

Putin Signals He's Staying Put

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A State Duma assistant bringing Prime Minister Vladimir Putin a cup of tea during the prime minister's annual address to parliament on Wednesday. **Igor Tabakov**

Prime Minister Vladimir Putin on Wednesday promised fat government spending for the defense industry, agriculture and infrastructure over the next 10 years in an indication that he intends to stay in power long after the 2012 presidential election.

"We have to find the decisions that will give Russia an opportunity to move forward with confidence, to build a strong innovative economy," Putin said, delivering his annual report to State Duma lawmakers.

"And every year of such development must bring really noticeable improvements to citizens' lives. ... That's the sense of our policy," he said.

Notably, Putin only mentioned President Dmitry Medvedev, the junior member of the ruling tandem, twice during a four-hour speech and Q&A session — and only then in passing. Meanwhile, he frequently thanked the lawmakers for their support of previous government

initiatives and called on them to support the Cabinet in the future.

Most of Putin's speech was dedicated to a rosy outlook for Russia's economy and society, which he said would be reached as the government implements its expensive plans. In most cases while reporting government achievements, he used not 2009 or 2010 as the reference year but 2008, when the economy suffered a strong decline amid a financial crisis. This, naturally, allowed him to report higher achievements.

Russia will recover from the recession in full in 2012, at least a year earlier than expected, but the economy needs another decade of "stable development ... without being thrown back and forth," Putin said.

While covering a variety of topics in his presentation, the prime minister made no mention of the problems facing small and medium-sized businesses and used the word "corruption" only once, saying it slows down development. Fighting corruption is a hallmark of Medvedev's presidency and is generally considered the biggest threat to the economy.

Instead, Putin resorted to his trademark illustration of the country as a besieged fortress, saying Russia needs to be strong to avoid falling under "foreign command."

In the address, Putin followed his principle of advocating state capitalism and a social state, focusing on strategic sectors and social spending.

Focusing on the long-term development of the economy, Putin said the defense industry would be among the key drivers of its growth.

He said the industry would be completely re-equipped over the next 10 years, with more than 3 trillion rubles being appropriated for its modernization.

About 5 trillion rubles will be set aside for developing the Navy as part of the government's 20 trillion ruble program to provide modern weapons to the armed forces.

"I'm scared to even pronounce such figures," Putin said, adding that a growing number of state orders would drive the government's efforts to modernize the defense industry and the rest of the economy.

Production volume in the defense industry increased by 1.5 times last year, compared with the pre-crisis 2007, Putin said.

Another priority area for the government to focus on in the coming decade is infrastructure development, with a total of 10,000 kilometers of new roads slated for construction over the next five years.

Putin also announced an ambitious plan to modernize 117 airports, which will require 300 billion rubles from the federal budget through 2015, and promised to develop a high-speed railway system ahead of the 2018 football World Cup.

Preparation for key sports events, which also include the 2014 Sochi Winter Olympics, will boost the construction sector, with 2011 on track to become "the year of big construction projects" as stadiums and hotels start to be built, Putin said.

"In fact, we'll have to create a new infrastructure system in the country in the next 10 years," he said, adding that infrastructure construction, as well as energy and transportation, would be among the main industries to use new technologies.

While indicating that Russia needs to diversify its economy from the oil and gas sector, Putin acknowledged that the industry was also bringing "golden eggs," having provided funds for social support in the crisis.

He said the Nord Stream project was about to start operating, with the laying of the underwater part of the pipeline that will deliver Russian gas to Europe via the Baltic Sea, finishing in July. Gas supplies to Europe will start in October or November.

Growing global energy prices, however, aren't a reason to relax, because "the oil boom, which we see now, just proves the need to switch to a new model of economic development," Putin said.

The announced volume of social spending also appeared impressive, with about 1.5 trillion rubles set aside for improving the demography through 2015.

The measures are expected to raise the average life expectancy from 69 years to 71 years and boost the birthrate by 25 percent to 30 percent in the next four years.

Among the issues discussed during the traditional Q&A session with representatives of political parties after the speech was whether the Internet would be censored ahead of the presidential election.

Igor Lebedev, head of the Liberal Democratic Party's Duma faction, expressed concerns about a proposed ban on Gmail, Hotmail and Skype recently voiced by the Federal Security Service, saying it would take Russia back to 1937.

"I don't think that there was the Internet in 1937," Putin said, jokingly.

He said, however, that he did not think that it was possible to introduce any limits on the Internet.

The FSB called the online services a national security threat because the authorities couldn't monitor users' messages.

Representatives of the Communist and Liberal Democratic parties said Putin's speech, which lasted 140 minutes and was frequently interrupted with applause, was competent and "responsible."

Putin's four-hour report covered all the problems of the domestic economy and appeared to be the longest presentation ever delivered by a government representative to the Duma in the past 20 years, said Valery Seleznyov of the Liberal Democratic Party.

Party leader Vladimir Zhirinovsky accused Putin of not thinking about the lawmakers, who had no chance to take a snack or smoke break while listening to the long report.

"You should have taken a break. You don't think about people. It's lunchtime. No one has had

lunch. You'll spoil everyone's digestion system," he said.

Putin himself looked tired by the middle of the speech, as he started to make slips of the tongue, saying "correspondence" instead of "census," which sound similar in Russian.

Some analysts had predicted that the speech would become the platform for a presidential bid by Putin ahead of next March's vote. But Putin covered only economic issues and would not address key topics such as institutional or legal reforms.

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