



President of Russia

Address to the Federal Assembly of the Russian Federation

By Dmitry Medvedev
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Deputies and members of the Federation Council,

I will begin this Address with an evaluation of events so far this year. Our country held elections to its key institutions of power this year. A new Government was formed following the presidential election and the parliamentary parties began full scale work in the new State Duma.

Implementation began of new plans for long-term economic and social development. Work is underway on factories and roads. The Armed Forces are being modernised and re-armed. We are spreading and developing new technology. We are establishing educational, scientific and medical centres. Our country's sportspeople have achieved some memorable victories.

But for our citizens, for all of us, this year has not just been a time of new hopes and achievements. Events of great significance for each one of us in this country, I am sure, have taken place, events that have also been a serious test for all of Russia.

I am talking about the barbaric attack on South Ossetia, and also about the growing global financial crisis. These two very different problems have some common features and, one could say, have a common cause. The Georgian army's attack on Russian peacekeepers resulted in tragedy for many thousands of people, for entire peoples. This provocation led to a sharp increase in tension throughout the entire Caucasus region.

The conflict in the Caucasus was used as a pretext for NATO naval vessels to enter the Black Sea and then to speed up the imposition of an American missile defence system on Europe. This situation forces Russia to take measures in response (which I will talk about today). Thus, Tbilisi's adventure in its own backyard has had repercussions that go far beyond the region, have increased tension across Europe and throughout the whole world, cast doubts on the effectiveness of the international security institutions and destabilised the foundations of the world order.

The global financial crisis also began as a 'local crisis' on the U.S. domestic market. As the biggest developed economy, tightly linked to the markets in all the developed countries, when the U.S. economy began to slide it pulled financial markets all around the globe with it in its fall. This crisis has now become global in scale.

This tendency of local problems to take on a global character has become a typical feature of our interdependent world. We have long since made our choice in favour of far-reaching integration into the world economy. We are aware of our responsibilities. Having gained some considerable advantages during the period of active global economic growth, Russia is ready now to stand together with other countries to address the difficulties that have slowed this growth down. But we need to put in place mechanisms that can block the mistaken, selfish and at times simply dangerous decisions made by some members of the international community. It makes no sense to hide the fact that the tragedy of Tskhinvali was made possible in part by the conceit of an American administration that closed its ears to criticism and preferred the road of unilateral decisions.

I think that this idea that emerged in the United States after the Soviet Union collapsed that its view is the only indisputably correct view led the U.S. authorities also into making serious economic miscalculations. They let this currency bubble grow in the interests of stimulating domestic growth but did not bother coordinating their decisions with the other players on the global markets and neglected even the most basic sense of measure. They did not listen to the numerous warnings from their partners (including from us). As a result they have caused damage to themselves and to others.

But, as the saying goes, every cloud has a silver lining. The mistakes and crises of 2008 are a lesson to all responsible nations that it is time for action. We need to radically reform the political and economic systems. Russia, in any event, will insist on this. We will work together on this with the United States, the European Union, the BRIC countries and all parties with an interest in reform. We will do everything possible to make the world a fairer and safer place.

I am sure that we can achieve this because our country is economically and politically strong. The military operations in August and the worrying news from the world markets have clearly demonstrated the maturity of our civil society and the political unity of our country. It was pleasing to see (and I say this with sincere gratitude) that our country's big political parties acted in a spirit of solidarity during the events in the South Caucasus, and that the anti-crisis measures aimed at stabilising the economy have also been met with understanding.

I think it could hardly be otherwise when we are talking about a people with more than a thousand years of history, a people that have developed and brought civilisation to a vast territory, created a unique culture and built up powerful economic and military potential, a people who act on the solid basis of values and ideals that have taken shape over the centuries and stood the test of time.

I would like to say a few words separately about our values, our society's ideals and moral principles. I have no intention of giving moral lectures or going off into abstract reflection. The job of President of Russia is very concrete and practical. But I say quite frankly, based on my own experience, that it is far from easy to make decisions that will

affect the lives (in the most direct sense), welfare and health of thousands of citizens, and the reputation and destiny of a great people. When I make these decisions I need to have it firmly in my head that there are things that cannot be given up, things for which we need to fight until victory, things dear to you, dear to me, dear to us all, things without which it is impossible to imagine our country.

Our people have a rich spiritual and moral heritage. We have much to love and be proud of, much to stand up for and defend, and much to aspire towards. This is why we will stand firm in the Caucasus. This is why we will overcome the global financial crisis and emerge from it stronger than ever.

Now I would like to speak about our values. They are well known.

There is justice, which we understand as political equality, honest courts and responsible leaders. Justice is embodied in practice as social guarantees and the fight against poverty and corruption, the efforts to give each individual a decent place in our society and give the Russian nation as a whole a worthy place in the system of international relations.

There is freedom – personal, individual freedom.

It means economic freedom, freedom of speech and religion, freedom to choose one's place of residence and one's job. And there is general national freedom, the independence and freedom of the Russian state.

There is the welfare and dignity of human life. There is interethnic peace and the unity of diverse cultures. There is protection for small peoples, and the recognition of South Ossetia's and Abkhazia's independence is an example of this protection.

There are family traditions, love and faithfulness, care for the young and for the old.

There is patriotism, along with the most sober and critical look at our country's history and our far from ideal present, belief in Russia that shines through no matter what the circumstances, deep-rooted love for our native land and our great culture.

These are our values, the foundations of our society and our moral beacons. To put things more simply, it is these self-evident things that we all understand that are what make us a single people, what make us Russia.

These are the things that we will never give up no matter what the circumstances.

Our values form our vision of the future. We aspire to a fair society of free people. We know that Russia will be a prosperous and democratic country. It will be a strong country that offers its people a comfortable life. It will be the best country in the world for the most talented, demanding, independent and critically-inclined citizens.

I want you all to know that our goals remain unchanged. The sharp fluctuations in the political and economic situation, the turbulence in the world economy and even the rise in military and political tension will not serve as a pretext for dismantling democratic

institutions or for nationalising industry and finance. Citizens' political freedom and private property are sacred.

I want to stress that the state authorities will fulfil all their commitments to the public. The Government cabinet and the executive authorities at every level in their daily work will pay the utmost attention to people's savings, pensions and all the social guarantees and will fulfil their responsibilities. In this respect, I remind the heads of the ministries and agencies, the country's regional authorities and the local government institutions that, in accordance with Article 7 of the Russian Constitution, the Russian Federation is a social state that ensures free development for individuals and at the same time provides social protection. Any infringements of civic freedoms and any action that worsens people's material situation are therefore not only amoral but also illegal.

Much has already been done to protect our economy from external risks. It was not in vain that we built up our gold and currency and budget reserves. It was not in vain that we moved over to medium-term budget planning. As soon as the global financial crisis began making its effects felt on our financial system we took rapid steps to normalise the situation. The Government adopted an action programme to minimise the effects of the crisis in Russia, improve the banking system's health and support specific economic sectors. The important thing now is to implement these measures in full.

I draw the attention of the Government, the Central Bank and all the state organisations to the fact that there can be no delay in implementing these measures. We need to remove the 'financial clots' that have formed in our economy. We need to take action to ensure that the money allocated gets to the final recipients. I am referring here to the enterprises in crucial sectors such as agriculture, construction, machine-building and the defence industry. I am also talking about small businesses. In this situation it is important that each rouble be spent effectively and wisely.

We should not delude ourselves that the economic crisis is anywhere near over yet. We need to keep our wits about us throughout this period and pay close attention to the effectiveness of our work and the justification of our new plans and programmes. This applies to the state, business, and to each individual.

I am sure that we will manage to resolve all of these difficulties and will soon put in place a modern and independent financial system able to withstand any external challenges and ensure stable solutions to its own tasks.

What we need more than anything today is trust and cooperation. We must not delay the implementation of our strategic programmes not even for a day. In this situation we need to keep one step ahead. It is now that we need to lay the foundations that will enable our country to compete in areas where future benefits are to be gained. We need to work fast to occupy niches in the world economy that are still free. We need to build new and effective enterprises and spread the use of the most advanced technology. This is one of the best anti-crisis 'medicines' possible, and it is also an intrinsic part of the ideology on which our country's modern development is based.

Our economic policies are based on the concept already declared of the four 'I's – institutions, investment, infrastructure and innovation. This concept has been cemented

in the Government-approved development concept for the period through to 2020. We need to implement it in full. And we need to add a fifth I too – intellect.

Our priority is to produce (and eventually export) knowledge, new technology and advanced culture, cutting-edge achievements in science, education and the arts in other words. We must be at the cutting edge of innovation in the main economic sectors and in public life. Neither the state nor the business world can afford to skimp on these priorities, not even in a difficult financial situation.

Our policies are based on an ideology which has people at its centre, people as individuals and citizens, people who are guaranteed equal opportunities from birth. Their success in life depends on their personal initiative and independence, and on their abilities to innovate and create. This is more important now than ever before for our country.

I repeat that we simply must consolidate around our national priorities. The worst thing that could happen in the current situation is to descend into settling scores and dishonest competition, including through use of the administrative resources. I draw the attention of the civil servants, staff of the law enforcement agencies, and company officials to the fact that this kind of behaviour is unacceptable and immoral. It is easy to earn oneself a reputation today, but just as easy to lose it, and it will take a long time to restore one's good name, if this is even possible at all.

Those who want to make some 'easy' political capital out of the global economic crisis, who have their hearts set on populist chatter and want to destabilise society in order to satisfy their personal ambitions, I advise them to read the Constitution. I consider it my duty to warn those who seek to provoke tension in the political situation. We will not allow anyone to inflame social and interethnic strife, deceive people and draw them into illegal action. We will continue to maintain Constitutional order through all the legal means.

I remind you that the Russian Constitution celebrates its fifteenth anniversary in December. What is important is not the date itself of course, but the fact that it is the Constitution that upholds freedom and justice, human dignity and welfare, protection of family and Fatherland, and the unity of our multiethnic people – not just as common values but as legal concepts. In other words, the Constitution gives them force in practice and supports them with all the resources of the state and with all of its own authority. The Constitution forms our social institutions and the way of life of millions of people.

It is for this reason that in my first Address to the Federal Assembly I feel it necessary to set out my vision of the fundamental laws governing our life, the goals and values of our society, cemented in the Constitution and thus having a direct influence on every aspect of our domestic and foreign policy.

I would like to give a brief analysis of how these goals and values have ensured the development of Russia's statehood, and I want to say a few words in particular on the following points.

First is the decisive role the Constitution has played in developing democracy in Russia. As I said, the personal freedom and the maturity of the democratic institutions and procedures that it guarantees are the source for our continued development. Now, as we come to a new stage in our development, we are setting new goals that call for greater participation by our citizens, political parties and other public institutions. I will name these new goals.

Second is the Constitution's importance in developing a new legal system and independent courts, and in combating corruption and legal nihilism. I note that legal nihilism is not a new phenomenon in Russia but is something that has its roots deep in our distant past. Fifteen years is too short a time to eradicate such deeply-rooted traditions. But it is also true that we have not yet made a deep-reaching systemic attempt to address this problem of disregard for the law.

Third is the role the Constitution plays in continued expansion of free enterprise and economic freedom. This is the key to successful development of a middle class, growth of small and medium businesses and the establishment of an innovation economy.

Fourth is the implementation of the social guarantees set out in the Constitution: wages, benefits, pensions and savings. I repeat that the state authorities will continue to fulfil their commitments to the public even in today's difficult situation. I want to remind you too that the Constitution prohibits propaganda of social superiority. This is a moral law that also has legal force in our country.

Finally, fifth, the Constitution also plays its part in bolstering international law. International law, as we know, is made up of states' observance of their national constitutions and their commitments under international agreements and treaties. Therefore, the better states coordinate their actions on the international stage with the provisions of international law, the greater the level of security in our world.

Colleagues,

The Constitution paves the way for Russia's renewal as a free nation and a society that holds law and the dignity of each individual as its highest values.

The cult of the state and the illusory wisdom of the administrative apparatus have prevailed in Russia over many centuries. Individuals with their rights and freedoms, personal interests and problems, have been seen as at best a means and at worst an obstacle for strengthening the state's might. This view endured throughout many centuries. I would like to quote Pyotr Stolypin, who said, "What we need to do first is create citizens, and once this has been achieved civic spirit will prevail of its own accord in Russia. First comes the citizen and then the civic spirit, but we have usually preached the other way round".

This is why the adoption in 1993 of a Constitution proclaiming the individual, their life, rights and property as the highest value was an unprecedented event in Russia's history, and we should thank all those who took part in drafting and adopting this document. Some of them are present here today.

Today, at a new stage in its development, Russian society affirms its commitment to the Constitution's democratic values. It has for the most part become familiar with the practice and procedures of democracy. Not so long ago, democracy was associated in our people's minds with chaos, helplessness and degradation, but the new Russia has proven its ability to fulfil its social commitments and ensure economic growth, guarantee our people's rights and demand compliance with the law, and successfully combat terrorism and outside aggression.

Not so long ago, 15 years ago, people were still asking themselves whether or not democracy was the road forward for Russia. Today the answer is clear, democracy is the way forward, and no one disputes this now. The question today is how Russia's democracy should continue its development.

I think that Russia's people are much readier now for free activity (professional, public and political) than they were at the start of reforms. They have no need for the state to look after their every step. More and more people rely on themselves above all and believe that their personal success – and thus the country's success too – depends on themselves and their personal achievements. This means it is absolutely essential and also possible to increase the level of trust in society.

But as was the case 20 years ago, the bureaucracy still does not trust free citizens and free activity. This logic pushes it into dangerous conclusions and acts. The bureaucracy from time to time casts fear over the business world, pressuring it to keep in line and not to take what they consider wrong action, takes control of this or that media outlet, trying to stop it from saying what they consider the wrong thing, meddles in the electoral process, preventing the election of what they consider the wrong person, and puts pressure on the courts, stopping them from handing down what they consider the wrong verdict.

The result is that the state bureaucracy is the biggest employer, most active publisher, best producer, and is its own court, own political party, and ultimately its own people. This is a completely ineffective system and leads only to corruption. It gives rise to legal nihilism on a mass scale, goes counter to the Constitution, and hinders the development of innovative economic and democratic institutions.

A strong state and an all-powerful bureaucracy are not one and the same thing. Civil society needs a strong state as a tool for development and maintaining order, and for protecting and strengthening democratic institutions. But an all-powerful bureaucracy is a mortal danger for civil society. This is why our society must continue calm and steady work to build up its democratic institutions and not delay this work.

The democratic institutions established over these years (established by decree from above, it must be said) need to develop roots in all groups in society. For this to happen, we need to constantly prove that the democratic system is the one that works. We also need to entrust a growing number of social and political responsibilities directly to our citizens, their organisations and local self-government. Of course the state will retain the responsibilities that fall within its jurisdiction, and action must be pragmatic and accompanied by a sober assessment of the risks, but action is necessary.

Above all therefore, I propose taking measures to improve the level and quality of public representation in government, measures that will encourage the public to become more involved in political life. More than 90 percent of voters voted for the parties that entered the State Duma in 2007. But there were almost five million people who voted for parties that did not make it into the State Duma. These people have no representation at federal level, though they showed their civic activeness and went to vote in the election. This is an unfair situation and something must be done about it. I do not think, however, that it is necessary at this point to lower the barrier set by law for entry to the State Duma.

My first proposal is therefore to give guarantees for voters who vote for the so-called small parties. I think that parties that have received from 5-7 percent of the vote could be given a guaranteed one or two seats in the State Duma. This would make it possible to keep in place the system of incentives for consolidation of the big parties, something we have been working on these last years, the parties that form the main frame of our national political system. And at the same time, it would ensure a parliamentary tribune for the small parties that represent the interests of a sizeable number of people.

Second, I think it possible that nominations of heads of the executive authorities in the regions could be made only by the parties that have won the biggest number of votes in the regional elections, and by no one else. This would mean that only public, open political organisations representing the bulk of the country's population would have the right to put forward candidacies for these posts.

Third, the practice of having to provide a sum of money as collateral should be abolished for elections at every level. It is not money that should decide participation in elections but people's opinions, the party's reputation and voters' confidence in its programme.

We should also discuss gradual reduction of the number of voters' signatures that need to be collected for participation in elections to the State Duma. Parties that receive more than five percent of the vote in the next election to the State Duma or that have a faction in more than a third of the regional parliaments should be exempted altogether from collecting signatures. Currently, only parties that have a faction in the State Duma are exempt from this requirement.

Fourth, the Federation Council should be made up only of people elected to the representative assemblies and deputies from the local self-government bodies of the region in question. The residence requirement that requires members of the Federation Council to have lived for a particular number of years in the region should be abolished. In this way, people who have gone through a procedure of public election, have experience of working with voters and represent not only the regional authorities but most importantly represent the region's people will work in the Federation Council.

The necessary changes should be carried out without upheavals and big shuffles of personnel, allowing a transition period and measures to preserve the Federation Council's human resource potential.

Fifth, there should be gradual reduction of the minimum number of members required for registering a new political party.

Sixth, amendments should be made to law on political parties making it compulsory to carry out rotation of the party's leadership so that one and the same person cannot occupy a leadership post in the party for longer than a set term.

Seventh, the representative bodies of local self-government should be able to have more effective control over and, if necessary, even remove from office the heads of municipalities. It is long since time to address the issue of making municipal heads more responsible for the quality and results of their work.

Giving the local government representative bodies these kinds of important powers also implies greater quality demands on their own work. They should be elected with the most active participation of local people's political and non-political groups – human rights groups, volunteer organizations, philanthropic and educational organizations and so on. I remind you that the law allows for not only political parties but also public organizations to put forward electoral lists for municipal elections. But most parties and public organizations are still poorly represented on municipal councils. This provision in the law should be made to work effectively.

Eighth, I ask you to take additional measures to encourage non-governmental organisations and the Public Council to become more involved in the legislative process. I think it would be useful to have these groups take compulsory part in examining draft laws that affect the most important issues for our people: people's freedoms, healthcare issues, property issues. This would require amendments to be made accordingly to the rules and regulations of the State Duma and the Federation Council.

Ninth, parliamentary parties should have clear guarantees that their work will be covered by the state media.

Tenth, freedom of speech should be backed up by technological innovation. Experience shows that it is practically of no use to persuade the bureaucrats to 'leave the media in peace'. Instead of persuading, we should work more actively to expand the free internet and digital television space. No bureaucrat can obstruct discussion on the internet or censor thousands of channels at once.

I am sure that these measures will help to raise the quality of public representation and make it possible to take public interests into account better. It will give people greater trust in government and increase solidarity within society.

Citizens of Russia, friends,

I have just set out concrete steps to take to develop civil society and a democratic state. These steps are dictated by our desire to see Russia become an advanced and progressive country in the nearest future, a country that offers people a comfortable life, and is a prosperous community of free people based on fair laws. These are priority tasks and we must act without delay. There can be no doubt that we will work together to continue this process of democratic transformation.

We have a lot of work and serious steps ahead. This includes continued decentralisation and humanisation of the social organisation and political system. The freer and more

diverse our public life, the more dynamic our economy and the more intense our political competition, the more solid and stable will be the fundamental institutions of our democracy, the pillars that hold up the whole edifice of the democratic state.

I think many will agree with me that the Russian political culture and our public opinion give this role primarily to the President and the federal parliament as the two main institutions of state power at the highest level, and the two institutions distinguished by the fact that they are elected through national popular ballot and act on behalf of the entire country.

I am sure that our movement towards freedom and democracy will be successful and sustained only if the President and State Duma can maintain a high level of authority founded not only on election campaign promises but also on the practical results of their work, and if they have enough time to put their promises into practice and really demonstrate the results of their work to the people, give an account of their performance to the voters and the country.

Today we are carrying out long-term development programmes and are in the process of making a transition to a new type of economy. We find ourselves at the same time having to address a whole host of difficult issues: overcome the global crisis and the difficulties of competition, modernise our armed forces and manage a huge and complex ethnically and culturally mixed country, and in these conditions strengthen our democratic institutions and maintain stability. This is not all we have before us, but these are the most important reasons motivating me to make two proposals.

First, we need to give the Federal Assembly greater constitutional powers. The State Duma should be given responsibility for carrying control functions (Article 103) with regard to the executive authorities, and there should be a constitutional provision requiring the Cabinet to report annually to the State Duma on the results of its work and answer questions put directly by the parliament.

Second, we should increase the constitutional mandates of the President and State Duma to six and five years respectively.

These issues have been raised repeatedly since the 1990s. Discussions on these subjects have gone on for a long time. Many have made reference to history, which abounds with examples of democratic countries changing the terms and mandates of their state bodies.

I will not list all of these examples. These cases are well known. What I want to say is that we are not talking about constitutional reform but about adjustments to the Constitution, about adjustments that are important but are nonetheless no more than clarifications and do not change the political and legal essence of the current institutions. These adjustments provide rather an additional resource for the institutions' stable work. There is no place for a 'reforming itch' with regard to the Constitution. The Constitution is effective, it works, and its basic provisions should remain unchanged for many years to come. Civic rights and freedoms, the nation's sovereignty, the state system and federal organisation, the organisation principles of the judicial system and local self-government, and the other foundations of our constitutional order

have been set for a long-term historical period. As the guarantor of the Constitution, I will preserve and protect these fundamental provisions.

Colleagues,

Corruption is the greatest enemy of a free and democratic society. You know that the National Anti-Corruption Plan was signed in July and that I have submitted a corresponding package of draft laws to the State Duma. Their main feature is that they take a comprehensive, systemic and targeted approach. They are designed above all to eradicate the causes of corruption, which has its roots in the shortcomings in our government and economic mechanisms.

Amendments are now being made to the laws regulating the activities of customs officers, Interior Ministry personnel, the staff of the Prosecutor-General's Office, Federal Security Service, magistrates and court staff, the civil service, municipal staff and others. It is very important that anti-corruption effort focus on prevention measures and on making it not advantageous to practice corruption.

What are the measures proposed?

First, we need to seriously increase the demands on state and municipal officials. By this, I mean requiring them to provide additional information on their incomes and assets, including assets belonging to family members. The truthfulness of these declarations will be carefully verified, even through investigative detective work if necessary.

Second, state and municipal officials should be required to behave in accordance with their codes of ethics. Failure to comply with these rules should result in disciplinary action and, where necessary, in administrative and criminal liability.

Third, measures are being introduced for criminal penalty of abuse of power by people carrying out management functions in non-state organisations. These penalties will correspond to those applied to civil servants.

Fourth, legal entities will be subject to administrative liability for making a bribe on behalf of or in the interests of a legal entity. There are also a whole series of other measures that are well known now.

Furthermore, control will be established over the assets situation of people with special legal status, above all judges.

These measures are strict, but they are necessary. As Nikolai Korkunov, a pre-revolutionary specialist in state law rightly noted, "Affirming the law always comes across as an attack on the arbitrariness of those in power". Our preferences here are obvious.

I think that by creating the legal basis for our anti-corruption efforts we will lay a good foundation for this work. This will enable us to build our work in a systemic and consistent fashion and take additional measures should the need arise. I hope that this package of laws will be adopted very soon and successfully put into practice.

Of course, aside from legislative measures we also need to improve the way our state bodies work and optimise and clarify their powers. We need to ensure competition and objectivity when holding tenders and concluding state or municipal contracts. We need to remove unjustified restrictions and prohibitions in economic activity and establish conditions for effective targeted support for people in the social sphere.

Now I would like to say a few words about developing the judicial system. We know that an independent and honest court is the basis for a just public order. As our democratic state grows stronger, the courts will begin to play an even greater role.

The problems of creating a judicial system have in large measure been resolved. This includes expanding the jurisdiction of the courts in dealing with complaints against state bodies and officials, as well as offering compensation for damage done by their illegal actions.

In the near future other innovations will be introduced. For example, I have asked that a report be prepared on the possibility of transferring problems concerning the activities of magistrates to the federal level. This would require certain expenditures but the resolution of such problems would complete the formation of a coherent judicial hierarchy.

I am also introducing a bill to reduce the duration of civil cases and to introduce penalties for the creation of obstacles designed to drag out court proceedings excessively.

In addition, it is necessary to establish a mechanism for addressing the damage caused by violations of citizens' rights to trial within a reasonable time, and to guarantee the full and timely implementation of court decisions.

Finally, in the near future we will adopt a law "On Ensuring Access to Information Concerning the Activities of Courts in the Russian Federation". It will apply to all the courts and give people the opportunity to obtain reliable information about the functioning of the judicial system. In addition, for the first time it will provide a detailed account of various forms of disclosure, including via the internet.

Such changes will clarify and explain judicial rules and procedures for citizens. And in the final analysis it will help strengthen the national mechanism for application of the European Convention on Human Rights and Fundamental Freedoms. In doing so, we need to make a number of important decisions. Above all, it is crucial that there be a strict enforcement of judgments. This is an important part of citizens' rights to a fair trial.

I want to stress that the execution of court decisions is still a huge problem. And this is the problem of all courts, including the Constitutional Court. Of course problems vary but they do have one thing in common: a lack of real accountability on the part of officials together with citizens themselves who neglect to execute court decisions. This responsibility should be assumed.

We must not forget about such a fundamental issue as humanizing the law and the ways it is applied. The courts should be more careful when choosing to bring accused in custody and punish the convicted by excluding them from society. At the same time,

law enforcement agencies and the judicial system must ensure the effective protection of the rights and interests of victims of crimes.

As everybody knows, the law must be seen as more than just the product of pragmatic measures but also as “the condition of genuinely human existence”, as the famous Russian lawyer Boris Chicherin once put it. And I think that the discussion at the 7th Congress of Judges of all the above innovations and the existing problems will give judicial reform in this country an important new impetus.

The introduction of local self-government institutions and strengthening the federal basis of the state has been of fundamental importance for our society. As you know, government policies in these matters are largely arrived at by trial and error, based on the experience of other states and the ways older forms of federalism have developed in the world. Yet Russia is the most multi-regional, multi-national and multi-confessional nation in the world. For this reason what we have undertaken today is being undertaken for the very first time.

Let me remind you that on 1 January 2009 the transition period established for the implementation of all the provisions of the federal law «On General Principles of Local Self-Government in the Russian Federation» ends. But we will continue to improve this legislation.

I must say that that in two regions of the Russian Federation – the Chechen Republic and Ingushetia – there is no local self-government. That is, citizens of these republics are being unjustly deprived of their constitutional rights. I know that the leadership of these regions is planning a form of local self-government by October next year, and I encourage them in this endeavour.

Now a few words on the further development of Russian federalism. Its modern form was established on the basis of the Constitution. The Constitutional Court played a special role in its formation. In its decisions it has had to find a balance between the interests of different levels of government, and settle some quite sharp disagreements. This applies to disputes between the federal and regional authorities, and disputes about the various ways of creating a local government. And we are still confronted with these problems today.

What is especially important for us today?

The first thing is to achieve an optimal balance of power between the Federation and the regions. As you know, we have done a good job, a great job on this. But we are still attempting to clarify the parameters of this division every year. These include making changes to the lists of resources needed at both federal and regional levels in order to completely fulfill the government’s responsibilities. I think that we should come back to this issue and finally decide what assets and how much of them the regions need.

Second: thus far we have not come up with the optimal placement scheme for the territorial structures of federal executive bodies in Russia. There are so many of them that we need to cut back. And we also need a plan for their effective cooperation with regional authorities. Let me remind you that in accordance with Paragraph 2 of Article

77 of the Constitution, federal executive authorities and the executive bodies of the Federation's Regions are part of an integrated system.

However, this article of the Constitution has not yet been implemented in full. The Government Cabinet should re-examine the issue and submit the necessary proposals, including based on criteria for evaluating the activities of the federal executive authorities and that of the relevant regional bodies.

Third: legal authorities in the regions of the Russian Federation have submitted many initiatives to the State Duma but very few of them are adopted as laws. This is due to insufficient elaboration of these initiatives and the large number of alternative bills in the Duma. In general there is little awareness in the regions of the legislative process at the federal level. I think that the Federation Council could play a much larger role than it does now, as coordinator of the legislative activity on the part of the regional representative bodies. Please submit such proposals, taking into account what I have proposed about its new staffing regime.

Finally, another factor that could greatly enhance our Federation is the support of ethnic traditions and cultures of the peoples of Russia. I think this is crucial not only for strengthening the federal framework but also for ensuring the harmonious functioning of our society and the unity of the Russian nation. It will help guarantee a stable, civilised development of the entire country.

I have already said that interethnic peace is one of our key values. Historically we have enjoyed a unique and extraordinarily rich experience of tolerance and mutual respect. At the same time, problems remain that could exacerbate ethnic and sectarian relations. They include unemployment (particularly in regions with large working populations), flaws in legislation on property, illegal immigration and a number of other reasons. Such questions are particularly sensitive where certain social and economic issues are still unresolved. Where regional and local authorities are not helping the development of small businesses no new jobs are being created.

I want to draw special attention to the necessity of optimising the possibilities for migration within the country and creating real conditions for the increased mobility of Russian citizens as an effective way of redistributing labor resources and ensuring citizens' right to work.

The mechanisms regulating international migration need to be improved as well. They must finally take on a legal form that meets the needs of our country and the scale of the migration involved. In Russia a flood of immigrants continues to arrive, particularly from the Commonwealth. We know that many of them hope to obtain Russian citizenship. In general, this is a positive process. But citizenship must constitute proof of their successful integration into our society and an acceptance of our culture and traditions. I should also note that we must first establish a balance in the labour market and ensure the interests of Russian citizens.

Dear deputies and members of the Federation Council!

No matter how perfect the laws and the policies are that we derive from the Constitution, the realisation of what they stand for depends on actual people. Their

intellectual energy and creative force are the main wealth of the nation and a basic resource for progressive development.

We need to organise a large-scale and systematic search for talent both in Russia and abroad. We must do some headhunting. This will increase the number of talented young people in basic and applied sciences. It will speed up the formation of strong public and private centres concerned with the development of new technologies. It will be of great help to small and medium businesses as they create innovative enterprises. I should stress that these are problems for all of us, not only for some new state corporations. This is a challenge for all of our society and, at the same time, a chance for everyone to use their abilities.

Today's Russia and its innovative future economy, its public service, management system and its social services all need a new regime for creating a human resources pool, one that would bring into government, municipal administration and business the most talented, qualified and creative people. As you know, I have taken measures to create such a reserve pool.

Therefore I have instructed the Government Cabinet and the Presidential Executive Office to launch a programme for the formation and training of reserve managerial personnel, developed jointly by state authorities, local government institutions and public organisations, and to do so before the end of the year.

This management reserve pool should include three levels: municipal, regional and federal. And the most successful managers should become part of a group to be called the presidential thousand. I think that the whole country should know who the best managers are. Therefore, information about the most capable specialists in various fields should be available in a Russia-wide data base.

I believe that the Russian education system should play a decisive role in shaping a new generation of professionals. Its previous successes were once recognised around the world. Today, despite some positive developments, the situation in education leaves much to be desired. Let us be frank: we were once in the vanguard and have now fallen behind. This has become a very serious threat to our competitiveness.

In addition, the educational system in the proper sense of that word shapes the identity of a person, creates an image of the life of the people. It passes on the values of the nation to new generations.

The development strategy for Russian education as a whole will soon be approved by the Cabinet. Its implementation will continue as part of the national project Education, based on recently adopted legislation. Today, I will focus on the education received in primary- and secondary-level school. This represents one of the longest and most important stages in the life of every human being. It is crucial both for individual success and for the long-term development of the country.

Just recently we discussed this with the professional community and formulated basic parameters to modernise our schools. The main result of this should be a series of goals for school education that will facilitate its rapid development. On the basis of these

proposals we will prepare a national education strategy, an initiative called Our New School. It will be divided into five areas.

First: already in school children should be able to discover their talents and prepare for life in a high-tech, competitive world. Education's new content should help them meet this challenge. I suggest that we should develop precisely this kind of new generation of educational standards as rapidly as possible. Their preparation has been delayed. Second: along with the implementation of a new standard for general education we should construct a far-reaching system for finding and supporting talented children and monitoring them throughout the entire period during which their identity develops.

Third: the teacher plays a key role in the school. And we need to develop a system of moral and material incentives for keeping the best teachers in our schools and constantly improving their skills. But more importantly we need to staff our schools with a new generation of teachers. And not necessarily those having pedagogical education.

I support the proposal of the educational community to declare 2010 the Year of the Teacher in Russia. And I would like to emphasise that we will do everything we can to make teachers respected figures in society. But teachers themselves should be attentive to the students and respect them. This should help the students become independent, creative and self-confident people.

Fourth: the image of our schools, both the way they present themselves and what actually happens inside them, must change significantly. A school can only have a real impact if it is exciting and interesting, if it becomes the centre of not only compulsory education but also of self-development, creativity and sport.

Let me draw your attention to the fact that Russia's schools do not have the right to fall behind, in the literal and figurative sense of the expression. There is a need for not only new educational standards but new standards for constructing school buildings and classrooms, equipped with clinics, cafeterias and gymnasiums. Children should feel comfortable in their schools, both psychologically and physically.

I am instructing the Cabinet to develop in the nearest future new principles for our schools, including for their design, construction, and equipment and technical resources. It is necessary to make full use of the results obtained in the Education national project.

Fifth: it is precisely during the time spent at school that one's well-being is determined for the rest of one's life. Today's statistics on the health of schoolchildren are simply appalling. Yes, I'll admit that a lot of this depends on the living conditions of the family, on the parents. But to keep insisting on this as the only reason is unacceptable. The time children spend in school represents a significant portion of the day, and so their teachers are implicated in their students' well-being too. We need to get away from a homogenizing approach to this matter. Each student should be treated as an individual and the risks to their well-being should be minimized throughout the learning process. All the more so because an overloaded curriculum also creates other problems.

I am convinced that if the importance of a healthy lifestyle was fully instilled in our students at school, we would have a much easier time dealing with the creation of a modern health care system.

The relevant government programme should be adopted as early as this year. It should focus on mechanisms to ensure the accountability of doctors and medical organisations for quality and performance. They will expand their opportunities and will be motivated to meet the highest standards.

A few words about compulsory health insurance. We have to admit that it never has been effective in Russia. The rights of insured persons have not been fully achieved. Despite legislation improving the possibilities for choosing among insurance organisations, medical institutions and even doctors, in real life, the choice is virtually non-existent. And with the growth of paid medical services voluntary medical insurance has been slow to develop. All this does not contribute to the development of competition in health care.

We must gradually but consistently implement full-value health insurance. This applies both to its scope and cost. The state must ensure financial equilibrium in the health insurance system. I draw your attention to the fact that we must work on health care issues not for the sake of the industry, but to increase life expectancy and birth rate. Of course we should not forget about the older generations. People in those generations, people of retirement age are entitled to a decent life. Therefore the pension system can no longer rely on an abstract measure to determine the average pension. Everyone must be absolutely clear about how he or she can achieve a certain standard of living in retirement. Clear about how much the state will provide, how much they will receive from mandatory contributions, from their employer, as well as how much people themselves should save.

Major policy decisions on these issues have already been made, including with respect to increasing the pensions for those who earned part of their pension during the Soviet period. We have also decided to raise tariffs on pension insurance to European standards. For employers this represents an additional financial burden and already this year the Cabinet will determine how to compensate businesses for this.

And finally, we are beginning to implement the approved programme that provides that the state will co-finance voluntary pension savings of Russian citizens. So far already about 100,000 people have filed applications to participate in this programme in just five weeks.

I think that it is these areas, critical areas such as education, health care and pensions where people need to see clearly why economic growth is necessary, feel its benefits and see how they are distributed.

Dear Colleagues!

I have already mentioned the tragic events in South Ossetia. They were largely determined by serious infringements of international law. Refusing a peaceful, political settlement and legal methods, Georgian leadership chose to embark on the most frightful scenario.

I will stress once again: the decision to force the aggressor to make peace and the operation undertaken by our military was not against Georgia, not against the Georgian people, but to save the people of the republic and Russian peacekeepers. To ensure the stable and long-term security of the people of South Ossetia and Abkhazia. First and foremost from the potential relapse into criminal adventurism by the regime in Tbilisi.

The Caucasus crisis has demonstrated once again that the use of force by one of the parties to a conflict cannot result in a viable solution. In this regard, from the starting point of international law we will continue to contribute to eliminating potential flashpoints for conflicts in neighbouring regions. And by respecting existing forums we will promote a settlement in Nagorno-Karabakh and Transdniestria. We will cooperate with all interested parties and reach a mutually acceptable agreement. I would like to draw some conclusions that go beyond the conflict itself.

The first and main conclusion. In practice a qualitatively new geopolitical situation has been created. The August crisis simply forced a so-called moment of truth upon us. We really proved – including to those who sponsored the current regime in Georgia – that we are able to protect our citizens. That we are able to effectively defend our national interests and effectively carry out our peacekeeping responsibilities.

The second conclusion. Our Armed Forces have been restored to combat potential to a considerable degree. Nevertheless, military leaders need to examine not only our successes but also our mistakes. And to draw the most serious lessons from these. Regarding the re-equipment of the army and navy with new, modern equipment, I have already taken the relevant decisions and given orders to the cabinet. I have approved the design of our Armed Forces new image.

I would add something about what we have had to face in recent years: what is it? It is the construction of a global missile defence system, the installation of military bases around Russia, the unbridled expansion of NATO and other similar ‘presents’ for Russia – we therefore have every reason to believe that they are simply testing our strength.

Of course we will not let ourselves be dragged into an arms race. But we must take this into account in defence expenditures. And we will continue to reliably protect the safety of the citizens of Russia. Therefore I will now announce some of the measures that will be taken. In particular measures to effectively counter the persistent and consistent attempts of the current American administration to install new elements of a global missile defence system in Europe. For example, we had planned to decommission three missile regiments of a missile division deployed in Kozelsk from combat readiness and to disband the division by 2010. I have decided to abstain from these plans. Nothing will disband. Moreover, we will deploy the Iskander missile system in the Kaliningrad Region to be able, if necessary, to neutralise the missile defence system. Naturally, we envisage using the resources of the Russian Navy for these purposes as well. And finally, electronic jamming of the new installations of the U.S. missile defence system will be carried out from the territory of the same westernmost region, that is from Kaliningrad.

I want to emphasise that we have been forced to take these measures. We have repeatedly told our partners that we want to engage in positive cooperation. We want to

act against common threats and to work together. But unfortunately, very unfortunately, they did not want to listen to us.

The third thing. We have begun integration within the Union State and the EurAsEC. We will increase the volume and scope of our cooperation in the military and political spheres in the CSTO. And we already had a productive conversation on this topic at a summit in Moscow.

Fourth. The reaction to the events of August 8th and Russia's recognition of the independence of South Ossetia and Abkhazia once again showed that we live in a world of double standards. We proceeded responsibly and did so in the interests of restoring international law and justice. We did so aware that any hesitation or attempt to postpone these steps would result in an even greater humanitarian catastrophe. In light of this the position of our partners, who recently made every effort to circumvent international law to achieve the secession of Kosovo from Serbia and recognise the self-proclaimed country as a subject of international law, seems obviously biased, for they now criticize Russia as if nothing had happened.

Fifth. The development of the international situation in recent years has been characterised by a number of negative trends. Responses to new threats can be made only through collective efforts. That is why we favour a carefully planned reform of the United Nations to bolster its central role and the effectiveness of its structures and mechanisms.

Based on this we need to take steps to develop an international arms control regime. And progress in US-Russian cooperation would play a key role in this respect. It's no secret that many states, simply due to inertia, look at which way the wind is blowing in relations between Russia and the United States. Yes, today these relations are not the best. And many questions are being raised in Russia, including moral ones. But I would stress that we have no issue with the American people, we do not have inherent anti-Americanism. And we hope that our partners, the new administration of the United States of America, will make a choice in favour of full-fledged relations with Russia.

I would note that the issue of establishing a new global security regime is grossly overdue. And it is especially important that we achieve results in the North Atlantic territory that comprises Russia, the European Union and the United States. I took the initiative to draft a relevant treaty - a treaty on European security. I repeat: such a document would create absolutely clear and comprehensible rules of conduct. It would formalize a unified approach to conflict resolution. It would facilitate a harmonious position on creating reliable instruments of arms control.

Incidentally, the settlement of the South Ossetia crisis demonstrated that it's possible to find solutions with Europe. We will deepen our relations with Europe in the field of security. I am sure that they have a good future.

Where do I think we should engage in practical work?

First, we need to continue strengthening the legal foundations of international relations. Universally recognised norms and principles of international law should determine the rules of the game in international affairs. And as all countries cultivate habits that correspond with international law this will help reduce the role of hard power and

facilitate the adoption of a collective course of action. Otherwise we will face international chaos and the practical impossibility of maintaining the preeminence of international law.

Secondly, the creation of a polycentric international system is more relevant than ever. This cannot be done without a range of measures including the reform of major international institutions and the general strengthening of multilateral diplomacy. Together with all interested parties, we will create a truly democratic model of international relations, not allowing any one country to dominate in any sphere.

In general arrogance and arguments based on power are no longer as compelling or as effective as before. The world cannot be run from one capital. Those who refuse to understand this will only create new problems for themselves and others. And the relevance of strengthening international institutions is heightened by the transition of most countries towards a truly pragmatic multifaceted policy. We consider Russia's participation in forums such as the G8, the Shanghai Cooperation Organisation, BRIC, the Asia-Pacific Economic Cooperation forum and others in light of this.

The third task is creating universal diplomatic methods for resolving crisis situations. I already talked about this in connection with the lessons from Tskhinvali. I'll add that in order to achieve positive results 'problematic' States – wherever they are – must not be isolated but rather involved in dialogue. And we are ready to contribute to resolving any regional conflicts that occur.

Fourth. We need to engage in continuous dialogue with our partners to form the new rules of global financial architecture as rapidly as possible. Having a monopoly in this sphere was not merely inadequate for the realities of today's global economy, it was also dangerous for all concerned. And therefore a new financial architecture should protect the interests of all of its participants. And we must not allow it to be instrumentalised by any one country or group of countries, or one economic system that will make others pay for its gross errors.

As you know, the G20 decided to meet in Washington on November 15. We prepared our suggestions on the basic principles for creating a new economic architecture and sent them to our partners. We believe that global financial institutions must be able to actually prevent crises and minimise their impact on the rest of the world. In whatever country they originate in and whatever market they concern, be it financial, energy or food.

The minimum set of objectives includes developing a new risk assessment system which takes into account the interdependence of financial institutions and the real economy, introducing modern technology for disclosing objective information on market participants and their operations, harmonising accounting standards, and increased capital requirements for financial institutions.

Mandates for these tasks should be distributed among existing or newly formed international organisations and regional ones as well. And the world's leading countries must guarantee their effectiveness. When developing such architecture we should not forget the famous words of economist Vasily Leontyev who said that the system of free enterprise is comparable to a giant computer that is able to solve its problems itself. But

anyone who has dealt with such computers knows that sometimes they fail and cannot function without supervision.

Fifth. Already before the end of this year we must adopt a package of laws that creates a foundation for turning Russia into one of the world's leading financial centers. And such a centre should act as the nucleus of an independent and competitive Russian financial system.

We need to take practical steps to boost the rouble's role as one of the currencies involved in international payments. And finally we need to move over to settlements in roubles – that we have unfortunately delayed – for raw materials exports, and above all oil and gas exports. We must encourage issuing new securities in roubles and preferably in the Russian market. The ultimate goal of all these processes is to make the rouble a regional currency.

I think that such actions will be taken by other fast growing countries as well. But the more powerful financial centres there are in the world and the greater our interdependence, the safer and more sustainable global development will be.

And another, the sixth task concerns renewing our activities in external economic policy. Keeping to ourselves amounts to a dead-end. We will continue the process of integration into the global economy. But we will also need to learn how to combine existing and future competitive advantages in a flexible way. And how to effectively protect our economic interests while attracting external resources.

We need to actively promote our companies to maximise the benefits of the openness of the Russian economy and the current market situation, despite its pitfalls. To help them improve their efficiency and enter new markets for goods, technology, and labour. Our competitors are not shy about doing so and yet we often sit idly by. And time is passing and with it, of course, money. What are we waiting for? We have development institutes. We have resources. And we must create a smooth mechanism of support. It is also important to build diversified relations with the members of the Eurasian Economic Community and other CIS countries, the EU, China, India and other big Asian partners. And I would also note the opportunities opening up in Latin America and Africa where interest in cooperation is also evident.

And finally, we are ready for mutually beneficial cooperation with all countries and groups committed to developing constructive relations. We do not believe that the existence of differences on certain issues should prevent us from engaging in frank discussions to solve the most complex problems. Along with this, any interaction will be extremely pragmatic, taking into account the real impact for our country, for all Russian citizens. And geography is not important in such cooperation. What is important is a positive spirit and mutual interest.

Dear Colleagues!

The goals, values and mechanisms outlined in the Constitution have proven viable. They have helped our society overcome certain difficulties and embark on sustainable development. And we will continue to use the potential of this Fundamental Law as much as possible.

The main thing is to do everything necessary to help people express themselves. And especially to open doors for capable and active young people. They are the coevals of the new, democratic Russia. They represent its openness, its freedoms and its desire to be the best. And they will also bear the responsibility for the preservation of our fundamental values.

The free development of individuals and their social protection will always be the priorities of public policy. This will be our main concern. It will be our society's development goal.

Dear friends! We live in a free and modern country. And we have managed to do much. We have a positive experience in establishing a democratic state. And more than success, we have real victories. And together we are moving forward to find answers to difficult questions. To succeed again. And to win again.

Thank you.