

Diligence is the Mother of Success

An Interview with His Excellency
Vladimir Putin, President, Russian Federation



EDITORS' NOTE After graduating from Leningrad State University in 1975 with a degree in law, Vladimir Putin began a 15-year career with the KGB's foreign-intelligence arm, stationed in Leningrad and East Germany. With the Soviet Union facing collapse in the early '90s, Putin left the KGB, at the rank of colonel, and began his political career. In June 1991, he became chairman of St. Petersburg City Council's international relations committee, and from 1994, he combined this post with the position of deputy mayor of St. Petersburg. He was appointed deputy chief Kremlin administrator in 1996, and proceeded to serve in a number of senior administrative positions before being appointed prime minister in August 1999. When President Boris Yeltsin left office in December 1999, Putin took over as acting president. He was elected president of Russia in March 2000 and, for a second term, in March 2004.

Russia is hosting the G8 summit this year. Many people wonder if the country is ready for such an event, and what the agenda will be. What issues will you discuss?

We think that whatever issues our partners find interesting will be valuable and interesting for Russia as well. There are several such matters, the first of which is international energy policy, which is naturally of interest to Russia as one of the largest energy producers in the world. We are concerned not just with mineral resources, but with energy in general. However, mineral resources are of most significance today. In Russia, this is an important topic, especially bearing in mind the revenues the federal budget gets from the sale of mineral resources.

However, unlike many other countries that produce and sell oil, we are interested in keeping the prices absolutely fair. One reason for that is we'd like to diversify our economy, which means that we're interested in establishing better conditions for the development of our processing and manufacturing industries. Another reason – and this pertains to all producers of oil and gas – is that we would like to avoid fluctuations in the global economy due to extremely high prices of energy resources. This is the first topic I would like to discuss at the G8 summit.

Another very important issue is security, including terrorism, and a third is poverty, which was discussed at the G8 summit in July 2005 in Gleneagles, Scotland. We will discuss fighting poverty around the world, with particular reference to places in the former Soviet Union. I would like to underscore that we will continue what was initiated by the previous prime ministry of Great Britain in this regard. We also intend to work very closely with our police force in the run up to the summit.

Of course, this is just a brief outline of what will be on the agenda. We will be adding specific details during the process of preparation.

President George W. Bush speaks of you highly and rates you among his friends. Why, then, do the U.S. State Department and the American mass media find so many causes for criticism?

It is true that I have established excellent business and personal relations with the U.S. president. I regard George Bush as my friend, and as a trustworthy and reliable partner. It is inevitable that we do not agree on all aspects of global and regional policy,

including Russian-American cooperation. At times, our views on how to solve problems differ. However, our positions converge when it comes to one main point, which is the necessity to develop bilateral relations upon the principles of trust, predictability, and consideration for each other's interests, based on democratic values. We are also united by the common fight against new challenges and threats, and against international terrorism above all.

It is important that neither President Bush nor I have any "monopoly," so to speak, on the development of relations between our countries. These relations are primarily determined by the attitudes and demands of American and Russian citizens, many of whom intensively develop



at work. Moreover, the relationship between Russia and China is not aimed at hurting any third country. We would like to build friendly partnerships with all participants in the international system, including the United States. I should note that the volume of trade between the U.S. and China is much greater than the volume of trade between Russia and China. We would like to catch up with the volume of trade that the United States now enjoys with China. This is only natural, because China and Russia have 1,000 kilometers of shared border.

How can you make people abroad realize that Russia has to act with its own interests and the interests of its people in mind, rather



own national interests, at the same time avoiding confrontation and strengthening dialogue and cooperation. We are pursuing the fundamental policy of integrating Russia into international politics and the global economy. In forming our foreign policy, we will continue to be guided by national interests and a responsible approach to cooperation with other stakeholders in the international community.

What kind of investments would you most welcome from the international business community? How can bureaucracy and corruption be restrained to boost foreign investment inflows?

First of all, we consider foreign investment to be a source of innovation



contacts in business as well as in science, culture, and education.

Needless to say, not everything that President Bush or I do or say is understood by all political forces in either Russia or the United States. But in a democracy, that's only natural. As for the mass media, it's in their nature to provide a critical view of the authorities' actions. It has always been that way. Indeed, fair criticism is useful. However, it is important that these comments are unbiased, complete, and do not distort the real state of affairs.

There are some in Washington who think that the relationship between Russia and China is becoming too nice, and that this may not help the United States in the future. Others believe that it's good to have friends everywhere. What is your view?

It cannot be said that relations between large and influential countries are too good. I believe that the international community would be a lot more concerned if relations between Russia and China were bad. The fact that relations between such countries as Russia and China are developing along a very positive track is just another sign of global stability

than be guided by the whims and advice of others?

In recent years we have managed to reach social consensus in Russia with regard to national interests – that is, the interests we must protect, including those in international politics. These are, first of all, favorable international conditions for ensuring sustainable security and successful social and economic development of the country. Yet, this is exactly what our partners seek for their countries and peoples. It is only possible to effectively counter new threats and challenges – such as international terrorism, organized crime, drug trafficking, and the proliferation of weapons of mass destruction – by efficiently combining our efforts. This means that one has to take account of all states, be they large or small, and the international community in general.

At the same time, one has to accept that today's world is characterized by tough competition. Double standards and the alliance approach often prevent our partners from making objective assessments of what is going on in Russia. Under these circumstances, we have to take a firmer stand in championing our

and new jobs, and one of the ways of lifting depressed regions and industries out of stagnation. On the whole, we view foreign investment as a way of building up our national competitive advantages. Such an approach exists in many countries; it is not at all exceptional. By attracting investors we contribute to Russia and its interests first and foremost. However, we understand that we can't force investors in: money flows only where there is profit, and where there is stability and the prospect of future development.

We intend to create favorable conditions for all investors, but we will offer the most support to particularly promising projects. We are interested in the inflow of efficient working capital that can bring in the best world experience to modernize obsolete industries and create new high-technology production, so we can develop and market competitive products and services. To our regret, a rather limited number of economic sectors currently account for the bulk of foreign investment in Russia. At the same time, we are witnessing a geographical imbalance. Nevertheless, the overall recovery of Russian industry and the adoption of leg-

isolation on special economic zones are opening new industrial opportunities in Russia, especially in the high-tech sector.

One of our key tasks is to upgrade our infrastructure, and foreign experience will be useful in fulfilling this. We do not intend to discourage the joint exploration of Russia's mineral resources. However, such projects will be implemented within Russia's legal framework, and the state monitoring of their implementation will be strictly regulated. In other words, there are going to be clear, common, and long-term rules of play.

What we really do not welcome is the relocation of environmentally harmful and technologically obsolete industries to Russia. Our country has the capacity to master the latest technologies and industrial practices and develop modern information, financial, and recreational services.

As for bureaucratic obstacles, we have been trying to remove them for several years now. We are continually seeking to reduce administrative procedures and improve the legislative framework. Certainly, everything is being done to protect foreign investors from interference and arbitrary actions by officials.

And now I would like to say a few words about corruption. We are determined to continue our relentless efforts to combat this evil at all levels, including within the framework of law enforcement. I would like to note that the efficiency of our law enforcement processes has grown significantly over the past few years. This can be clearly seen from the number of corruption cases that have been resolved.

You say that you are seeking to attract investment into other sectors besides mineral resources. However, many people say that Russia is swimming in oil.

Well, Russia has always enjoyed a wealth of oil, but it has not always enjoyed a good economy. At the moment, our currency reserves are growing at record levels, which indicates that our economic policies are working. We are not interested only in collecting money, but also in preserving the integrity of our macroeconomic indicators. This is the most significant reason why one can safely and easily work in Russia: because we conduct very responsible economic policies. And we are convinced that because the economy is supported by political stability, we can offer excellent conditions for the work of our foreign partners in Russia.

The world as a whole is a rather unquiet place right now. What would be your advice to young people, both in Russia and in other countries, for the achievement of personal success?

This generation is not the first – or the last – to face problems and difficulties, including those of an international character. Everyone knows how much the peoples of the world suffered during the last century, which saw the massive tragedy of World War II. Today, we are facing a new threat: the threat of terrorism. Unfortunately, no country – not even the strongest power – is able to insulate itself from this threat. We should

all concentrate on the fight against international terror, and the youth can't stand aloof, putting all their hopes in their governments. I am convinced that youth organizations should consider their potential input into the fight against extremism, violence, racism, and religious intolerance.

Today, young people represent one of the most active and mobile groups in societies around the world. It is no coincidence that younger citizens are actively involved in international humanitarian, intellectual, and cultural projects. This is largely facilitated by modern information technology, the common values of freedom and democracy, and the open policies of states. Young people can now communicate easily, develop business relationships, and make new friends. Obviously, all of this helps them find their place in life, receive a good education, and apply their abilities to pursue their ambitions. And, at the same time, they can make their own contributions to the development of our world, its economy, and its culture.

As for any specific advice, I know a very old, time-tested recipe for success. Our ancestors came up with it hundreds of years ago: Diligence is the mother of success. I am sure that remains relevant today.

You have a great sense of humor. Yet, you have all the heaviness of the presidency on your shoulders. There must be times when you get frustrated and angry. What do you do to become happy again?

I just work. ●



LEADERS Magazine Chairman and Editor-in-Chief Henry O. Dormann interviews Russian President Vladimir Putin.