

## In Davos, Putin mocks US over economy

By [Global Research](#)

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As US President Barack Obama won approval for a giant \$825 billion economic stimulus plan, Russian Prime Minister Vladimir Putin, speaking in Davos, mocked the American delegates to last year's forum for emphasising the US economy's "fundamental stability and cloudless prospects".

### Background:

On his first day in office, US President Barack Obama put an end to the previous administration's controversial methods of fighting the war against terrorism and established a strong diplomatic team to address the world's hotbeds of tension.

During his campaign, the Illinois senator stated that he would cut defence budgets and stop investing in "unproven" missile defence systems, a policy which has created divisions even among EU countries.

But the economic crisis appears to be an even bigger challenge for the new US president. Due to the interdependence of the global economy, measures taken in the United States will also strongly affect Europe, and will thus be closely followed there.

The United States' largest-ever recovery package won approval from the House of Representatives yesterday (28 January), with 244 votes for and 188 against.

But the bill left the House deeply divided as it was passed without a single Republican vote: a setback for Obama, who had hoped to reach out across party lines.

The bill now goes to the Senate, where the debate is expected to start on Monday. Democrats want to have the legislation ready for Obama's signature by mid-February, well ahead of the April G20 meeting in London, which is expected to adopt a global response to the crisis.

Meanwhile, Russian Prime Minister Vladimir Putin presented his own views on how to reform global capitalism. "I just want to remind you that, just a year ago, American delegates speaking from this rostrum emphasised the US economy's fundamental stability and its cloudless prospects," he said in his [speech](#).

"Today, investment banks, the pride of Wall Street, have virtually ceased to exist. In just twelve months, they have posted losses exceeding the profits they made in the last 25 years. This example alone reflects the real situation better than any criticism," Putin scoffed.

## Russia proposes Energy Security Pact

Putin addressed the energy security issue by calling for the establishment of a legal framework. "Implementation of our initiative could play a political role comparable to the treaty establishing the European Coal and Steel Community. That is to say, consumers and producers would finally be bound into a real single energy partnership based on clear-cut legal foundations," he said.

The Russian prime minister also confirmed his country's determination to complete pipeline projects such as Nord Stream and South Stream, as well as to build liquefied natural gas (LNG) capacities in the Sakhalin area.

## Calls for military spending 'restraint'

Putin voiced his concern over the notion that increased military spending could solve the current social and economic problems by creating new jobs. In the long term, he said, militarisation will only squeeze huge financial and other resources from the economy instead of funding better and wiser plans.

He called for "reasonable restraint in military spending, especially coupled with efforts to enhance global stability and security".

## Czech Republic welcomes freezing of Kaliningrad missile plan

Czech Foreign Minister Karel Schwarzenberg, whose country holds the rotating presidency of the European Union, yesterday hailed Moscow's decision to suspend plans to put missiles on Central Europe's doorstep, AFP reported.

Russia had warned it could install Iskander missiles in the Russian enclave of Kaliningrad, near Poland, in response to the previous US administration's plans to develop an anti-missile system in Poland and a radar in the Czech Republic. But as a gesture of conciliation to Obama, Moscow suggested it will to put these plans on hold.

"I welcome this change in the attitude of Russia. I hope that Moscow has recognised that its position has been detrimental," said Schwarzenberg.

A Russian military official quoted by the Interfax news agency said the freeze was conditional upon the Obama administration "not speeding up deployment plans".

*(With agencies.)*

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