

Let it be Open and Clean

As is true for any other area of our society, journalism and newspapers are also guided more by taboos and the easiness of sliding along age-old ruts than breaking out of these constrictions. Foremost among the taboos are justice and police. And the habitual exercise in meaningless filling up of newspaper space relates most to printing infantile platitudes of politicians 365 days a year. Come to think that, just for a change, newspapers decide on investigating corruption and malpractice in the judicial administration — not the dispensation of justice, to be sure — or the mazy underworld that is called police, what will their pages read like. Imagine also the papers putting a ban on publishing the politicians' high-minded exhortations and fire-eating fulminations most of both being mostly platitudes of a wide variety — and you will see the papers leaping into life leaving behind their spell of somnolent existence.

An unbeatable piece of news on a vernacular national daily the other day forcefully points to what a glorious mine could be the police. Rustom Ali, a constable, was arrested by a contingent of other policemen come from town on that very mission, while he was handing over a bundle to known miscreants of Galbandha. The bundle contained a rifle and rounds of live cartridges. Rustam was letting out on hire the gun. He has been doing this for some time, that's how the town police got an inkling of that.

Can it be that Rustam's is a case of freak? Perhaps not. It is possible that the more brainy among the policemen will show a predisposition towards an innovative approach to the all-pervasive atmosphere of corruption they work in. And Rustam's hiring out firearms is not a brilliant piece of criminal inventiveness either. He was making good use of the policeman's first facility — intimate contact with his supposed quarry, the criminals. It cannot be that many do not fall for the same easy allurements.

As things are we can talk only of our suspicions and apprehensions. What we need is exact and broad knowledge of the individual policeman's selling out to lucre and even organised criminal practices resorted to by groups of them. Dacoities perpetrated on trucks by policemen may be less rampant than the inescapable extortion of truck drivers or even drivers of passenger scooters by police — but they are not few and far between.

Rustam did not hire out his service rifle. That shouldn't mean the dacoits do not use service rifles. They get them by snatching. This fact is not particularly flattering.

The police are plagued with problems. There is little use calling them no good and doing nothing about their malaise. They are also victims of a kind. A special kind of victims that are continually being pressured into corruption from above by their controlling authority, namely, the state power and from beneath by the criminal and the vulnerable. One of the ways of helping them out of this could be a broader and deeper newspaper attention to their situation. Police must be a very open thing to be a healthy and clean thing.

Thatcher and the Lords

Margaret Thatcher, prime minister of Britain for nearly 12 long, unbroken years until she resigned last year, recently denied that she was seeking a hereditary peerage in next year's honours list. She made the denial in a letter to the Times, the newspaper which earlier published a story claiming that the Iron Lady was interested in the title Countess Finchley. Thatcher, a well-known proponent of hard work, merit and driving on straight roads without U-turns, did not deny that she might not be averse to being made a life peer — meaning she would be a Baroness or something equally lowly and automatically have a seat in the House of Lords, but that her children would not inherit anything (except her Dulwich home, of course).

The report and the rejoinder show that Britain's peerage business is alive and well, and that the House of Lords isn't about to die. Although many inside and outside the UK consider Britain's unique second chamber to be rather anachronistic, given that the vast majority of its members are there by virtue of birth, the Lords still manage to provide an equally unique service to the legislative process. The House today only has a delaying power over legislation passed by the elected House of Commons, but that means it can persuade the elected politicians to reconsider a bill or segments of a particular legislation.

To some, even that power is too much since the House is not elected and therefore not representative of anybody. But the mere fact that an active and hands-on politician like Margaret Thatcher is interested in a seat in the Lords, means one cannot call the House a waste of space or an old people's retirement home.

Recently, the government took a significant decision and reserved seats for the leaders of the country's Jewish community. Since the Lords are going to be around some time yet, we can hope to see some more such decisions to bring it in line with the needs of the times. For instance, along with the Bishops and Rabbis, how about reserving seats for representatives from Britain's substantial Muslim, Hindu and Sikh communities? True, the latter three do not represent distinct ethnic minorities or nations in the same way Judaism does, but it would still make the Lords more representative of existing social make-up of the UK.

THE unravelling of the Soviet Union should not have taken Western policymakers by surprise. That it did is both testimony to their woefully inadequate understanding of perestroika's impact on the Soviet system and a lesson with far-reaching implications for the future of the west.

At least since 1988, the signs of dissolution were visible to all who cared to look. The emergence of powerful popular fronts, the declaration of sovereignty by all the republics, the absence of six republics from the now moribund 9-plus-1 accord, and the Ukraine's refusal to accept unconditionally Mikhail Gorbachev's version of a union treaty were persuasive evidence of the seriousness of republican aspirations.

Why were all the republics abandoning Moscow? Quite simply, because perestroika produced chaos in the polity, economy, and society. Republics sought to break ties with the centre, not because of irrational nationalist passions or a juvenile desire for limitless freedom, but because of a supremely rational, almost cold-blooded, calculation. In the terrifyingly dangerous Hobbesian state of nature created by Gorbachev, survival became paramount — and survival meant relying first and foremost on oneself, and not on an impotent leviathan state.

The impotence of the leviathan became manifestly clear, even to Western policymakers, on Aug 21, when the Yanayev coup collapsed. The days that followed witnessed the emergence of a neo-Bolshevik Russian president, Boris Yeltsin, and of a Russia proud of its national heritage

Soviet Disintegration and the West

The West must accept the reality of the Soviet Union's disintegration and take the initiative in forming the destiny of the dissolving Soviet empire. This initiative must come from Western Europe, particularly Germany, writes Alexander J Motyl, associate professor of political science at Columbia University in New York.

and imperial past. No less important, the coup and its aftermath represented what Armenian President Ter Petrosyan termed the "suicide" of the centre.

The collapse of all central Soviet institutions and the re-ignition of Gorbachev to what Soviet propaganda used to call the dustbin of history meant that the republics were effectively on their own. As soon as the centre imploded, whatever remained of its "social contract" with the periphery was annulled and the republics effectively became independent. In recognition of the new reality, most have proceeded to declare independence as well.

Can Gorbachev make a comeback? Is a union that represents more than a very loose economic partnership still possible? The answer to both questions is "no". With the party's dissolution, the death of communism as an ideology, and the self-assertion of Russia and the other republics, Gorbachev represents no one but himself. He can bluster as much as he likes, he can threaten to resign, he can hold innumerable telephone conversations with George Bush and John Major — nothing will change the fact that he has become the Alexander Kerensky of 1991, with about as much of a political future as the former

Russian prime minister had in 1971.

Neither can the union be revived. Declarations of independence are, as both the United States and Britain should appreciate, serious matters initiated by serious people. They are never mere bargaining ploys that are casually abandoned once a sweeter deal is offered. To make matters worse, there is no one to offer such a deal. Gorbachev has no sticks and no carrots. Yeltsin represents Russia and, thus, an "older brother" whose hegemony no non-Russian will accept. The West will never induce the republics to give up their independence to discredited central institutions — for the sake of possible aid to these very same institutions.

The reality is that the Soviet Union is quite dead, and that reviving a cadaver makes no sense. If the West is truly interested in stability and, dare I suggest, even some justice in the former Soviet imperium, it would do well to understand that dissolving the Soviet Union as quickly as possible is the necessary starting point of radical economic reform and genuine democratisation. The longer it takes to begin anew, the more time, energy, and resources will be

wasted on power struggles among Gorbachev, Yeltsin, and the republics, and the less likely will come reform — any reform. For, contrary to the opinion of Gorbachev, who has been proven so terribly wrong on virtually everything, dissolution would not mean "catastrophe". Rather, denying that, by attempting to force republics to abandon their independence and hoping to redraw republican boundaries on the order of Milosevic's bloody attempt to create a greater Serbia, are a recipe for disaster.

What, then, should the West do? Unfortunately, Washington cannot be expected to see past Gorbachev. Decades of Moscow-centred policy have created a blind spot to suicidal imperialism. It will be up to Western Europe, and especially Germany, to take the initiative. After all, it is Western Europe that will bear the brunt of the instability and economic dislocation that will follow if the former Soviet Union descends into conflict. It is Western Europe, therefore, that has an immediate and vital interest in the USSR's managed conversion into a stable system of states.

Moreover, it is Western Europe that has the vision and experience required for dealing with these realities. The

European Community's recent insistence on two principles regarding the independence of the republics — that borders not be changed unilaterally and forcibly and that minority rights be respected — is encouraging, since most republics, especially the important Ukraine, subscribe to the same principles. The EC's disastrous policy vis-a-vis Yugoslavia, which encouraged the military to launch a war against Slovenia and Croatia, is also a useful reminder of what not to do in the Soviet case.

Moreover, Germany's historical appreciation of the non-Russian peoples may also, finally, be put to good use.

A new "ostpolitik" is the order of the day. Just as Willy Brandt's initiative stabilised Europe by accepting realities, so too, a new ostpolitik can help refashion Europe by proceeding from three propositions: 1) that the Soviet imperial empire, like the Soviet external empire in Poland, Hungary, and Czechoslovakia, cannot be held together, 2) that the republics in general, and as their recent agreement shows, the Ukraine and Russia in particular, are perfectly capable of developing rational solutions to their problems, 3) that the economic condition of the republics is no less serious

and no less destabilising than that of Poland, Hungary, and Czechoslovakia.

In a word, the future of the West depends on abandoning a dead empire and its useless institutions and leaders and on assisting the post-Soviet states rebuild their political, economic, and cultural institutions within a framework dominated by European values — democracy, human rights, and a market economy.

Specifically, the West should consider the following steps: — Immediately recognise all republics declaring independence, especially the Ukraine and Russia, and do business only with them.

— Incorporate the post-Soviet states into European and international institutions.

— Offer to mediate between Russia and the republics, including the Baltics, with respect to such contentious issues as property, borders and the military.

— Link economic and technical assistance to the republics to their abiding by internationally accepted human rights norms.

Revolutionary times demand revolutionary thinking. While Washington is still wondering whether Gorbachev has been weakened, Western Europe should seize the initiative and boldly forge a new Europe. Now, more than ever, is the time for the West to manage the USSR's collapse. Doing nothing by courting the middle-class Gorbachev and ignoring the real reasons for republican drives to independence can only serve to help the hapless Soviet president bring about the catastrophe nobody wants.

Success Isle Sweeps its PM Back to Power

by George Bennett

The economic development of the island of Mauritius in the Indian Ocean in recent years is one of the success stories of the developing world. Last year it notched up 6.8 per cent growth. An economy based almost entirely on sugar has been diversified with the creation of free trade zone and tourism.



SIR ANEROOD JUGNAUTH Sweeping election victory

ECONOMIC success has consolidated the power of Sir Anerood Jugnauth, the Prime Minister of Mauritius who swept away the old guard of politicians nine years ago. In a general election, he has just won 57 of the 62 seats in the Legislative Assembly.

Mauritius has diversified its sugar economy in a remarkable way. Standards of living in the small Indian Ocean island, which has a population of just over one million, are high compared with most other Third World countries. And unemployment is down to 2.5 per cent.

In 1990, the economy grew by 6.8 per cent. Gross National Product was the equivalent of \$2,000 per capita. The country's free zone has been a great success, bringing in a revenue of \$263 million in 1990 — up nine per cent. Tourism is booming, with 85 per cent hotel occupancy, and investment and savings are at a high level.

Elections in Mauritius are full-blooded affairs, but thoroughly and fairly carried out. At huge rallies, politicians attack their opponents in colourful language, and lurid stories appear in the party newspapers.

This time there was a shift towards radio and television coverage as Mauritians settled to a political pattern a little more in the European style. The two party groups fighting the election had the same basic economic policies and so

The legal system is still based on the Napoleonic code, while the education system stems from that of Britain, which won the island from France in 1810.

Since independence, politics in Mauritius have been dominated by two men — Sir Seewoosagur Ramgoolam, leader of the Labour Party, and Jugnauth.

After 14 years, Ramgoolam was defeated at the polls by a group of younger politicians led by Jugnauth and became for two years the country's first President after it ceased to be a monarchy. He died in 1985 at the age of 85.

Jugnauth first led a coalition dominated by the radical Movement Militant Mauricien (MMM). When this collapsed he adroitly kept himself in power by forming his own party. An alliance of his Movement Socialist Militant (MSM) with the MMM has now produced a sweeping victory.

Only three seats went to the Labour Party, now led by the inexperienced son of Sir Seewoosagur, Dr Navin Ramgoolam. The government's economic record and the coalition's better organisation were too much for the union of

the Labour Party and Sir Gaetan Duval's Parti Mauricien Social Democrite (PMSD), which are both trying to reclaim something of their former glory.

Two MPs elected by the small island of Rodrigues are expected to vote with the government. Under the constitu-

tion, four "best losers" have to be elected by the Electoral Commission. Even so, Jugnauth has a massive majority.

Mauritius is one of the most racially mixed small countries in the world. It was once an uninhabited island, so all its citizens are descended from

immigrants. Sixty per cent are Hindu, with Creoles, Muslims, Chinese and Franco-Mauritians making up most of the rest.

The dominance of the Hindu population, whose ancestors were brought to Mauritius to work as indentured labourers in the sugar cane plantations after the end of the slave trade, means that prime ministerial candidates are always Hindu, and that caste is important in the balance of political power.

— GEMINI NEWS
GEORGE BENNETT was formerly head of the African Service of the BBC World Service.

OPINION Double/Multiple Taxation through VAT

Among the many virtues that have been attributed to the Value Added Tax (VAT), "avoidance of double taxation" is said to be one of the most important advantages. But in actual practice, it is seen that double, even multiple, taxation does occur under VAT, not in isolated cases, but in hundreds of thousands of instances all over the country. This is especially evident in the case of Secondary Raw Materials, which are finished products of one industry, but the raw materials for another, whether imported or manufactured in the country, some instances of which are given below.

One such secondary raw material is Nail Wire, used for making wire nails. A few units in Tejgaon, Dhaka and probably one or two in Chittagong, make this commodity. And there are numerous wire-nail making units all over the country. But the hitch is that the nail wire making industries do not sell in small quantities — only by the truck-load or multiples of five tons. That is all right for the very large industries manufacturing wire nails, but the small units — hundreds of them — cannot afford to buy more than one or two, or even half a ton, at a time. They have to depend on the wholesalers at Mouli Bazar in Dhaka, whose stocks do not come under the purview of VAT, as a result of which the unit cost of wire nails made by the smaller units is enhanced because of the double incidence of VAT, because they do not get the credit for the VAT paid by the nail wire manufacturer.

Similar is the case of Paraffin Wax which is used in candle-making as well as in packaging. While there may be one or two large candle factories, there are also hundreds of small units in almost all parts of Bangladesh. Similarly, packaging industries, especially those which manufacture cartons for the 100% export-oriented Shrimp Freezing Plants, need paraffin to wax the carton surfaces to protect them from soaking. But paraffin wax is not manufactured in the country, and it cannot be imported in five or 10 ton lots, let alone one or two tons. As a result, it has become a commercial commodity, imported by big parties in Chittagong in 100-ton lots, and distributed and re-distributed till it reaches the wholesalers of Mouli Bazar, from whom the actual users obtain their requirements. In this case also,

the final users do not get any credit for the VAT already paid by the importer, though their products using the VAT-imposed paraffin are again assessed for VAT. Another imported product used in the manufacture of Corrugated Multi-ply Master Cartons is imported glue. As a result of this, the cost of packaging materials for shrimps is enhanced, which is reflected in the export price, which in turn makes Bangladeshi shrimps less competitive in the international market.

From the above it is evident that, while the large industries which either import or buy directly from the manufacturer their requirements of secondary or tertiary raw materials get exemption for VAT paid at the initial stage, and smaller units which number hundreds or even thousands are deprived of this advantage. As a result, the unit cost of the products of smaller units tend to become higher than that of larger industries. Thus the rich become richer while the smaller units are forced to close down.

Another advantage claimed for VAT is that its imposition will not enhance the cost of manufactured articles, because, it is claimed, that VAT only replaces Sales Tax and Excise Duty. But some simple statistics prove that this claim too is a mere fallacy.

Suppose an imported commodity has to undergo three different manufacturing processes in three different factories. At the import stage, the commodity is charged VAT @ 15%, that is to say Tk. 15.00 for the commodity worth Taka 100.00. The first processor uses it to produce a commodity, the unit cost of which comes to Taka 200.00, for which VAT is charged at Taka 30.00. The second stage manufacturer enhances its value to Taka 400.00 for which the amount of VAT charged is Taka 60.00. Then the final processor makes the finished product valued at Taka 800.00 for which VAT comes to Tk. 120.00.

Although at each stage the processor gets exemption for the amount paid as VAT by his immediate predecessor, the consumer is charged an incredible Taka 120.00 as VAT for an article produced from raw material costing only Taka 100.00. The rate of taxation thus stands at 120%.

It is true that Excise used to be charged on industrial products before the introduc-

tion of VAT. But the reality is that out of some three thousand articles manufactured in the country, only about a hundred or so had to pay Excise Duty, and that too, never at as high a rate as 120%. But now VAT is payable on all the 3000 products.

None of the instances mentioned above are imaginary or hypothetical; there are hundreds of instances of such things happening. As such, a thorough survey of the effects of VAT thus becomes imperative, and means to eradicate double or multiple taxation and other harmful effects of VAT have to be evolved.

Eradication of double or multiple taxation is easy enough. If a chain of VAT payers is established, such as (a) importer-bulk trader-wholesaler-user industry, or (b) primary processor-secondary processor-tertiary processor-final processor, etc without any break in the links, incidence of double or multiple taxation can be avoided. If all industrial users of such products are provided with proof that VAT has been paid for the product in question — such as compulsory issuance of VAT Certificates or copies of VAT-paid Bills of Entry by all the links in the chain, this can be achieved.

But not being an economist or taxation expert, I am not in a position to understand or recommend ways of avoiding tax escalation as illustrated in the case of multiple processing above. That is a matter for the experts to sort out.

Unless, therefore, intelligent steps are taken urgently to eradicate the evil effects of the hasty imposition of VAT, thousands of small industrial units are likely to close down, resulting in an unprecedented scale of unemployment. Also a large number of potential entrepreneurs, encouraged by the recently achieved political stability, will be discouraged of investing, thus dashing all hopes for the rapid industrialisation of the country.

It is therefore requested that the procedural inadequacies in the VAT administration be reviewed thoroughly, and necessary reforms undertaken as urgently as possible, so that VAT instead of being considered a curse, may become, in the minds of all concerned, the really progressive taxation policy that it is.

Anwar Firoze, Ideal Chemical & Printing Works Ltd, Khulna-9100.

Public trial for hooligans

Sir, May I compliment you on the excellent articles you publish. And most warm thanks for the Opinion (Oct 3) 'Hartal and Democratic Rights'. The writer has done an excellent job in trying to insert a little democracy into the minds of our people who subscribe to the original meaning of 'democracy' — meaning in Socrates' time to delineate the word "demos" — in Greek, the mob.

Discussing the article with two foreigners, we agreed that in Bangladesh for years there has never been any accountability for actions. Any 'political' gang of hooligans who perpetrate anti-social activities and destroy private property must be accountable. With the chaos that now exists in this country, why are not the 'parties' concerned at once sued by the Justice Department to make good the financial loss. Our present condition here is equivalent to ravaging animals in a jungle. The trial of such hooligans should be publicly followed so that citizens may note the improvement. The damage caused to the components of economy which consists foreign aid, also concerns the foreigners who, think for our society.

Let us have trials of all the hooligans and open trials, so that we may find out who is supplying money and weapons and heroin and cocaine to them, and who is providing impunity, as alleged.

Md. Abul Kashem Johnson Road, Dhaka.

Neglected North Bengal

Sir, It is one of the problem of neglected regions of Bangladesh. One such region is the western part of Bangladesh comprising Rajshahi and Khulna Divisions. The region covers about 52% available land of Bangladesh but less than 48% of population. The river Jamuna divides the country into two zones — eastern and western. In the major part of the country i.e. western zone compared to eastern zone, there is the absolute negative cost of production particularly due to the absence of gas, insufficient electricity, difficulty on procuring and marketing the products particularly in the absence of multipurpose Jamuna Bridge and the poor condition of Mongla Port, the single natural port in the country. In the perspective of the SAAIC, the port can well also be used as a transit for Assam, Meghalaya, Arunachal provinces of India as well as Nepal and Bhutan.

Before partition the region was hinterland for Calcutta. Now it is so for Dhaka, Chittagong. Industrialization is significantly poor there and a glaring disparity exists.

The ancient and famous part of the western region i.e. the greater districts of Rajshahi, Bogra, Rangpur and Dinajpur now popularly called as North Bengal was named in distant past as 'Barind' historically civilised. The great religious and spiritual leader Gautam Buddha, famous international Chinese traveller Hiener Tsang visited the pre-

Public trial for hooligans

sent Bogra district, the then capital of the region. In recent year, UN Secretary-General Mr. Javier Perez de Cuellar visited the region of Paharpur in Naogaon district to see first hand the ancient historical relics there. We believe necessary foreign aid will surely be available for development of the region.

In respect of the production of sugar, tobacco, mango the whole country is fully dependant on North Bengal. In respect of the production of paddy, pulse, onion, ginger and supply of skins and hides, about 70% of the country's requirement is met by North Bengal. There is no fertilizer factory. Setting up of a fertilizer factory will help reduce the cost of agricultural products. Progressive deforestation aggravates the agricultural problem. Signs of desertification are apparent. Droughts and floods have been common phenomena. North Bengal is blessed with enormous mineral resources like coal, China clay, hard stone, cement etc. But its exploration and extraction and completely dependent on foreign technology and funds.

Discriminatory approach towards development in the past was responsible for imbalance in development among various parts of the country.

Development is synonymous with democracy and vice versa. Would the govt agencies now full-fledgedly come forward to help develop the neglected region? Md. Anwarul Afzal Rantinagar, Naogaon.