

PRESIDENT VLADIMIR PUTIN AT DAVOS

What Should Be Done To Ensure People Everywhere Find Peace and Prosperity

The following are selected portions of the speech by Russian President Vladimir Putin to the Davos virtual meeting of the World Economic Forum on January 27, 2021. President Putin notes that the chaos in the world today is driven by the socio-economic breakdown of the recent decades, exacerbated—but not caused by—the pandemic, and warns that this condition is eerily parallel to that of the 1930s, which led to the disaster of World War II. He argues for development as the necessary path to peace. The title and subheads have been added. The full speech is available [here](#).



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Vladimir Putin, President of Russia, delivers his Special Address to the Davos Agenda 2021 online meeting of the World Economic Forum, on January 27, 2021.

Mr. Schwab, dear Klaus,
Colleagues,

... The current forum is the first one in the beginning of the third decade of the 21st Century and, naturally, the majority of its topics are devoted to the profound changes that are taking place in the world.

Indeed, it is difficult to overlook the fundamental changes in the global economy, politics, social life, and technology. The coronavirus pandemic, which Klaus just mentioned, which became a serious challenge for humankind, only spurred and accelerated the structural changes, the conditions for which had been created long ago. The pandemic has exacerbated the problems and imbalances that built up in the world before. There is every reason to believe that differences are likely to grow stronger. These trends may appear practically in all areas.

Needless to say, there are no direct parallels in history. However, some experts—and I respect their opinion—compare the current situation to the 1930s. One can agree or disagree, but certain analogies are still suggested by many parameters, including the comprehensive, systemic nature of the challenges

and potential threats.

We are seeing a crisis of the previous models and instruments of economic development. Social stratification is growing stronger both globally and in individual countries. We have spoken about this before as well. But this, in turn, is causing today a sharp polarization of public views, provoking the growth of populism, right- and left-wing radicalism and other extremes, and the exacerbation of domestic political processes including in the leading countries.

All this is inevitably affecting the nature of international relations and is not making them more stable or predictable. International institutions are becoming weaker, regional conflicts are emerging one after another, and the system of global security is deteriorating.

Klaus has mentioned the conversation I had yesterday with the U.S. President on extending the New START. This is, without a doubt, a step in the right direction. Nevertheless, the differences are leading to a downward spiral. As you are aware, the inability and

unwillingness to find substantive solutions to problems like this in the 20th Century led to the World War II catastrophe.

Of course, such a heated global conflict is impossible in principle, I hope. This is what I am pinning my hopes on, because this would be the end of humanity. However, as I have said, the situation could take an unexpected and uncontrollable turn—unless we do something to prevent this. There is a chance that we will face a formidable break-down in global development, which will be fraught with a war of all against all and attempts to deal with contradictions through the appointment of internal and external enemies and the destruction of not only traditional values such as the family, which we hold dear in Russia, but fundamental freedoms such as the right of choice and privacy.

I would like to point out the negative demographic consequences of the ongoing social crisis and the crisis of values, which could result in humanity losing entire civilizational and cultural continents.

We have a shared responsibility to prevent this scenario, which looks like a grim dystopia, and to ensure instead that our development takes a different trajectory—positive, harmonious and creative.

In this context, I would like to speak in more detail about the main challenges which, I believe, the international community is facing.

Socio-Economic Crisis

The first one is socioeconomic. Indeed, judging by the statistics, even despite the deep crises in 2008 and 2020, the last 40 years can be referred to as successful or even super successful for the global economy. Starting from 1980, global per capita GDP has doubled in terms of real purchasing power parity (PPP). This is definitely a positive indicator.

Globalization and domestic growth have led to strong growth in developing countries and lifted over a billion people out of poverty. So, if we take an income level of \$5.50 per person per day (in terms of PPP) then, according to the World Bank, in China, for ex-



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Vladimir Putin: “Globalization and domestic growth have led to strong growth in developing countries and lifted over a billion people out of poverty. This is definitely China’s success.” Shown: the city of Shanghai today.

ample, the number of people with lower incomes went from 1.1 billion in 1990 down to less than 300 million in recent years. This is definitely China’s success. In Russia, this number went from 64 million people in 1999 to about 5 million now. We believe this is also progress in our country, and in the most important area, by the way.

Still, the main question, the answer to which can, in many respects, provide a clue to today’s problems, is, what was the nature of this global growth and who benefitted from it most?

Of course, as I mentioned earlier, developing countries benefitted a lot from the growing demand for their traditional and even new products. However, this integration into the global economy has resulted in more than just new jobs or greater export earnings. It also had its social costs, including a significant gap in individual incomes.

What about the developed economies where average incomes are much higher? It may sound ironic, but stratification in the developed countries is even deeper. According to the World Bank, 3.6 million people subsisted on incomes of under \$5.50 per day in the United States in 2000, but in 2016 this number grew to 5.6 million people.

Meanwhile, globalization led to a significant increase in the revenue of large multinational, primarily U.S. and European, companies.

By the way, in terms of individual income, the developed economies in Europe show the same trend as

the United States.

But then again, in terms of corporate profits, who got hold of the revenue? The answer is clear: one percent of the population.

And what has happened in the lives of other people? In the past 30 years, in a number of developed countries, the real incomes of over half of the citizens have been stagnating, not growing. Meanwhile, the cost of education and health-care services has gone up. Do you know by how much? Three times.

In other words, millions of people even in wealthy countries have stopped hoping for an increase of their incomes. In the meantime, they are faced with the problem of how to keep themselves and their parents healthy and how to provide their children with a decent education....

[A]ccording to the International Labor Organization (ILO), in 2019, 21 percent, or 267 million young people in the world, did not study or work anywhere. Even among those who had jobs (these are interesting figures), 30 percent had an income below \$3.2 per day in terms of purchasing power parity.

These imbalances in global socioeconomic development are a direct result of the policy pursued in the



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Vladimir Putin: "Millions of people even in wealthy countries ... are faced with the problem of how to keep themselves and their parents healthy and how to provide their children with a decent education."

1980s, which was often vulgar or dogmatic. This policy rested on the so-called Washington Consensus with its unwritten rules, when the priority was given to the economic growth based on private debt, in conditions of deregulation and low taxes on the wealthy and the corporations.

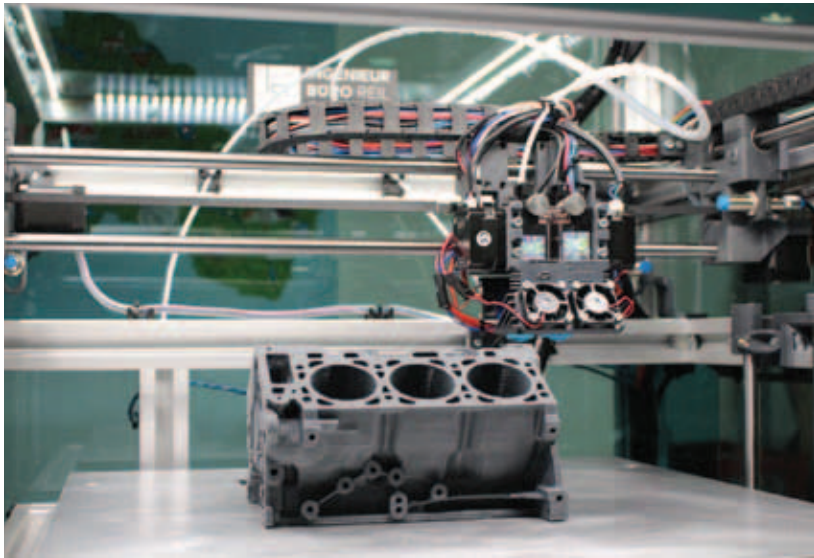
As I have already mentioned, the coronavirus pandemic has only exacerbated these problems. In the last year, the global economy sustained its biggest decline since World War II. By July, the labor market had lost almost 500 million jobs. Yes, half of them were restored by the end of the year, but still almost 250 million jobs were lost. This is a big and very alarming figure. In the first nine months of the past year alone, the losses of earnings amounted to \$3.5 trillion. This figure is going up and, hence, social tension is on the rise.

At the same time, post-crisis recovery is not simple at all. If some 20 or 30 years ago, we solved the problem through stimulating macro-economic policies (incidentally, this is still being done), today such mechanisms have reached their limits and are no longer effective.



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Vladimir Putin: "The key question is how to build a program of actions in order to not only quickly restore the global and national economies affected by the pandemic, but to ensure that this recovery is sustainable in the long run, relies on a high-quality structure, and helps overcome the burden of social imbalances."



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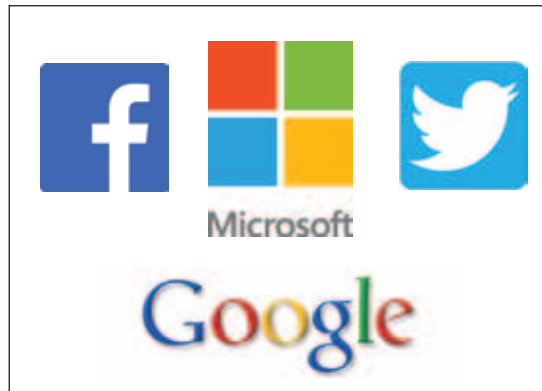
Vladimir Putin: “Hopes to reboot the old growth model are connected with rapid technological development. During the past 20 years we have created a foundation for the so-called Fourth Industrial Revolution based on the wide use of AI, automation, and robotics.” Shown: an additive printer at work.

This resource has outlived its usefulness. This is not an unsubstantiated personal conclusion.

According to the IMF, the aggregate sovereign and private debt level has approached 200 percent of global GDP, and has even exceeded 300 percent of national GDP in some countries. At the same time, interest rates in developed market economies are kept at almost zero and are at a historic low in emerging market economies.

Taken together, this makes economic stimulation with traditional methods, through an increase in private loans, virtually impossible. The so-called Quantitative Easing is only increasing the bubble in the value of financial assets and deepening the social divide. The widening gap between the real and virtual economies (incidentally, representatives of the real economy sector from many countries have told me about this on numerous occasions, and I believe that the business representatives attending this meeting will agree with me) presents a very real threat and is fraught with serious and unpredictable shocks.

Hopes that it will be possible to reboot the old growth model are connected with rapid technological



development. The rise of economic problems and inequality is splitting society, triggering social, racial and ethnic intolerance. Indicatively, these tensions are bursting out even in the countries with seemingly civil and democratic institutions that are designed to alleviate and stop such phenomena and excesses.

The systemic socioeconomic problems are evoking such social discontent that they require special attention and real solutions. The dangerous illusion that they may be ignored or pushed into the corner is fraught with serious consequences.

In this case, society will still be divided politically and socially. This is bound to happen because people are dissatisfied, not by some abstract issues but by real problems that concern everyone regardless of the political views that people have or think they have. Meanwhile, real problems evoke discontent.

I would like to emphasize one more important point. Modern technological giants, especially digital companies, have started playing an increasing role in the life of society. Much is being said about this now, especially regarding the events that took place during

development. Indeed, during the past 20 years we have created a foundation for the so-called Fourth Industrial Revolution based on the wide use of AI [artificial intelligence] and automation and robotics. The coronavirus pandemic has greatly accelerated such projects and their implementation.

However, this process is leading to new structural changes; I am thinking in particular of the labor market. This means that very many people could lose their jobs unless the state takes effective measures to prevent this. Most of these people are from the so-called middle class, which is the basis of any modern society.

Socio-Political Crisis

In this context, I would like to mention the second fundamental challenge of the forthcoming decade—the socio-political one.

the election campaign in the U.S. They are not just some economic giants. In some areas, they are de facto competing with states. Their audiences consist of billions of users that pass a considerable part of their lives in these eco systems.

In the opinion of these companies, their monopoly is optimal for organizing technological and business processes. Maybe so, but society is wondering whether such monopolism meets public interests. Where is the border between successful global business, in-demand services and big data consolidation, and the attempts to manage society at one's own discretion and in a tough manner, replace legal democratic institutions, and essentially usurp or restrict the natural right of people to decide for themselves how to live, what to choose, and what position to express freely? We have just seen all of these phenomena in the U.S. and everyone understands what I am talking about now. I am confident that the overwhelming majority of people share this position, including the participants in the current event.

International Crisis

And finally, the third challenge, or rather, a clear threat that we may well run into in the coming decade, is the further exacerbation of many international problems. After all, unresolved and mounting internal socioeconomic problems may push people to look for someone to blame for all their troubles and to redirect their irritation and discontent. We can already see this. We feel that the degree of foreign policy propaganda rhetoric is growing.

We can expect the nature of practical actions to also become more aggressive, including pressure on the countries that do not agree with a role of obedient controlled satellites, use of trade barriers, illegitimate sanctions and restrictions in the financial, technological and cyber spheres.

Such a game with no rules critically increases the risk of unilateral use of military force. The use of force under a far-fetched pretext is what this danger is all about. This multiplies the likelihood of new hot spots flaring up on our planet. This concerns us.

Colleagues,

Despite this tangle of differences and challenges, we certainly should keep a positive outlook on the future and remain committed to a constructive agenda. It would be naive to come up with universal miraculous recipes for resolving the above problems. But we cer-

tainly need to try to work out common approaches, bring our positions as close as possible, and identify sources that generate global tensions.

Once again, I want to emphasize my thesis that accumulated socioeconomic problems are the fundamental reason for unstable global growth.

So, the key question today is how to build a program of actions in order to not only quickly restore the global and national economies affected by the pandemic, but to ensure that this recovery is sustainable in the long run, relies on a high-quality structure and helps overcome the burden of social imbalances. Clearly, with the above restrictions and macroeconomic policy in mind, economic growth will largely rely on fiscal incentives with state budgets and central banks playing the key role.

Actually, we can see these kinds of trends in the developed countries and also in some developing economies as well. An increasing role of the state in the socioeconomic sphere at the national level obviously implies greater responsibility and close interstate interaction when it comes to issues on the global agenda.

Calls for inclusive growth and for creating decent standards of living for everyone are regularly made at various international forums. This is how it should be, and this is an absolutely correct view of our joint efforts.

It is clear that the world cannot continue creating an economy that will only benefit a million people, or even the golden billion. This is a destructive precept. This model is unbalanced by default. The recent developments, including migration crises, have reaffirmed this once again.

We must now proceed from stating facts to action, investing our efforts and resources into reducing social inequality in individual countries and into gradually balancing the economic development standards of different countries and regions in the world. This would put an end to migration crises.

The essence and focus of this policy, aimed at ensuring sustainable and harmonious development, are clear. They imply the creation of new opportunities for everyone, conditions under which everyone will be able to develop and realize their potential regardless of where they were born and where they are living.

[President Putin then outlines the fundamental needs which must be met for all citizens of the world in

order to prevent the threatening disaster and launch a new paradigm: decent living conditions; adequate employment for all; adequate health care; and decent education for all children.]

A Multipolar World

Obviously, the era linked with attempts to build a centralized and unipolar world order has ended. To be honest, this era did not even begin. A mere attempt was made in this direction, but this, too, is now history. The essence of this monopoly ran counter to our civilization's cultural and historical diversity.

The reality is such that really different development centers with their distinctive models, political systems and public institutions have taken shape in the world. Today, it is very important to create mechanisms for harmonizing their interests to prevent the diversity and natural competition of the development poles from triggering anarchy and a series of protracted conflicts.

To achieve this we must, in part, consolidate and develop universal institutions that bear special responsibility for ensuring stability and security in the world and for formulating and defining the rules of conduct both in the global economy and trade.

I have mentioned more than once that many of these institutions are not going through the best of times. We have been bringing this up at various summits. Of course, these institutions were established in a different era. This is clear. Probably, they even find it difficult to parry modern challenges for objective reasons. However, I would like to emphasize that this is not an excuse to give up on them without offering anything in exchange, all the more so since these structures have unique experience of work and a huge but largely untapped potential. And it certainly needs to be carefully adapted to modern realities. It is too early to dump it in the dustbin of history. It is essential to work with it and to use it.

[President Putin then reviews three cases in which international cooperation has led to a very positive



Vladimir Putin: "The era linked with attempts to build a centralized and unipolar world order has ended." Shown: Leaders of the guarantor states of the Astana process for a peace settlement in Syria, September 16, 2019 in Ankara, Turkey. Left to right: Hassan Rouhani, President of Iran; Recep Tayyip Erdoğan, President of Turkey; and Vladimir Putin, President of Russia.

result: Russia's recent cooperation with Azerbaijan and Armenia, to end their military conflict through development projects to reopen transportation corridors closed for over 30 years; cooperation among Russia, Turkey, and Iran to stabilize the situation in Syria (the Astana process); and cooperation among Russia, Saudi Arabia, and the U.S. to stabilize the global energy markets. He concludes his speech as follows:]

We all know that competition and rivalry between countries in world history never stopped, do not stop and will never stop. Differences and a clash of interests are also natural for such a complicated body as human civilization. However, in critical times this did not prevent it from pooling its efforts—on the contrary, it united in the most important destinies of humankind. I believe this is the period we are going through today.

It is very important to honestly assess the situation, to concentrate on real rather than artificial global problems, on removing the imbalances that are critical for the entire international community. I am sure that in this way we will be able to achieve success and befittingly parry the challenges of the third decade of the 21st Century.