

Putin Says ‘the Rich Must Pay’ for the Coronavirus

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Global Research, March 30, 2020

Region: [Russia and FSU](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

Vladimir Putin has decided how Russia is going to pay for the corona-virus.

He’s going to tax the rich.

It’s a remedy that most Americans would support if they were given the choice, but they weren’t asked. Instead, Congress passed a \$2 trillion stimulus package for which the American taxpayer will be held entirely responsible. Even worse, the new legislation contains a \$500 billion allocation (another corporate giveaway) that the Federal Reserve will use as a capital base for borrowing \$4.5 trillion. That massive sum of money will be used to buy toxic bonds in the corporate bond market. Just as Mortgage-Backed Securities (MBS) were used to fleece millions of investors out of their hard-earned savings in the run-up to the 2008 Financial Crisis, so too, “toxic” corporate bonds were the weapon of choice that was used to pilfer trillions of dollars from investors in the run-up to today’s crisis. (Same scam, different instrument) The virus was merely the proximate cause that tipped the sector into meltdown. The problem had been festering for years and everyone in the financial community (Including the Fed, the BIS and the IMF) knew that it was only a matter of time before the market would blow sky-high. Which it did.

What every American needs to know is that our crooked bought-and-paid-for Congress just passed a bill that transfers the credit risk for \$4.5 trillion of corporate sludge onto the National Debt. A bailout of this magnitude could impact the nation’s credit rating (Fitch has already issued a warning), send interest rates to the moon, dampen economic activity for years to come, and pave the way for a long and painful slump. The much ballyhooed \$1,200 checks for unemployed workers are merely a tactical diversion that’s being used to conceal the giant ripoff that is taking place right under our noses.

In contrast, Putin has settled on a more rational and compassionate plan. He’s going to launch a relief program that actually focuses on the people who need it the most. Then, he’s going to cover the costs by taxing the people who are most capable of shouldering the burden. His intention is not to “soak the rich” or to redistribute wealth. He simply wants to find the most equitable way to share the costs for this completely unexpected crisis. In short, Putin was presented with two very bad options:

1- Let the Russian people huddle in their homes (“shelter in place”) until the food runs out and the bills pile up to the ceiling.

2-Or tap into a temporary source of revenue that will help the country get through the hard times.

He wisely chose the latter option not because he’s a fiery leftist who hates the “free

market”, but because he realizes that in a time of national crisis, the people who are more able to pay, should pay. It’s a question of fairness.

And who are the people who will benefit from Putin’s plan? Well, he named them in a speech he delivered to the nation just last week. Here’s a clip:

“We also need to take additional steps, primarily to ensure the social protection of our people, their incomes and jobs, as well as support for small and medium-sized businesses, which employ millions of people....

First, all social protection benefits that our citizens are entitled to, should be renewed automatically over the next six months... if a family is entitled to subsidized housing and utility payments, they will not need to regularly confirm their per capita income to continue receiving this state support...all payments to war veterans and home-front workers timed to the 75th anniversary of the Great Victory, 75,000 and 50,000 rubles, respectively, should be made before the May holidays...

Second, it is essential to support families with children.....Third, we need to support those on sick leave and people who have lost their jobs.” (Putin’s Address to the Nation)

See? No big payouts to failing corporations, no welfare checks for Wall Street, and no tax breaks for fatcat bankers and their crooked friends. Just money for the people who desperately need it: Families with children, veterans, home-front workers, the sick, the unemployed, and the homeless. Simple and fair.

The strategy is aimed at everyone who is impacted by the virus, not just the people who filed taxes last year like the Trump Plan, but anyone who needs public assistance. At the same time, financial support will be provided for small and medium-sized businesses, incomes will be protected, jobs will be guaranteed. and mortgage payments will be suspended. It’s not a perfect plan, but it’s fairly comprehensive and targets the people that are most vulnerable. It also underscores the primary responsibility of government during times of crisis, that is, to ensure the health, safety and security of its people. That is Job 1.

The Putin plan also provides support for medical personnel, doctors, nurses, emergency staff, hospital employees, health care workers and first-responders. Here’s Putin:

“We have mobilized all the capabilities and resources for deploying a system of timely prevention and treatment. I would like to specially address doctors, paramedics, nurses, staff at hospitals, outpatient clinics, rural paramedic centers, ambulance services, and researchers: you are at the forefront of dealing with this situation. My heartfelt gratitude to you for your dedicated efforts.”

Will Putin and his advisors make mistakes in containing the virus and ending the contagion as swiftly as possible?

Probably, but it certainly looks like they’ve got their priorities right. Putin seems to understand that the health and welfare of the Russian people has to be put before the stock market, finance capital or the voracious corporate kingpins. In contrast, Trump wants to put more people at risk of infection by sending them back to work after Easter. That’s just not

the way responsible leaders behave, not if they really care about the health of their people. Here's more from Putin:

"There are two more measures I would like to suggest. First, all interest and dividend income that flows from Russia and is transferred abroad into offshore jurisdictions must be taxed properly....I suggest that those expatriating their income as dividends to foreign accounts should pay a 15 percent tax on these dividends....

Second, many countries levy income tax on interest earned by individuals from their bank deposits and investments in securities, while Russia does not tax this income at all. I propose that people with over 1 million rubles in bank deposits and debt securities pay a 13 percent tax on this income.... I propose using the budget revenue from these two measures to fund initiatives to support families with children and help people who are unemployed or on sick leave."

What does it mean?

It means that Putin is closing tax havens and tax loopholes so he can get the money he needs to pay for the epidemic. It means he's taking on the wealthiest and most powerful people in Russia so he can provide relief for the people who are stuck in their homes trying to survive. It means he's risking his own political future in order to do the right thing. Here's Putin:

"People of Russia, we need the state, society and the people to work together.. We have to be mindful that we bear personal responsibility for our close ones, for those who live near us, and who need our help and support....It is our sense of solidarity that underpins the resilience of our society, as well as an unwavering commitment to mutual assistance and the effectiveness of the response we come up with to overcome the challenge we are facing."

Shared sacrifice, solidarity and brotherly love. That's what he's talking about, isn't it? The threads that bind a disparate group of people into a sovereign nation.

In America, we make the working poor pay for the excesses of the crooked rich, while in Russia, the wealthy are asked to make sacrifices for the sake of the country. Which approach do you think is better?

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