

## Black money and white money

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HUSAIN IMAM

**F**INANCE Minister Abul Mal Abdul Muhit, in his budget proposal for the fiscal year 2009-2010 placed in the parliament on June 11, has proposed allowing whitening of black money in exchange for payment of 10% tax on that money with a mandatory provision to invest the money in any of the 62 prescribed sectors in three categories: industries, share markets and purchase of apartments. The golden opportunity is open for the next three fiscal years.

This means that if you are an honest and regular taxpayer and you intend to remain so, you pay tax in time and at the rate of 10% to 25% depending on your income. If you are a dishonest person and want to amass illegal wealth without paying tax in time, you pay only 10% tax and enjoy your life.

You amass as much wealth as you can, legally or illegally, and enjoy a long honeymoon of three years by paying only 10% tax. What can be a better package for our most valued (!) black money holders in these hard days of global recession? You are worried about where to best invest the money? If you don't find any suitable place, buy some luxurious flats and live

happily thereafter.

To me, this is not only an unfair practice, but is also, as mentioned by Dr. Akbar Ali Khan in his instant reaction to the budget proposal, sheer cheating of the honest taxpayers. If the opportunity is provided time and again then there will be no more honest taxpayers.

The proposal reminds us of the era of Habuchandra Raja and Gabuchandra Montri. We thought we had already passed that era with the installation of a democratically elected government of the *mahajote* led by Awami League and embarked upon a new era of sensibility. Alas! Now we see that we haven't.

The argument of the finance minister in favour of allowing whitening of black money is that it will boost investment and so will ensure employment for a large number of people. The NBR expects Tk 15,000 crore to Tk 20,000 crore black money to join the mainstream economy and thereby create substantial employment opportunities.

They also think that the scope to invest black money in the stock market will increase investment and give a real boost to the share market. The opportunity to invest black money in buying flats and

apartments after paying a nominal tax will help overcome housing problems. People will be able to purchase flats with their savings without having to answer a lot of questions from the tax department. The question is, who are these people and whether the (black) money earned by them illegally can at all be seen as a saving.

The economists do not see eye to eye with the finance minister's proposal. They do not see how the opportunity to whiten black money, time and again, will help improve the tax regime. On the contrary, they think it may lead to breakdown of tax administration. They do not see how the opportunity to whiten black money in the share market will give a boost to the share market. It will only increase the value of old shares artificially and change hands. No new share will come to the market. According to them, it will neither increase investment nor give any real boost to the share market.

The expectation of the NBR to see more than Tk 15,000 crore black money whitened in the next three years is far from reality. According to a *Daily Star* report, since FY 76-77 all successive governments provided opportunities to whiten black money but the response was dull in the early years.

Under the last Awami League regime in FY 2000-01 only Tk 1,000 crore was whitened. During the BNP-Jamaat four party alliance rule, around Tk 2,000 crore was legalised in three years.

The only time a record breaking amount of money (nearly Tk 10,000 crore) was whitened was during the 2-year tenure of the caretaker government of Dr. Fakhruddin Ahmed, which had launched

an unprecedented anti-corruption drive and made the tiger and the buffalo drink water from the same ghat.

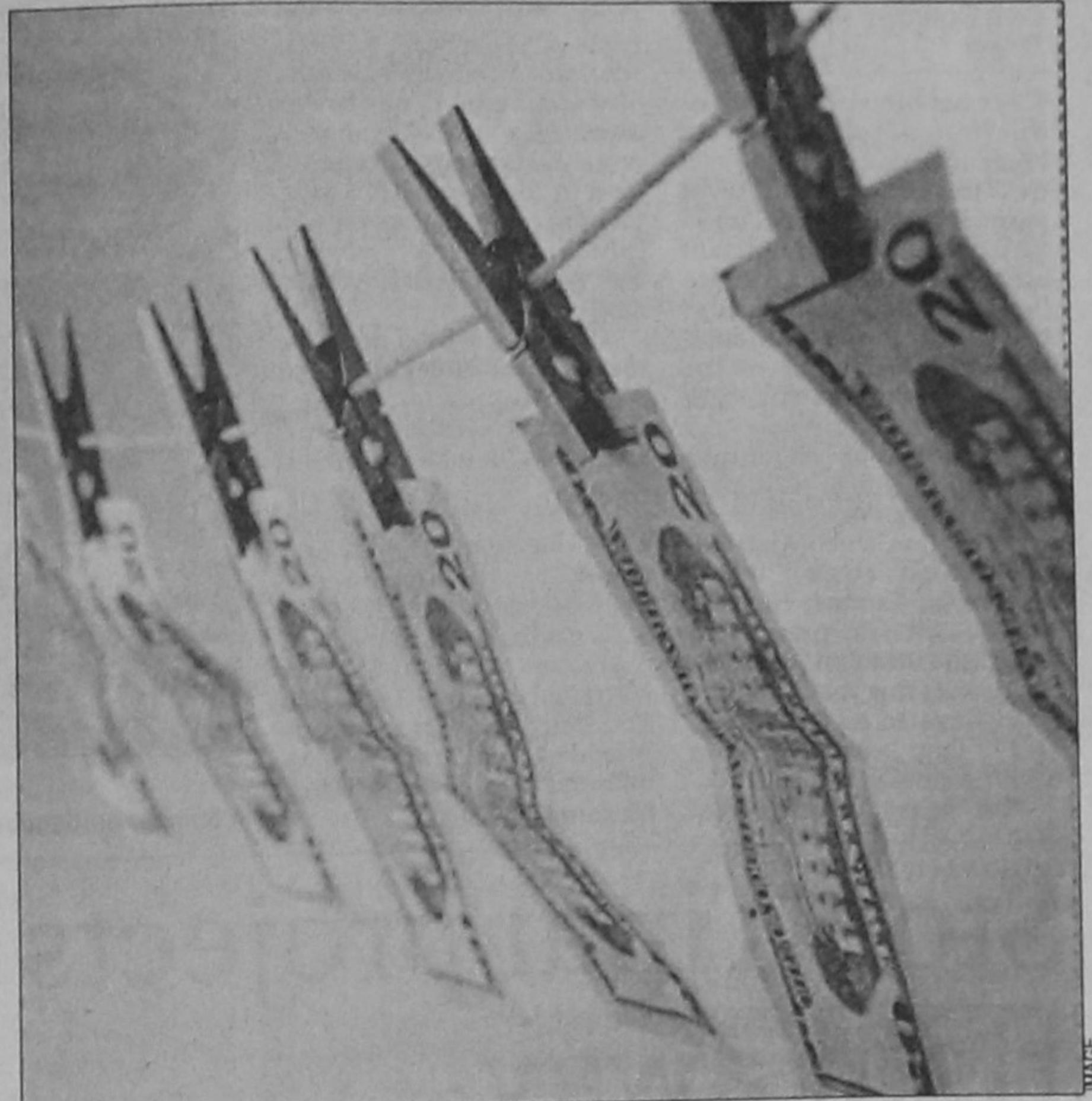
My personal view is that if there were still some people left who did not whiten their money during the emergency rules, there is no reason why they should do it now. Their money is either out of the country or already in circulation in the market in one form or other. There have been enough opportunities to whiten black money. Now is probably the time to close the door once for all and establish rule of law.

True, the system has been such that money in this country had become black automatically. You charge 22% as land registration fee and expect the buyer or seller to declare the true price of land -- no it cannot happen. You pay a first class gazetted officer only Tk 10,000 per month as salary, with which he cannot even rent a modest house, and then expect him to earn an honest living -- no this is not fair.

The sources of black money have to be sealed. If government servants do not have to take bribes to earn a decent living, neither he, nor the businessmen, nor the politicians can evade tax or make black money. If they do, they should be prepared to face prosecution.

The finance minister has put up an excellent budget proposal so far as his and his government's concern for the poor people of this country is concerned, and so far as his party's election manifesto is concerned.

It is probably the first time in the history of Bangladesh politics that the finance minister has proposed allocation of Tk 20,601 crore (18%) out of the total bud-



From black to white?

get proposal of Tk 1,13,819 crore for the social safety net program alone.

However, if there is one black spot that may blur the shining image of his pro-people program, to me, it is the proposal to allow whitening of black money. If the government

at all wants to do a favour to some people it should be only for one year and no more, and the rate should be higher than what a regular taxpayer is required to pay.

Captain Husain Imam is a retired merchant navy officer.

## Political strategising against Tipaimukh Dam

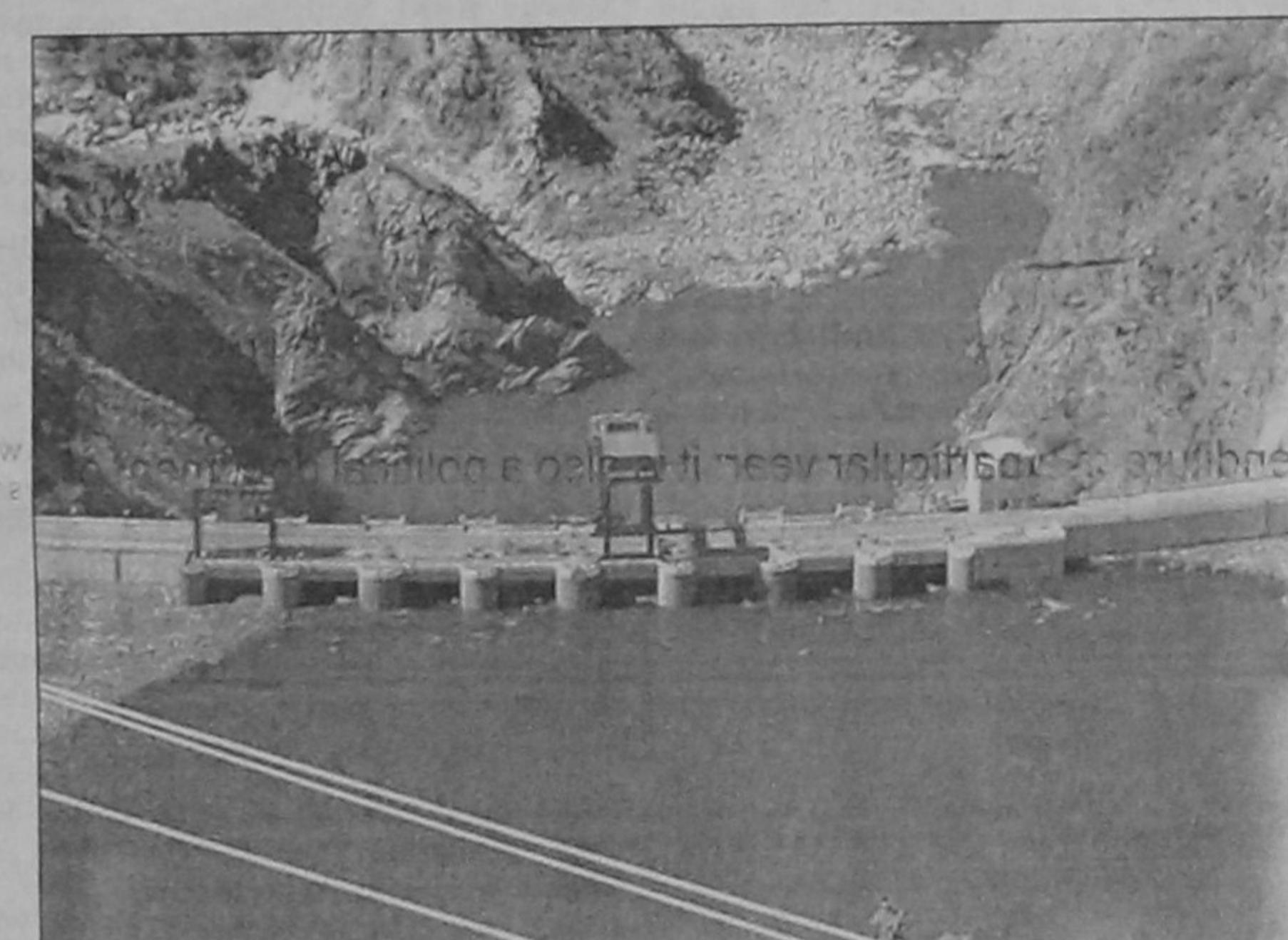
The all-party political team, which the prime minister intends to create, could come up with political strategies to deal with this issue, while the expert body could conduct rigorous studies to assess the outcome of the proposed dam to help our negotiators with evidence.

A.J.M. SHAFUL ALAM BHUIYAN

**T**HE Daily Star ran a comprehensive story on Thursday discussing how the Indian plan to build a dam on a river, shared by Bangladesh and India, would create havoc in the environment and agriculture in the Sylhet region of Bangladesh. As a student of international communication, I am wondering how to devise political strategies to face this.

The Farakka barrage, which India built on another common river -- the Ganges -- in the mid-1970s, had both environmental and political consequence on Bangladesh. It contributed to desertification in the northern part of the country and to the rise of right-wing politics that capitalises on people's religious sentiment and India's indifference to our legitimate concerns.

India's current plan to build a dam at Tipaimukh in its Mizoram state to produce electricity will bring environmental havoc to both Mizoram and Bangladesh. It may become another Farakka, both environmentally and politically. If the government fails to stand up to India on this, it may



We must protect our national interests.

evidence in support of your claims, nobody in the international arena will listen to you. Small states like Bangladesh will be more prepared than anyone else to offset the influence of big states in international politics.

The all-party political team, which the prime minister intends to create, could come up with political strategies to deal with this issue, while the expert body could conduct rigorous studies to assess the outcome of the proposed dam to help our negotiators with evidence. One political

strategy may be to build solidarity with the people of Mizoram and civil society groups who are on the front-line against the dam.

The Tipaimukh dam is neither an AL issue nor a BNP issue; it is a national problem. The actions of the BNP-led coalition on Indo-Bangla relationship issues have always been targeted to weaken the AL, labeling the latter as pro-India, instead of standing up to India. This strategy of the BNP-led coalition may have helped them gain political capital, but certainly did not

help protect national interest. This time, people deserve to see a change for the sake of the nation.

If you are a realist, you can ask that if an emerging power like India moves along with building the dam, can we really stop them? I say we may fail or succeed. But we cannot know the outcome until we give it a try.

There is no doubt that India is a regional superpower, but we also have an ace up our sleeve. India may be rising power, but it hardly has any friends in the region. We have been the best friend to them. The present government has taken many significant initiatives to stop anti-Indian elements from using our territories to conduct destructive activities. We need to think about what we are getting in return.

Any study of Indo-Bangla relationship will reveal India's condescending attitude towards us. One big contribution India made was that it helped us get independence from Pakistan, although critics argue that if India did not have a geopolitical interest in severing Pakistan it would be of no help. After that, how did India treat us? India gave us a Farakka and has been preparing to offer another one.

We have a huge trade deficit with India. Indian border guards regularly kill our border forces. The mainstream Indian press hardly pays any attention to these Bangladeshi related issues. Nevertheless, I think we want to be thankful for India's help in our liberation war. We are ready to stay as a friendly neighbour, but we also deserve to expect that our friendship does not bring disaster for us.

If India keeps giving us Farakkas, we must rethink our friendship with India. We must rethink our foreign policy. Our policy toward India has been either cold or warm, depending on the parties in power in both Bangladesh and India. But this type of one-dimensional foreign policy is obsolete, given the current political and economic dynamics in the world.

Omni-balancing could be the best strategy for our foreign policy. Small countries in many parts of the world pursue this strategy for protecting their national interests. Omni-balancing suggests that a small country should have equally friendly relationships with all the regional powers so that it could play one power against the other whenever necessary.

We already have the foundation for omni-balancing. It is now up to the AL government to decide whether it will pursue that path or not. The Tipaimukh dam presents a historic opportunity to the AL to further strengthen its image as a people's party by standing up to India. The foreign minister as the top diplomat of the country can take the lead. If the AL fails to seize this opportunity, the BNP-led coalition will reemerge as the protector of the national interest through anti-government demonstrations.

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## Combatting corruption

So, many more withdrawals may be expected in future. If the government is committed to democracy and rule of law, and above all if the government is sincere in combating corruption, it should allow these cases to go through the process of trial by the judiciary.

SHAMSUDDIN AHMED

**F**EW will dispute that corruption proliferates in the corridors of power. There is no disputing either, that power corrupts and absolute power corrupts absolutely. Bangladesh is an example of how a corruption breeds thick and fast, where there is no democracy and where elected political leaders feel free to govern without any accountability.

We have a perfect political turf for our political leaders to be corrupt. And indeed corrupt they are. Which is why our country topped the list of the most corrupt countries in the world for four years consecutively when we had duly elected political government in the country.

But where is corruption and where are the most corrupt people who have allegedly plundered and looted our state property and funds and have become billionaires? We know who they are but we cannot touch them. In a country branded as the most corrupt in the world, surprisingly no one has been punished for corruption and put behind bars, save and except Hussain Muhammad Ershad, the fallen dictator and a former president of

unearting the misdeeds of many political heavyweights and light heavyweights and putting them into custody, indicted for corruption and wrongdoings, for the first time in the history of this country.

As the news of their trial and the saga of their corruption and wrongdoings hit the headlines in the media, people appreciated the government move and waited with bated breath for the final verdict to be pronounced by the trial judge.

Some of them were found guilty and convicted after a speedy but fair trial. Some were still in the middle of trial and many were being probed into for charges brought against them when pressure was exerted against them when pressure was exerted by vested interests from within the country and from outside to call a halt to the entire process of trial.

Eventually, all of these people managed to come out of jail with a clean bill of their political health because without them the government and the Election Commission could not hold a participatory and credible election as prescribed by the votaries of democracy in the western world.

This is the story of why we could not bring to book those who indulged in massive corruption and siphoned off their ill-earned money in foreign banks abroad. Many of the tainted politicians are now our elected leaders. But do they have the moral authority to govern this country and, least of all, lecture our young people on integrity, honesty and patriotism while the moral high ground is slipping away from under their feet? This is the question we should ask of this govern-

ment and of all educated and patriotic people across the country.

We are told by the state minister for law, justice and parliamentary affairs that the government has decided to withdraw 62 cases, including 12 against the prime minister, after reviewing 113 politically motivated cases filed against AL leaders during the BNP-led four party alliance government. The government is reported to have received 824 applications for withdrawal of cases filed against AL leaders.

So, many more withdrawals may be expected in future. If the government is committed to democracy and rule of law, and above all if the government is sincere in combating corruption, it should allow these cases to go through the process of trial by the judiciary. Let the judiciary decide if these cases are politically motivated or otherwise. Besides, the government has no jurisdiction to withdraw cases filed by ACC.

It has become a political culture in this country that whenever political leaders are accused of corruption and crime, they deny the charge and say that it is politically motivated. They lie without any compunction in front of media people with such ease that they appear to be telling the truth, although they know as much as we do that it is far from the truth.

Recently, there were media reports of some British MPs being involved in misusing government funds. None of the MPs said that allegations against them were politically motivated. They all quietly paid back the money to the state exche-



Corruption in high places?

quer. Prime Minister Gordon Brown apologised to the British people on behalf of the MPs. The Speaker of the House of Commons resigned for failure to ensure that MPs under his stewardship behaved with the dignity expected of them. This is democracy. Our political leaders have much to learn from their British counterparts.

If the AL government dismisses corruption cases filed against its leaders by the BNP government as politically motivated, and vice versa, then who will be punished for corruption in this country? A poor clerk for taking bribe of a few thousand taka for moving a file up and down? The man who probably took a few crores of taka, and will take more in future, for awarding a lucrative government contract will probably get away unpunished for being politically linked up.

If this is how our elected political government wants to address the cancerous growth of corruption in this country, a Digital Bangladesh will remain a distant dream and mere rhetoric. Let there be no doubt about it.

Brig. Gen. Shamsuddin Ahmed (retd) is a former Military Secretary to the President.