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Russian Federation: Government silences protests by business

In the past week – on 23, 25 and 26 May – protests were held across Russia by businesses demanding a reduction of the 34% tax rate for social insurance. The government reacted very quickly, promising to meet the protesters' demands. This is testimony to the authorities' fear of rising discontent in the most active layer of Russian society.

The protest actions took place in over 60 regions of the Russian Federation in the form of picketing, rallies and strikes, in which participants numbered from several dozen to several hundred. During the demonstrations, the economic demands were accompanied by demands for the resignation of Prime Minister Vladimir Putin's government, and announcements of further protests.

The higher rate of tax on social security was introduced on 1 January this year. In December 2010 small business organisations collected 80,000 signatures for a petition to maintain the current level of 26%. The current protests provoked a quick reaction from the government; on 23 May President Dmitri Medvedev ordered the Minister of Finance Aleksei Kudrin to return to the 26% rate in 2012, and to raise the salary threshold for tax exemption. In turn, at a forum of small and medium businesses on 26 May, Prime Minister Putin also pledged to reduce the tax burden and improve the general conditions for entrepreneurship in Russia. Full implementation of the promises seems unlikely. However, because entrepreneurs are the social group which is most active and at the same time the most critical of the current situation in Russia, the government has to silence their opposition, and is ready to make concessions in order to avoid the escalation of the protests. <agaw>