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REMARKS BY THE PRESIDENT

AT THE NEW ECONOMIC SCHOOL GRADUATION

Gostinny Dvor

Moscow, Russia

12:13 P.M. (Local)

THE PRESIDENT: Thank you so much. Well, congratulations, Oxana. And to the entire Class of 2009, congratulations to you. I don't know if anybody else will meet their future wife or husband in class like I did, but I'm sure that you're all going to have wonderful careers.

I want to acknowledge a few people who are here. We have President Mikhail Gorbachev is here today, and I want everybody to give him a big round of applause. (Applause.) I want to thank Sergei Gurief, Director of the New Economic School. (Applause.) Max Boiko, their Chairman of the Board. (Applause.) And Arkady Dvorkovich, who is the NES board member, President of the Alumni Association and is doing an excellent job for President Medvedev, because he was in our meeting yesterday. (Applause.)

Good morning. It is a great honor for me to join you at the New Economic School. Michelle and I are so pleased to be in Moscow. And as somebody who was born in Hawaii, I'm glad to be here in July instead of January. (Laughter and applause.)

I know that NES is a young school, but I speak to you today with deep respect for Russia's timeless heritage. Russian writers have helped us understand the complexity of the human experience, and recognize eternal truths. Russian painters, composers, and dancers have introduced us to new forms of beauty. Russian scientists have cured disease, sought new frontiers of progress, and helped us go to space.

These are contributions that are not contained by Russia's borders, as vast as those borders are. Indeed, Russia's heritage has touched every corner of the world, and speaks to the humanity that we share. That includes my own country, which has been blessed with Russian immigrants for decades; we've been enriched by Russian culture, and enhanced by Russian cooperation. And as a resident of Washington, D.C., I continue to benefit from the contributions of Russians -- specifically, from Alexander Ovechkin. We're very pleased to have him in Washington, D.C. (Applause.)

Here at NES, you have inherited this great cultural legacy, but your focus on economics is no less fundamental to the future of humanity. As Pushkin said, "Inspiration is needed in geometry just as much as poetry." And today, I want particularly to speak to those of you preparing to graduate. You're poised to be leaders in academia and industry; in finance and government. But before you move forward, it's worth reflecting on what has already taken place during your young lives.

Like President Medvedev and myself, you're not old enough to have witnessed the darkest hours of the Cold War, when hydrogen bombs were tested in the atmosphere, and children drilled in fallout shelters, and we reached the brink of nuclear catastrophe. But you are the last generation born when the world was divided. At that time, the American and Soviet armies were still massed in Europe, trained and ready to fight. The ideological trenches of the last century were roughly in place. Competition in everything from astrophysics to athletics was treated as a zero-sum game. If one person won, then the other person had to lose.

And then, within a few short years, the world as it was ceased to be. Now, make no mistake: This change did not come from any one nation. The Cold War reached a conclusion because of the actions of many nations over many years, and because the people of Russia and Eastern Europe stood up and decided that its end would be peaceful.

With the end of the Cold War, there were extraordinary expectations -- for peace and for prosperity; for new arrangements among nations, and new opportunities for individuals. Like all periods of great change, it was a time of ambitious plans and endless possibilities. But, of course, things don't always work out exactly as planned.

Back in 1993, shortly after this school opened, one NES student summed up the difficulty of change when he told a reporter, and I quote him: "The real world is not so rational as on paper." The real world is not so rational as on paper.

Over two tumultuous decades, that truth has been borne out around the world. Great wealth has been created, but it has not eliminated vast pockets of crushing poverty. Poverty exists here, it exists in the United States, and it exists all around the world. More people have gone to the ballot box, but too many governments still fail to protect the rights of their people. Ideological struggles have diminished, but they've been replaced by conflicts over tribe and ethnicity and religion. A human being with a computer can hold the same amount of information stored in the Russian State Library, but that technology can also be used to do great harm.

In a new Russia, the disappearance of old political and economic restrictions after the end of the Soviet Union brought both opportunity and hardship. A few prospered, but many more did not. There were tough times. But the Russian people showed strength and made sacrifices, and you achieved hard-earned progress through a growing economy and greater confidence. And despite painful times, many in Eastern Europe and Russia are much better off today than 20 years ago.

We see that progress here at NES -- a school founded with Western support that is now distinctly Russian; a place of learning and inquiry where the test of an idea is not whether it is Russian or American or European, but whether it works. Above all, we see that progress in all of you -- young people with a young century to shape as you see fit.

Your lifetime coincides with this era of transition. But think about the fundamental questions asked when this school was founded. What kind of future is Russia going to have? What kind of future are Russia and America going to have together? What world order will replace the Cold War? Those questions still don't have clear answers, and so now they must be answered by you -- by your generation in Russia, in America, and around the world. You get to decide. And while I cannot answer those questions for you,

I can speak plainly about the future that America is seeking.

To begin with, let me be clear: America wants a strong, peaceful, and prosperous Russia. This belief is rooted in our respect for the Russian people, and a shared history between our nations that goes beyond competition. Despite our past rivalry, our people were allies in the greatest struggle of the last century. Recently, I noted this when I was in Normandy -- for just as men from Boston and Birmingham risked all that they had to storm those beaches and scale those cliffs, Soviet soldiers from places like Kazan and Kiev endured unimaginable hardships to repel -- to repel an invasion, and turn the tide in the east. As President John Kennedy said, "No nation in history of battle ever suffered more than the Soviet Union in the Second World War."

So as we honor this past, we also recognize the future benefit that will come from a strong and vibrant Russia. Think of the issues that will define your lives: security from nuclear weapons and extremism; access to markets and opportunity; health and the environment; an international system that protects sovereignty and human rights, while promoting stability and prosperity. These challenges demand global partnership, and that partnership will be stronger if Russia occupies its rightful place as a great power.

Yet unfortunately, there is sometimes a sense that old assumptions must prevail, old ways of thinking; a conception of power that is rooted in the past rather than in the future. There is the 20th century view that the United States and Russia are destined to be antagonists, and that a strong Russia or a strong America can only assert themselves in opposition to one another. And there is a 19th century view that we are destined to vie for spheres of influence, and that great powers must forge competing blocs to balance one another.

These assumptions are wrong. In 2009, a great power does not show strength by dominating or demonizing other countries. The days when empires could treat sovereign states as pieces on a chess board are over. As I said in Cairo, given our independence, any world order that -- given our interdependence, any world order that tries to elevate one nation or one group of people over another will

inevitably fail. The pursuit of power is no longer a zero-sum game -- progress must be shared.

That's why I have called for a "reset" in relations between the United States and Russia. This must be more than a fresh start between the Kremlin and the White House -- though that is important and I've had excellent discussions with both your President and your Prime Minister. It must be a sustained effort among the American and Russian people to identify mutual interests, and expand dialogue and cooperation that can pave the way to progress.

This will not be easy. It's difficult to forge a lasting partnership between former adversaries, it's hard to change habits that have been ingrained in our governments and our bureaucracies for decades. But I believe that on the fundamental issues that will shape this century, Americans and Russians share common interests that form a basis for cooperation. It is not for me to define Russia's national interests, but I can tell you about America's national interests, and I believe that you will see that we share common ground.

First, America has an interest in reversing the spread of nuclear weapons and preventing their use.

In the last century, generations of Americans and Russians inherited the power to destroy nations, and the understanding that using that power would bring about our own destruction. In 2009, our inheritance is different. You and I don't have to ask whether American and Russian leaders will respect a balance of terror -- we understand the horrific consequences of any war between our two countries. But we do have to ask this question: We have to ask whether extremists who have killed innocent civilians in New York and in Moscow will show that same restraint. We have to ask whether 10 or 20 or 50 nuclear-armed nations will protect their arsenals and refrain from using them.

This is the core of the nuclear challenge in the 21st century. The notion that prestige comes from holding these weapons, or that we can protect ourselves by picking and choosing which nations can have these weapons, is an illusion. In the short period since the end of the Cold War, we've already seen India, Pakistan, and North Korea conduct nuclear tests. Without a fundamental change, do any

of us truly believe that the next two decades will not bring about the further spread of these nuclear weapons?

That's why America is committed to stopping nuclear proliferation, and ultimately seeking a world without nuclear weapons. That is consistent with our commitment under the Nuclear Non-Proliferation Treaty. That is our responsibility as the world's two leading nuclear powers. And while I know this goal won't be met soon, pursuing it provides the legal and moral foundation to prevent the proliferation and eventual use of nuclear weapons.

We're already taking important steps to build this foundation. Yesterday, President Medvedev and I made progress on negotiating a new treaty that will substantially reduce our warheads and delivery systems. We renewed our commitment to clean, safe and peaceful nuclear energy, which must be a right for all nations that live up to their responsibilities under the NPT. And we agreed to increase cooperation on nuclear security, which is essential to achieving the goal of securing all vulnerable nuclear material within four years.

As we keep our own commitments, we must hold other nations accountable for theirs. Whether America or Russia, neither of us would benefit from a nuclear arms race in East Asia or the Middle East. That's why we should be united in opposing North Korea's efforts to become a nuclear power, and opposing Iran's efforts to acquire a nuclear weapon. And I'm pleased that President Medvedev and I agreed upon a joint threat assessment of the ballistic challenges -- ballistic missile challenges of the 21st century, including from Iran and North Korea.

This is not about singling out individual nations -- it's about the responsibilities of all nations. If we fail to stand together, then the NPT and the Security Council will lose credibility, and international law will give way to the law of the jungle. And that benefits no one. As I said in Prague, rules must be binding, violations must be punished, and words must mean something.

The successful enforcement of these rules will remove causes of disagreement. I know Russia opposes the planned configuration for missile defense in Europe. And my administration is reviewing these plans to enhance the security of America, Europe and the world. And I've made it

clear that this system is directed at preventing a potential attack from Iran. It has nothing to do with Russia. In fact, I want to work together with Russia on a missile defense architecture that makes us all safer. But if the threat from Iran's nuclear and ballistic missile program is eliminated, the driving force for missile defense in Europe will be eliminated, and that is in our mutual interests.

Now, in addition to securing the world's most dangerous weapons, a second area where America has a critical national interest is in isolating and defeating violent extremists.

For years, al Qaeda and its affiliates have defiled a great religion of peace and justice, and ruthlessly murdered men, women and children of all nationalities and faiths. Indeed, above all, they have murdered Muslims. And these extremists have killed in Amman and Bali; Islamabad and Kabul; and they have the blood of Americans and Russians on their hands. They're plotting to kill more of our people, and they benefit from safe havens that allow them to train and operate -- particularly along the border of Pakistan and Afghanistan.

And that's why America has a clear goal: to disrupt, dismantle, and defeat al Qaeda and its allies in Afghanistan and Pakistan. We seek no bases, nor do we want to control these nations. Instead, we want to work with international partners, including Russia, to help Afghans and Pakistanis advance their own security and prosperity. And that's why I'm pleased that Russia has agreed to allow the United States to supply our coalition forces through your territory. Neither America nor Russia has an interest in an Afghanistan or Pakistan governed by the Taliban. It's time to work together on behalf of a different future -- a future in which we leave behind the great game of the past and the conflict of the present; a future in which all of us contribute to the security of Central Asia.

Now, beyond Afghanistan, America is committed to promoting the opportunity that will isolate extremists. We are helping the Iraqi people build a better future, and leaving Iraq to the Iraqis. We're pursuing the goal of two states, Israel and Palestine, living in peace and security. We're partnering with Muslim communities around the world to advance education, health, and economic development. In

each of these endeavors, I believe that the Russian people share our goals, and will benefit from success -- and we need to partner together.

Now, in addition to these security concerns, the third area that I will discuss is America's interest in global prosperity. And since we have so many economists and future businessmen and women in the room, I know this is of great interest to you.

We meet in the midst of the worst global recession in a generation. I believe that the free market is the greatest force for creating and distributing wealth that the world has known. But wherever the market is allowed to run rampant -- through excessive risk-taking, a lack of regulation, or corruption -- then all are endangered, whether we live on the Mississippi or on the Volga.

In America, we're now taking unprecedented steps to jumpstart our economy and reform our system of regulation. But just as no nation can wall itself off from the consequences of a global crisis, no one can serve as the sole engine of global growth. You see, during your lives, something fundamental has changed. And while this crisis has shown us the risks that come with change, that risk is overwhelmed by opportunity.

Think of what's possible today that was unthinkable two decades ago. A young woman with an Internet connection in Bangalore, India can compete with anybody anywhere in the world. An entrepreneur with a start-up company in Beijing can take his business global. An NES professor in Moscow can collaborate with colleagues at Harvard or Stanford. That's good for all of us, because when prosperity is created in India, that's a new market for our goods; when new ideas take hold in China, that pushes our businesses to innovate; when new connections are forged among people, all of us are enriched.

There is extraordinary potential for increased cooperation between Americans and Russians. We can pursue trade that is free and fair and integrated with the wider world. We can boost investment that creates jobs in both our countries, we can forge partnerships on energy that tap not only traditional resources, like oil and gas, but new sources of energy that will drive growth and combat climate change. All of that, Americans and Russians can do together.

Now, government can promote this cooperation, but ultimately individuals must advance this cooperation, because the greatest resource of any nation in the 21st century is you. It's people; it's young people especially. And the country which taps that resource will be the country that will succeed. That success depends upon economies that function within the rule of law. As President Medvedev has rightly said, a mature and effective legal system is a condition for sustained economic development. People everywhere should have the right to do business or get an education without paying a bribe. Whether they are in America or Russia or Africa or Latin America, that's not a American idea or a Russian idea -- that's how people and countries will succeed in the 21st century.

And this brings me to the fourth issue that I will discuss -- America's interest in democratic governments that protect the rights of their people.

By no means is America perfect. But it is our commitment to certain universal values which allows us to correct our imperfections, to improve constantly, and to grow stronger over time. Freedom of speech and assembly has allowed women, and minorities, and workers to protest for full and equal rights at a time when they were denied. The rule of law and equal administration of justice has busted monopolies, shut down political machines that were corrupt, ended abuses of power. Independent media have exposed corruption at all levels of business and government. Competitive elections allow us to change course and hold our leaders accountable. If our democracy did not advance those rights, then I, as a person of African ancestry, wouldn't be able to address you as an American citizen, much less a President. Because at the time of our founding, I had no rights -- people who looked like me. But it is because of that process that I can now stand before you as President of the United States.

So around the world, America supports these values because they are moral, but also because they work. The arc of history shows that governments which serve their own people survive and thrive; governments which serve only their own power do not. Governments that represent the will of their people are far less likely to descend into failed states, to terrorize their citizens, or to wage war on others. Governments that promote the rule of law, subject their

actions to oversight, and allow for independent institutions are more dependable trading partners. And in our own history, democracies have been America's most enduring allies, including those we once waged war with in Europe and Asia -- nations that today live with great security and prosperity.

Now let me be clear: America cannot and should not seek to impose any system of government on any other country, nor would we presume to choose which party or individual should run a country. And we haven't always done what we should have on that front. Even as we meet here today, America supports now the restoration of the democratically-elected President of Honduras, even though he has strongly opposed American policies. We do so not because we agree with him. We do so because we respect the universal principle that people should choose their own leaders, whether they are leaders we agree with or not.

And that leads me to the final area that I will discuss, which is America's interest in an international system that advances cooperation while respecting the sovereignty of all nations.

State sovereignty must be a cornerstone of international order. Just as all states should have the right to choose their leaders, states must have the right to borders that are secure, and to their own foreign policies. That is true for Russia, just as it is true for the United States. Any system that cedes those rights will lead to anarchy. That's why we must apply this principle to all nations -- and that includes nations like Georgia and Ukraine. America will never impose a security arrangement on another country. For any country to become a member of an organization like NATO, for example, a majority of its people must choose to; they must undertake reforms; they must be able to contribute to the Alliance's mission. And let me be clear: NATO should be seeking collaboration with Russia, not confrontation.

And more broadly, we need to foster cooperation and respect among all nations and peoples. As President of the United States, I will work tirelessly to protect America's security and to advance our interests. But no one nation can meet the challenges of the 21st century on its own, nor dictate its terms to the world. That is something that America now understands, just as Russia understands. That's

why America seeks an international system that lets nations pursue their interests peacefully, especially when those interests diverge; a system where the universal rights of human beings are respected, and violations of those rights are opposed; a system where we hold ourselves to the same standards that we apply to other nations, with clear rights and responsibilities for all.

There was a time when Roosevelt, Churchill, and Stalin could shape the world in one meeting. Those days are over. The world is more complex today. Billions of people have found their voice, and seek their own measure of prosperity and self-determination in every corner of the planet. Over the past two decades, we've witnessed markets grow, wealth spread, and technology used to build -- not destroy. We've seen old hatreds pass, illusions of differences between people lift and fade away; we've seen the human destiny in the hands of more and more human beings who can shape their own destinies. Now, we must see that the period of transition which you have lived through ushers in a new era in which nations live in peace, and people realize their aspirations for dignity, security, and a better life for their children. That is America's interest, and I believe that it is Russia's interest as well.

I know that this future can seem distant. Change is hard. In the words of that NES student back in 1993, the real world is not so rational as on paper. But think of the change that has unfolded with the passing of time. One hundred years ago, a czar ruled Russia, and Europe was a place of empire. When I was born, segregation was still the law of the land in parts of America, and my father's Kenya was still a colony. When you were born, a school like this would have been impossible, and the Internet was only known to a privileged few.

You get to decide what comes next. You get to choose where change will take us, because the future does not belong to those who gather armies on a field of battle or bury missiles in the ground; the future belongs to young people with an education and the imagination to create. That is the source of power in this century. And given all that has happened in your two decades on Earth, just imagine what you can create in the years to come.

Every country charts its own course. Russia has cut its way through time like a mighty river through a canyon, leaving

an indelible mark on human history as it goes. As you move this story forward, look to the future that can be built if we refuse to be burdened by the old obstacles and old suspicions; look to the future that can be built if we partner on behalf of the aspirations we hold in common. Together, we can build a world where people are protected, prosperity is enlarged, and our power truly serves progress. And it is all in your hands. Good luck to all of you. Thank you very much. (Applause.)

END 12:43 P.M. (Local)

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