then why haven't you abolished it? You have not.

Moreover – and I have already mentioned this – certain participants in political activities are being questioned by the relevant US agencies. The law is still in force. We are not shutting down the NGOs that are, say, working with the United States or living off their grants, if we take the humanitarian sphere, education or healthcare. You said some educational programmes have been stopped. No, they have not. The Government has announced the implementation of one such programme only recently. I don't know if this may have to do with some budget limitations, but nothing else.

We invite teachers to our leading universities; they even come to the Far East, and work at all our universities. We are introducing a system of so-called mega grants, when leading scholars and teachers from various universities around the world, including the United States, come to work here for months, for six or more months, forming research teams.

We are against having political activity within Russia financed from abroad. Are you trying to say this is permitted in the USA? They do not let observers even close to polling stations. The Prosecutor General threatens them with prison. They even chase away OSCE representatives, and you are telling me about democracy.

A former European leader told me, “What kind of democracy is it in the USA – you cannot even consider running in an elections if you don't have a billion, or even several billion dollars!” What kind of democracy is that? Besides, you elect your president using a system of electoral delegates, while we have a direct democracy. Moreover, as I have said many times already, you know that the Constitution is designed in such a way that the number of electors voting for a given

candidate may be greater, while the number of people they represent is smaller. Thus, the President can be elected by a minority of voters. Is this democracy? What is democracy? It is power of the people. Where is people's power here? There is none. Meanwhile, you are trying to convince us few countries that you do not find undemocratic. We pay attention and we try to fine-tune this system. We have no desire to return to our totalitarian past. This is not because we fear anything, but because this path leads to a dead end – I am certain of this, and more importantly, Russian society is sure of this. These are the instruments of a democracy; they actually vary and have to correspond to the current level of society's development.

For instance, they have just held elections in Afghanistan. Your Secretary of State was there to organise the elections, telling them what to do during the vote count. Nonsense! Is that democracy?

I remember they told me of Afghanistan as a sample of democracy, which has come to that country. This is ridiculous. It would have been funny if it were not so sad. Therefore, we are ready for dialogue and for change.

You spoke of NGOs; many of them were 'cased' as we say, though they were not involved in politics. This was a mistake. This needs to be set straight.

NIKOLAI ZLOBIN: What about nationalism?

VLADIMIR PUTIN: Patriotism can turn into nationalism. I agree with you here, this is a very dangerous tendency. We have to keep this in mind and make sure it does not happen. It is dangerous for the country. I am the biggest nationalist in Russia. However, the greatest and most appropriate kind of nationalism is when you act and conduct policies that will benefit the people.

However, if nationalism means intolerance of other people, chauvinism – this would destroy this country, which was initially formed as a multi-ethnic and multi-confessional state. This would lead

us not only into a dead end but also to self-destruction. Russia will do everything possible to make sure it doesn't happen.