

Black money tyranny all engulfing

Whitening illegal income breeds corruption

HERE will be few dissenting voices to the assertion that providing opportunity to whiten black money is in a way encouraging corruption. How else can one characterise a provision of the government, which allows ill-gotten money to be sanctified by paying a paltry 7.5% when regular tax payers have to pay up to 25% tax?

Needless to say that this policy is patently unprincipled that not only encourages the propensity to acquire black money, it is also discriminatory against those honest people who are having to pay their taxes at a much higher rate than the black money holders.

Apart from the parallel economy driven by black money, the nexus between black money and politics, criminalisation of the society, discouragement of honest business as well as uncontrolled election expenses, are the deleterious impact of black money on the socio-economic fabric of the country. Such a policy has other several long-term consequences also and must be shunned without delay. For one thing, apart from inculcating the culture of black money, which is becoming a norm, primarily because the sources of the money, some of which might originate in sale of illegal weapons and drugs, let alone from under-invoicing and over-invoicing, are not required to be declared. This in effect negates the anti-money laundering effort of the government, the social cost of which again we hardly bother to consider.

One wonders why the government has been so free with this particular policy. Over the year since 1975, when this policy was first introduced, such a provision has been applied on and off six times over nine fiscal years including the current one. It will perhaps not be far fetched to suggest that the government's policy stems much from internal compulsions generated by the fact that many party members that contribute to the political party coffers do so from the black money that they amass through various underhand deals and illegal income, which they can hardly account for.

We feel that sooner the policy is discarded the better will it be for our economy and politics. The government must not capitulate to the forces of black money.

Emblazoning the car is no answer

Investigations called for

THE National Board of Revenue (NBR) must be credited with having ruffled the murky waters of a sensitive domain, stirred the hornet's nest, as it were, insofar as spilling the beans about the MPs' brazen-faced abuse of the duty-free car privilege goes. As the tale unfolded layer by layer, lawmakers of the current parliament bought 275 luxury cars like BMW, Cadillac, Porsche with Tk 280 crore in tax exemption or lost revenue, with most of them selling each car at a profit of Tk 10-25 lac apiece in the open market. At least Tk 50 crore was pocketed at the seller's level. Who knows how much money the businessmen made?

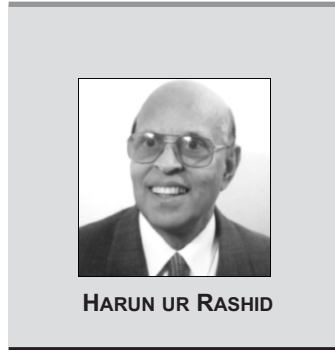
And what did those MPs have for personal use? Not surprisingly, they preferred low-cost cars for themselves. In other words, there is a positive signal one can read into the thicket of otherwise negative impressions which is that they can make do with low-cost cars behoving one would have thought their basic identity as elected public representatives supposed to be dedicated to the service of the people.

Kudos again to the NBR for the treat of a revelation! But just. Because the revenue authority's bravado ends when it seems to be balking at taking follow up action on the disclosures. It was reported sometime ago that the NBR was hesitant in probing the matter further because of a certain perceived sensitivity in dealing with parliamentarians and politicians. Nevertheless, our understanding is that the Anti-corruption Commission (ACC) is willing to take cognisance of the allegations and investigate them.

Earlier on we suggested that the NBR extend all out cooperation to the ACC when it takes up the matter. However, the latest spin to the story comes from a reported brain wave for imprinting the monograms of the JS and NBR on the doors of the imported cars so that these wouldn't be used by non-MPs.

But our observation is that when the enforcement weakness is dire it takes all sorts of escape routes. The real issue is holding the MPs, found guilty of misfeasance through proper investigations, responsible for their act.

Can President Bush stop Iran's nuclear programme?



HARUN UR RASHID

THE simple answer, in my view, to the question raised with the title of this article appears to be in the negative and the reasons thereof are described in later parts of the article.

Iran insists that its nuclear programme is peaceful and its nuclear technology is for energy only, not for weapons. Iran's President Mahmoud Ahmadinejad declared that his country has joined the nuclear club by enriching uranium at a sophisticated facility. The reported declaration heralds Tehran's technological breakthrough that crosses a clear line set down by the Bush Administration.

President Ahmadinejad's announcement was designed to play national pride. In the city of Mashad, the President stood before a backdrop of doves, and said, "We are saying again that the nuclear technology is only for the purpose of peace and nothing else."

Iran's nuclear issue is another test looming large for President Bush. President George W Bush who has defined his dealings with Iran in terms of confrontation since the early days of his Presidency may have drawn one step closer to a showdown after Tehran's declaration

The fall-out from the military strikes would be unpredictable. It may cause serious damage to US interests in the Persian Gulf including its battle ships. The price of oil would escalate to an extent that it would slow down the global economic growth. The US soldiers in Iraq might be the targets of Iran's military assault. The US credibility that is currently at rock bottom in the Middle East will further deteriorate. With regard to the second option, i.e. sanctions, empirical evidence suggests sanctions do not work. Furthermore Iran shares porous borders with Turkey, Iraq, Pakistan and Turkmenistan and its south is open to the sea. For oil-rich Iran, it would be easy to get what it wants from other countries.

tion that it had successfully enriched uranium that could be used as nuclear fuel for generating electricity.

Reacting to Iranian President's announcement, Ray Takeyh, Senior Fellow at the US Council of Foreign Relations, reportedly said, "If this is true, the genie is out of the bottle and the bottle is broken. This really changes the situation because much of the diplomacy was to stop the Iranians from getting to the enrichment stage."

Enrichment of uranium is the process whereby raw uranium is purified. Mined iron ore is purified and reconstituted into solid form, known as yellowcake. Yellowcake is processed and converted into gas by heating (above 64C). Thereafter gas is fed through centrifuges where its isotopes separate and process is repeated and uranium is enriched/purified. Low-level enriched uranium is used for power and highly enriched uranium for nuclear weapons.

Iran is reportedly able to purify or enrich it by mere 3.5% per cent -- enough for power generation --

BOTTOM LINE

For nuclear weapons, 80% per cent purification (enrichment) of uranium is required. However, once enrichment process is learnt, it is possible to get 80% per cent and that is the worry for the US and other Western countries.

US intelligence officials say that Iran is about 10 years away from being able to develop a nuclear bomb. UN nuclear watchdog said that they believed the Iranians were moving faster than expected with their small-scale enrichment efforts. They predicted that Tehran might be able to build a nuclear bomb in three years.

For the Bush administrations, it appears there are two options for Iran, preventing it from enriching uranium: (a) military strike on nuclear plants and (b) UN sanctions on Iran.

With regard to the first option of military strike on nuclear facilities, in 1981 it worked with Iraq. Israel destroyed the nuclear reactor in Osirak, preventing Saddam Hussein from commencing nuclear programme.

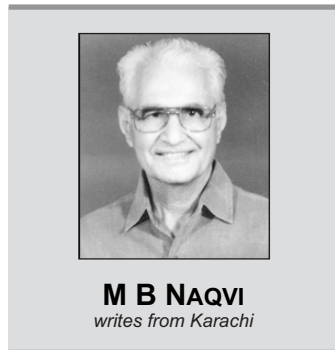
The question is: Will it succeed

for Iran? There is common consensus among many of the Western strategists that it would not work with Iran.

First, Iran has scattered its nuclear processing facilities all over the country. Secondly, some of the key nuclear processing plants (at Natanz, Isfaphan, Arak and Busheur) are located deep underground so that military strikes cannot reach them. Third, many nuclear facilities are located near mountainous regions and it is difficult for military strikes to get the exact locations. Finally, once enrichment knowledge is learnt, it will take a few years for Iranian scientists to resume it.

Then the fall-out from the military strikes would be unpredictable. It may cause serious damage to US interests in the Persian Gulf including its battle ships. The price of oil would escalate to an extent that it would slow down the global economic growth. The US soldiers in Iraq might be the targets of Iran's military assault. The US credibility that is currently at rock bottom in the Middle East will further deteriorate.

Karachi carnage: What should we do?



M B NAQVI
writes from Karachi

ALTHOUGH it is hard to be sure of what caused April 11 carnage at Karachi's Nishtar Park, the fact that the leaders' platform survived intact knocks out theories of bomb(s) planted underneath it, as some religious parties had initially claimed. Official explanation, based on suicide bomber exploding himself, seems nearer truth. That a blame game is going on between MQM and MMA (mainly Jamaate Islami) is understandable because of their long standing political warfare. Anyway, it underscored Pakistan's number one problem: it is religious intolerance, the mother of all terrorism. Pakistanis need to do something about it -- now.

The question is how has it grown? Some of it is an inheritance from history of Islam in historical India. Islam is the youngest prolesitising and rather militant religion; a certain sense of righteousness and superiority inheres in Muslims. Although the vast majority of Muslims in the Subcontinent is converts from lower cast Hindus, the reason for conversion was to escape a hard fate and to enjoy some of the privileges that conquering armies had acquired. All around them was a sea of Hindudom and

they naturally dreaded what awaited them if they ceased to be Muslims or did not sharply distinguish themselves from Hindus. Then, there was the rigidity of what made one a Hindu and the customs and caste system. Brahmins, the enforcers of Hindu faith and mores, were even more proud and inflexible; their livelihood depended on it. That made Muslims insist on remaining separate.

In this juxtaposition of two disparate faiths, moderated by common cultural pursuits, and the underlying economic interests, that gave birth to India's Hindu-Muslim problem. The British interlude (1750-1947) made religious identities the bases of governance and political system. That aggravated what distinguished the religious communities from one another and de-emphasised what was common among them. By early 1900s this problem had become intractable because of Muslims' paranoid fears of Hindu domination. Hindus' own rigidity and contempt for Muslims made a painful partition inevitable.

Muslims in Pakistan, initially only three fourth of the population, wore their religion on their cuffs; that was all the politics they had: be

particular stickler of Pashtoon code of honour. He was dyed-in-the-wool conservative, even reactionary. In religious matters, he was utterly intolerant, being usually unlettered. He was not averse to looting rich Afghans, though for all his religious zeal -- reinforced by ISI and their own leaders' indoctrination -- he needed cash and other supplies for each operation and never parted with the booty he occasionally brought.

His love for money earned him the gibes of being mercenary from secular Pashtoons; he boasted of being a religious fanatic. Later, Taliban were almost wholly recruited from JUI madrassas and were even more intolerant and extreme. None of these Jihadists was, or is, ready to give women and Shias (and other minorities) any place in their scheme of things. Even today ideas of what was Northern Alliance leaders' are not much different from Taliban's, though they did not do to Hazaras, women and the society in general what Taliban excelled in. They all loved money and are still remarkably rich.

Their distinction is not so much in personal piety as hatred of the 'other'. Look around: such religious

PLAIN WORDS

Taliban are by no means confined to FATA or even NWFP. They operate, one is told, quite freely in Balochistan, which they use as the launching pad for attacks on Afghan/ISAF/US/NATO targets. But inside Balochistan they also indulge in their taste for Shia blood. Not that Taliban did not have recruits from Karachi and other areas of Punjab. The whole country abounds in pious Muslims who contribute money, protect Islamic revolutionaries and provide them cover.

With regard to the second option, i.e. sanctions, empirical evidence suggests sanctions do not work. Furthermore Iran shares porous borders with Turkey, Iraq, Pakistan and Turkmenistan and its south is open to the sea. For oil-rich Iran, it would be easy to get what it wants from other countries.

Meanwhile it is interesting to find realism among the leaders in Britain and Israel about Iran's enrichment announcement. British Foreign Secretary Jack Straw reportedly described the military action as "fantasy land."

Shimon Peres, the veteran Israeli leader, reportedly said Iran's announcement was "worrying and frustrating" but patience was needed. He added, "I do not recommend that we should be involved." Experts say Israel might not venture any plans like the 1981 bombing that destroyed Iraq's atomic reactor.

The Israeli military chief of staff Lieutenant General Dan Halutz told Army Radio that even if Iran did manage to produce a nuclear weapon it was not clear whether Israel would be its first target.

The US Secretary of State wants that the UN Security Council after 28th of April at its meeting should impose sanctions on Iran for being defiant to the statement of the Security Council to halt its enrichment programme. Iran would not stop the programme because it is the sovereign right of Iran to do it under the provisions of the 1970 Nuclear Non-Proliferation Treaty.

The UN agency IAEA's head El Baradei cautioned patience and negotiation. China has the similar view and sent its Assistant Foreign Minister on 15th April to Tehran to facilitate dialogue among all parties.

Although Russia is disappointed with Iran's announcement, it also thinks diplomacy is the way to go.

Not much is going right for the US President at present. With mid-term Congressional elections due in November, levels of public approval for his Presidency and for his policies in Iraq have sunk to about 35% per cent in opinion polls.

Furthermore, allegation of leaks from the President on disclosing classified information on a covert operative of a CIA (Valerie Plame) was intended to justify war on Iraq because Valerie's husband Ambassador Joseph Wilson did not find any evidence of import of uranium by Saddam Hussein. The latest twist prompted the Democrats' leader in the Senate, Harry Reid, to ask, wittingly, whether Mr. Bush's Oval Office is the "place where the buck stops or where the leaks start."

One danger appears to be that to recover his popularity among Americans and to divert their attention, President Bush might think that military strike on Iran may demonstrate that he is a man for "business" and a military attack on Iran's nuclear plants would in future save Americans in lives and treasure. The Iran scenario appears to be déjà vu of Iraq's adventure of the Bush administration.

What remains the reasonable option for the US is diplomacy. The truth is, if a country wants to build nuclear weapon, they are going to do it. North Korea, Pakistan and India were successful in producing weapons despite international scrutiny and surveillance.

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types abound everywhere, though not so rigid in their mores as Pashtoonwali lays down. See how easily people become mad at any rumour of insult to Quran, the Prophet or imitation of Islamic rituals by Ahmedis. Look how easily a church or temple is burnt down. Misbehaviour with Hindu women is not infrequent in Sindh. Everyone knows how easily an Imam of a mosque can rouse people to destructive fury if the 'other' commits any sacrilege (in his eyes) or is merely accused of it.

Extra excitability of Muslims has to be conceded. On that foundation successive governments have built, especially the naked dictatorships of Ayub, Yahya and Zia. Their media policy was to excite Muslims' religiosity and encouraged competitive showmanship through competition of Qirat, Naat and Qawwalis. TV's contribution in spreading religiosity is still considerable. The process never ceased and is going strong. Such governments have no constructive programmes; they justify their power by rhetoric about Kashmir, Islam and security. No wonder mistrust and discord can be seen spreading.

The point is most Pakistanis are a rich raw material from which suicide bombers can be made. Hitherto all cases of terror have had some mention of Pakistan -- in all cases in UK, Europe and America. Peshawar had eclipsed all major Islamic centres. It seemed as if Pakistan was the world headquarters of a rising global Islamic Revolution. Much money of western powers and Saudi Arabia, Kuwait and UAE had gone into it in 1980s. An infrastructure of such an ideology had

emerged among many small groups in Pakistan and elsewhere. It is truly an international phenomenon. It is a different matter that Islamabad is now embarrassed following the change in American preferences after 9/11.

The suicide bomber had arrived on the Pakistani scene quite sometime ago. Following the 'heroic' deeds of Hamas and Iraqi suicide bombers, Taliban have begun producing their own suicide bombers in both areas of Taliban interest: Afghanistan and Pakistan where the recalcitrant Shia minority invited their attention. Suicide bombing attacks on Afghan and or western targets are no longer news. Nor are such attacks on Shia congregations in Karachi and elsewhere unheard of. Taliban exhibit the glow of popularity and power at least in Waziristan where they maintain law and order; they collect taxes, try and execute those they think are evil doers. Pakistan's uniformed forces stay in their camp and allowed Taliban to do pretty much as they pleased. It is a different matter that there are other forces in the field also and there are fears of clashes among them.

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Rationalising income tax

It is very intriguing to note that the Finance Minister apparently takes fancy in raising the minimum payable tax from time to time. He has already vowed to raise the same from Tk 1500 to Tk 1800 in the ensuing budget of 2006-07 although keeping the highest rate of income tax untouched at 25% since 1993.

MOHAMMAD MUJIBUR RAHMAN

AT present the highest rate of income tax is 25 per cent, which is the lowest in the south-east Asia, probably in the world. It may be recalled that during Pakistan period, the highest rate of income tax, as far as I remember, was 14 annas in a rupee i.e. 87.5 per cent. Even before 1985 the highest rate of income tax was 60 per cent in our country. But after that the highest rate was gradually reduced but the government did not assign any reason for such action and it remained a mystery. Finally the honourable Finance Minister M Saifur Rahman reduced the highest rate of income tax to 25 per cent in the Finance Budget of 1993-94 and since then

no attempt has been made to increase the same.

Not only that, the Finance Minister continued the policy of whitening the black money in the Finance Budget of 2005-06 although before the announcement of the said budget he unequivocally stated that he would not do so. But afterwards, he not only allowed the whitening of black money but kept the rate of income tax on black money at 7½% only. It is very ridiculous, whereas a person honestly declaring his income has to pay income tax at the highest rate of 25% while a person dishonestly earning income and not declaring the same pays income tax at 7½%! It therefore appears clear that our Finance Minister had simply succumbed to

the undue pressure of the burgeoning neo-capitalists and is rather unhelpful to the lower middle class people of the country!

In the face of increasingly soaring prices of essential consumer goods in the country and subsequent increase in the cost of living of the general public, SAMS Kibria, the then Finance Minister under the government of Sheikh Hasina increased the limit of minimum income liable to income tax from Tk 75,000 to Tk 1,00,000 in the Finance Budget of 2000-01 and maintained the same limit in the Finance Budget of 2001-02. Then BNP came to power. In the meanwhile the cost of living of the general public had increased considerably. For example the Consumer Price Index for middle income govern-

ment employee, Dhaka (Base, 1969-70) increased from 2470 in 2000-01 to 2577 in 2002-03 i.e. by 4.33% (Source: Monthly Statistical Bulletin). Therefore minimum limit of income liable to income tax should have been raised from Tk 1,00,000 to Tk 1,05,000. But the Finance Minister M Saifur Rahman rather unkindly lowered the minimum limit of income liable to income tax from Tk 1,00,000 to Tk 75,000 in the Finance Budget of 2002-03, thereby increased the tax burden of the poor, middle class people to the tune of Tk 3,000 (10% on Tk 1,05,000.00, Tk 75,000)).

Another outrageous act is the imposition of minimum tax which is also borne by the poor middle class people. Under the system (which does not obtain even in India and Pakistan, and probably not any where else in the world), if the income of a person exceeds minimum income liable to income tax even by Tk one, he is to pay at present Tk 1500 as minimum income tax. This has the same effect of pushing back the mini-

imum taxable limit of income from Tk 1,10,000.00 to Tk 85,000.00! It is very intriguing to note that the Finance Minister apparently takes fancy in raising the minimum payable tax from time to time. He has already vowed to raise the same from Tk 1500 to Tk 1800 in the ensuing budget of 2006-07 although keeping the highest rate of income tax untouched at 25% since 1993.

To worsen the situation, the honourable finance minister has drastically reduced the interest rates on all government saving certificates, severely whacking the fixed income group, specially the pensioners. Thus the highest rate of interest on 5-year savings certificate was reduced from 18% to 13% with effect from 1-2-96 and finally to 12% at present. Again, the highest rate of interest on defence saving certificate was reduced from 21% to 16% with effect from 1-2-96 and then to 15.75% with effect from 30-10-01 and has disbanded the defence saving certificate altogether.

After liberation in December 1971, a great change in the distribution of economic wealth has taken place. Immediately after assuming power, the government whittled down the highest salary of the government servants from Tk 3000 to Tk 500 only. On the other hand, undue and uneconomic benefits like permits to the workers of the political party, priority in the allotment of govt. plot to political leaders and workers etc. were extended. This, coupled with corruption, favoritism and nepotism caused a great shift in the economic wealth of the country from the educated, honest and patriotic people to the selfish and opportunist political leaders, workers and the relatives. But unfortunately, the process which evolved during Sheikh Mujib's time was not reversed but traversed freely into the realms of HM Ershad, Sheikh Hasina and Begum Khaleda Zia.

Most of the new born capitalists treat their employees like serfs, sacking them any time without giving any opportunity to explain

their position or even assigning any reason. Such rich people of our country build posh houses, lead a luxurious life, in the name of business, avail frequent foreign trips, and many of them purchase house in foreign countries and even keep large amount of money in foreign banks. Finally, some of them become MPs by spending huge amount of money in the parliament election and sway the policies of the government as is exemplified assuming them prevailing upon the Finance Minister not to discontinue the whitening of black money in the last finance budget of 2005-06 as already stated above. So we should have title sympathy for them, and a people's government is supposed to fully endorse such suggestions as to increase the maximum rate of income tax to 70% on income above Tk 40,00,000 and also increase the minimum income liable to income tax to Tk 1,50,000 as indicated below:

Income tax on income up to Tk 1,50,000.00 nil; income tax on

income from Tk 1,50,001.00 to Tk 4,50,000.00 at 10%; on income from Tk 4,50,001.00 to Tk 7,50,000.00 at 15%; on income from 7,50,001.00 to Tk 10,50,000.00 at 20%; on income from Tk 10,50,001.00 to 13,50,000.00 at 25%; on income from Tk 13,50,001.00 to Tk 16,50,000.00 at 30%; on income from 16,50,001.00 to Tk 19,50,000.00 at 35%; on income from 19,50,001.00 to Tk 22,50,001.00 at 40%; on income from 22,50,001.00 to Tk 25,30,000.00 at 45%; on income from Tk 25,30,001.00 to Tk 28,50,000.00 at 50%; on income from 28,50,001.00 to 32,50,000.00 at 55%; on income from Tk 32,50,001.00 to Tk 36,00,000.00 at 60%; on income from Tk 36,00,001.00 to Tk 40,00,000.00 at 65%; on income above 40,00,000.00 at 70%.

It is specifically stated here that there should be no provision for minimum tax to be paid by taxpayers.

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