

Soviet Turmoil Triggers Nuclear Fears

by Daya Kishan Thussu

With more and more republics declaring independence from Moscow and moving towards acquiring full sovereign status, the question of the control of Soviet nuclear weapons is increasingly being debated. The issue of who has the finger on the nuclear trigger has become crucial for western strategic analysts.

As the world fully digests the fallout of recent events that led to virtual disintegration of the former Soviet Union, the issue of who controls the crumbling federation's estimated 25,000 nuclear warheads is of growing concern.

Another worry is the fate of nuclear arms control treaties signed with the West by Mikhail Gorbachev. Under the Strategic Arms Reduction Treaty (START), thousands of nuclear weapons were to be dismantled.

In the post-Communist USSR (now the Union of Sovereign States, USS) it might become necessary to modify START to cover territories no longer under Soviet control.

During the botched 72-hour coup the Soviet top secret nuclear-release codes were reportedly in the hands of the plotters. This prompted Major-General Alexander Rutskoi, Vice-President of the Russian Republic, to demand that, as the biggest republic, Russia should have a veto over the use of Soviet nuclear weapons.

At present, the Soviet President, who holds the nuclear launch codes as Chairman of the Soviet Defence Council, is the only person who can order nuclear weapons to be launched.

But Boris Yeltsin, the Russian President, has said that all nuclear weapons in the vast Soviet arsenal must be under Russian control from Moscow.

Of the 15 Soviet republics, at least four are believed to have a nuclear capacity. More than 80 per cent are in the dominant republic, Russia.

The Ukraine and the Central Asian republic of Kazakhstan each has about 1000 land-based nuclear ICBMs on its soil, while Byelorussia has nearly as many. In addition, the Ukraine has eight nuclear bomber bases, Byelorussia has five and Kazakhstan one.

The Soviet 10,000 short-range nuclear warheads — consisting mainly of artillery shells — are held at several army bases and airfields, mostly in Russia, though there is a substantial number in the other republics.

Analysts fear that these weapons, widely distributed

across the Soviet Union, could fall into the wrong hands and bring about a form of nuclear anarchy.

However, Yevgeny Shaposhnikov, the new Soviet Defence Minister, told the French newspaper Le Figaro recently that nuclear weapons will remain under central command.

During negotiations for the new Union treaty, the republics allowed the Soviet Union to have central control of nuclear weapons, which they want to keep on their soil. The Ukraine has already declared itself a nuclear-weapon free zone and Russia has re-

moved nuclear weapons from the Ukraine.

Some newly independent republics might be seeking their own regional nuclear proliferation within the Soviet Union. To counter this, the Soviet Congress of People's Deputies has proposed the creation of some kind of loose confederation, a new common security arrangement. Some have mentioned the creation of a Soviet Nato to co-ordinate nuclear issues.

However, the effectiveness of any federation would be compromised if some nuclear republics decide to pursue an independent defence policy.

They could follow the example of France, which, despite being a member of the US-led Western security alliance, pursues an independent nuclear policy.

Russia's call for control of nuclear weapons coincided with Yeltsin's remarks about redrawing republican borders and the need to protect Russian minorities in other republics.

The prospect of Russia emerging as the dominant member of a loose federation of independent republics has already led to unease among many republics. This is noticeable among the five Central Asian republics, who do not share Russia's orthodox Christian background.

To the chagrin of the new leadership in Moscow, the second biggest republic,

Kazakhstan, followed Russia in asserting control over the formerly Soviet nuclear weapons on its territory, especially around the atomic bomb test site at Semipalatinsk.

Although the Kazakhstan President, Nursultan Nazarbayev, has signed a treaty with the Russian republic to prevent the "uncontrolled disintegration" of the Soviet Union, there are signs of unease among many Kazakhs about what they perceive as growing Russian chauvinism.

Kazakhstan is the most industrialised of the five Central Asian republics. It shares with other Muslim republics a resentment towards Moscow's economic and political policies, exacerbated by Moscow's pro-US stand during the Gulf War.

There are several grounds for potential conflict between the republic and its neighbours. Kazakhstan has a sizeable Russian population (40 per cent of the total) dominating its north and west, and the Stalinist frontiers could be disputed.

The Kazakh president has reportedly to have reacted sharply to the Russian demand for revising borders by saying that "this means war."

Calling Kazakhstan a nuclear republic, Nazarbayev has banned nuclear testing for fear of radiation. He has demanded the closing of underground

nuclear bases in Central Asia and has called for health checks in the area to ascertain the level of radiation.

In response, the Soviet Defence Minister announced postponement of three nuclear tests scheduled to be held in Central Asia.

The control over the space-rocket range at Baikonur, on which the USSR has invested billions of rubles could be another potential source of conflict with Moscow.

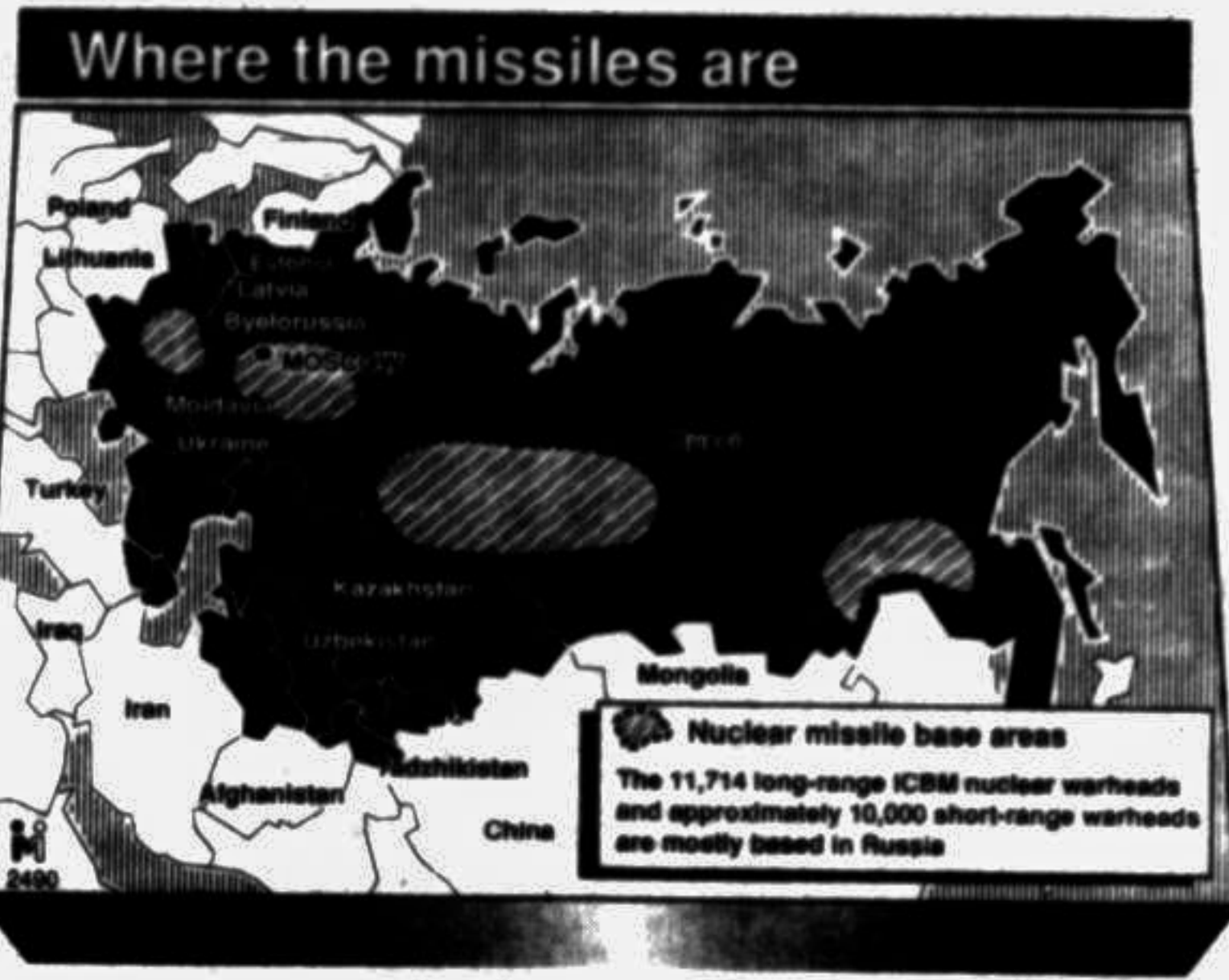
Kazakhstan also harbours territorial ambitions to control the traditionally Muslim parts of Sinkiang — a point which could provoke a clash with China. If this powerful republic, whose dominance of Central Asia is already recognised, also becomes nuclear, the West sees the danger of nuclear blackmail.

As the Soviet Union disintegrates, the southern republics could add to the complexity of Middle East politics. If one acquires a nuclear capability, Moscow and the West fear that it might sell the nuclear know-how to willing buyers in the Middle East.

Iran has been seeking expertise from China to develop its nuclear programme and, as experts from International Atomic Energy Agency (IAEA) discovered, Iraq had ambitions towards developing a nuclear capability to match that of Israel.

If this scenario unfolds, those rejecting at the demise of Soviet communism might look back to the period of centralised nuclear control as an era of world peace and stability.

DAYA KISHAN THUSSU is an Indian journalist and researcher who specialises in international relations.



Taxation No Answer for Economic Development

by Naz Shafinaz

Too even a short time visitor to Bangladesh it will immediately become evident that prices are very high here and most consumer items are more expensive here than most major cities of the world.

A bar of toilet soap, a tube of toothpaste or a liter of petrol cost about twice as much here as in Los Angeles or New York. A host of other items can be listed including cooking oil, a can of milk powder, a yard of cotton fabric, a gallon of house paint or a bag of cement — all these items are more expensive here than in most countries of the world. The main reason for this is very high rate and multiple taxes.

Sir Winston Churchill, an avowed imperialist, was vehemently against granting independence to India. He put forth one argument amongst many others that Indians if given independence will tax everything including air and water and pauperize an already poor people. Although, our successive governments have not been clever or resourceful enough to tax air, they have put enough charges on water to make it one of the expensive items on an ordinary home owner's budget. But sadly it should also be added that this precious commodity, when arrives, needs further work like boiling or filtration to make it fit for drinking.

The prices are high here not because they are high in the international commodities market (this can be easily verified by looking into any international business or financial journal), but because taxes are irrationally high. It is not uncommon to have taxes here at the rate of 100, 200 or even 300 per cent on the actual price of a commodity — and many of these items are not luxury goods but essential items for the daily necessities of the ordinary consumers. Thus sugar has been selling at 8 to 10 Taka equivalent per kilo at the international market for the last few months, but the same item has sold for Taka 27 to 36 in the Bangladesh market in the same period of time. Also, there is no unified and one set of taxes — a whole array of taxes are set on the same item like custom duty, sales tax, development tax etc., etc. And

most times, there is double taxation — tax on top of taxes — an unjust situation pushing essential commodities beyond the reach of average consumers.

It is not suggested that there should not be any taxes. Adam Smith has said that there are only two certainties of life — death and taxes. Taxes are essential and unavoidable. Taxes are essential to operate government whose responsibility is to provide security and various social services including education, health services, communication etc. The need for taxes is not disputed, what is objected to is irrational level of taxes and how the realized taxes are being expended: for what purpose, how and to meet what objectives.

Setting tax at a steep rate does not mean it is being realized — this in fact has spawned a new type of "business" practice — smuggling — and these who are involved in it are reportedly the richest people in the country. Allegedly, some officials are said to be in collusion with them. These are the new Mandarins of the business community in Bangladesh, who live in the fanciest residential areas and buy and sell official and political favours like bags of peanuts.

The high rate of taxes has not only spawned anti-social activity like smuggling but also has sprung an entirely new type of underground business and white collar crime. Thus, there is a homegrown industry whose main task is to assist and teach business people how to evade tax or pay only a token amount. For this, entirely fabricated and false books are manufactured by a group of unscrupulous tax lawyers and are in turn assisted by dishonest officials of various tax departments. The imposition of VAT, designed at least theoretically, to stop leakage and evasion of tax will further complicate matters as very few businesses keep accurate records and people who are entrusted to be collectors and arbitrators of taxes are not knowledgeable or have enough sincerity or honesty to do so. So, the entire tax structure and rate system is flawed and based on misconception and wrong premises.

There is another set of taxes, a relatively new one,

which has a direct and harmful effect on the economy. This is the tax on interest and dividend. Savings is the main source of investment capital in all economies — this tax on savings and dividends is a strong deterrent and negative incentive for saving. This is a very unhealthy situation and effect of tax policies like this will not be immediately known — but in the long run it cannot have a beneficial result for the economy. From the saver's point of view — it may not be worthwhile to save at all considering the rate to inflation at 13/14% per year and the yield on savings at 10/12% per year. Also, for an astute and observant saver, who has some flexibility in where he puts his money — he may figure that Bangladesh currency has depreciated by about 60 to 70% against British Pound or US Dollar in the last 7/8 years, and may seek alternate source and place to put his money — to retain the value of his money and also to earn a reasonable rate of return. So, the tax on savings is counterproductive and further depletes investment capital and discourages capital formation.

The pressure and need to extract more taxes is mainly to support a very large government establishment, its various ministries and organizations. Also, to subsidize numerous sector corporations though supposedly profit generating businesses survive only through large and continuous injection of government funds. Also, another excuse given for the extraordinary and extraordinary rate of taxes is the much vaunted need for "development".

Employment
The role of the government is to provide security of its people — external and internal — and also to guarantee civil rights and various social services. It has become the stated goal of many government, specially in developing nations, to help create employment — in most cases a desirable and commendable role for the government. It is not known whether to fulfill this goal or it just happened that way — the government has become the biggest employer in the coun-

try. This is not only through direct employment through various arms of the government and its ministries but also through numerous sector corporations whose owner and manager is the government. Thus, the government has become more by accident than by design owner of over 80% industrial and productive capacity in the country.

The term employment can be defined as some one who provides a service or produces a product or parts thereof for a wage or salary. By this definition, the government has a very large payroll but not many employees who are providing any tangible or worthwhile service or producing any product of quality which has any demand in the domestic or international market.

A visit to the Secretariat, various Ministries or offices of Sector Corporations will amply demonstrate this. One needs an extravagant imagination to connect their activities to actual, worthwhile and productive work. The situation is the same in the nationalized mills and factories and also in the banks and insurance companies.

Thus, the government is paying month after month and year after year, an immense amount of money and tax revenue to non-productive and non performing workers wages, salary and benefits creating an inexorable, ruinous inflationary spiral. This situation also has created a tremendous pressure to realize more taxes and look for new areas and avenues to slap taxes where it did not exist before.

The massive subsidy to sick and unprofitable industries has also resulted in ruinous economic situation. No industry or firm can survive, or should be allowed to, by subsidy alone and this, needless to say, creates an unbearable burden on the tax payers.

This is only a partial and incomplete picture of the problems which confront the entire economic health of the country. If one takes a dispassionate and objective look and attempt to assess and evaluate the cost of various arms of the government, its numerous

ministries and what benefit they contribute to the economy or the people — it will be found that many of them have only a cost and are a burden and do not contribute anything to the economy or the welfare of the people.

Thus, the Youth and Sports Ministry, Ministry of Religious Affairs or the Women's Affairs Ministry — do not provide any tangible service. Another example is the Ministry of Industries — which exerts considerable power and influence but also laden with well entrenched bureaucracy. Not having a Department of Industry, has stopped the US from becoming the most industrialized country in the world. The elimination of some inefficient and non essential ministries will release funds for more productive utilization. In summation it can be said that the government and its establishment cost is enormous which the people can ill afford and it can be easily reduced by 50% or more without sacrificing efficiency and, as a matter of fact, a lean and manageable establishment will be more efficient and effective.

Productivity and efficiency are not only the key to the success of individual business units, but, also entire industries and economies. This is more so in an increasingly competitive world where not just individual firms, but even nations vie for the same markets or even a small segment of the same market. Also, in the past decades many traditional commodities have disappeared from the international markets or their demand has vastly diminished. In their place new products and services have appeared which did not exist even five or 10 years ago — fax, laser printers, CD's or computer software are good examples of this. To operate, survive and flourish in this environment — productivity, efficiency and innovation are essential pre-conditions. But discussing this may be mute and useless in the Bangladesh context. Years of feather bedding of workers and moly coddling of industrial labour and their unions have virtually ruined chances of attaining any degree of productivity which can be compared

to any other industrial nation.

Development
Our honourable Finance Minister, only very recently made a statement that there can be no development without taxes. I believe, he meant further enhancement of taxes and also to expand the tax base. Always, this excuse of development is given whenever the government is under pressure whether from the World Bank, the IMF or the need to subsidize failing industries or to meet the unreasonable demands of the labour unions or government workers.

Development is not an isolated event in the life of the economy — it is an all inclusive and overall effort where all sectors should participate and benefit. And most definitely and emphatically, it should not be at the cost of many for the benefit of the few.

Development does not mean building only a few good roads or bridges, expanding telephone service in a few urban areas where it functions only sporadically. Development should also mean better education facilities, health services and increasing the skills of the rural poor to reduce unemployment. The reality is, after two decades of much publicized and costly development effort, where foreign experts were employed at salaries up to US \$100,000 per year, that too tax free and with privilege of buying their necessities and luxuries at duty free shops.

This much vaunted development effort has created a foreign debt of 11 billion Dollars but the result so far has been that the net literacy rate has gone down and health services are almost non-existent. The goal of development would be much better served by reducing wastage, mismanagement and mis-allocation of scarce resources rather than imposing more taxes and further denuding a people who are already poor and starving. And borrowing huge amount of money is not the answer either and should not be the means or goal of the economy or the government.

The writer, an MBA from a US university worked for a number of years as financial analyst and planner in chemical and construction industries in LA, USA.

Business Editor

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

Pride for Bangladesh

Sir, Bangladesh must have all the reasons in the world to be "proud" of the "General Manager of the Year" of her best-rated hotel (Sonargon) conferred by its parent management Pan Pacific Hotels and Resorts.

This award for the chief executive of an establishment in

its global enterprise is a timely impetus to Sonargon. The hospitality trade in Bangladesh may possibly get a boost mostly by her starred hotels, should the troubled socio-economic-political situation coupled with feeble tour attractions begin to turn around.

The dark period in travel and tourism sector may not be that bleak as long as any pro-

gramme is available to the prospective travellers, no matter when and where. Besides, the room for improvement is always open to innovative ideas and resources made available regardless of the standard of the unit concerned, for the expectations of the customers are limitless.

Oftentimes, comparing with a similar one elsewhere may at times necessitate upgrading the quality of facilities and services of a domestic entity in order to catch up with the continuously advancing guest services throughout the world. Bangladesh hotels, as such, should be better off with authentic national flavour in its commodities alongside multi-

national varieties, as the grandiose ambience only can not do without an elegant management whatever the grade it is ornamented with.

M. Rahman
Zila School Road
Mymensingh 2200

Jewish settlement in occupied territory

Sir, Israel's plan to double the Jewish population in the occupied territories of West Bank and Gaza Strip is another setback to the destiny of the Palestinians. It looks like that Israel is playing the part of a terrorist nation and the Palestinians are the hostages.

How on earth the tiny Jewish state can have the front to act like that? There must be, one suspects, some covert compromise between Washington and Tel-Aviv. The US is showing the world that it is doing its utmost to solve the Middle East problem. But one tends to think if the US were sincere it could solve the problem overnight. The US armed forces stormed Panama and overthrew the government of Noriega in the twinkling of an eye. More recently it mustered almost all the countries of the world of force Saddam Hussein out of Kuwait and gained dramatic success. Why? Because it wanted to. There have been more and more pressures on holding a UN

conference on the Middle East issue, only to find the US with its invariable veto, while the Zionist regime is committing every sort of atrocity against the innocent Palestinians. The US condemned these cruel acts from time to time but only in a feeble way. Israel paid no heed to that.

Now, if Israel goes on with its plan to increase the Jewish population in the occupied territories the Palestinians will ultimately be compelled to lead a vagrants' life. Won't that jeopardise the situation by inviting diverse problems for the whole world?

A M M Tarik
Middle Hall Shahar,
Chittagong.

There is little doubt that the United Nations will be playing a major role in Cambodia, not only in organising the election but also in rebuilding the war-ravaged country. Without this assistance from the world body and, indeed, from the entire international community, Cambodia cannot stand on its own feet again. The UN's call for aid and assistance to Phnom Penh should evolve immediately — and indeed generous — response from all developed countries as well from within the region, especially from Japan and ASEAN countries.