

GROUND REALITIES

Bangabandhu was our Druid

Rehabilitating distressed returnees

Does the govt have a plan in hand?

WHAT'S in store for the returnees from Libya? With each passing day this question is staring us in the face. Compassion alone will not suffice for the unfortunate Bangladeshi workers coming back in thousands to the country. The woes and ordeal that they went through in Libya and at the borders of Tunisia and Egypt are indescribable. With their narratives of starvation, inclement weather, lack of shelter, loss of belongings, rough treatment by members of Libyan forces and what have you, they now arrive to an uncertain future at home.

As the news of their sufferings continues to filter in, quick and safe evacuation of the stranded workers is, no doubt, of prime importance. However those that have come back would still be doing so, need to be looked after. In the first place, a proper record of returnees should be maintained to keep tab on them and help them to their feet. They deserve utmost consideration as their sacrifice and hard work have made immense contribution to the national exchequer.

The misery of this nature could breed internal tension with an adverse effect on the socio economic conditions of the country. A large number of families depended on their incomes abroad. They have been pushed into severe economic hardship and equally uncertain future. This is a full-blooded crisis we were hardly prepared to cope with. And with this in mind, we have to do crisis management with utmost care and energy. If necessary, private sector and NGO cooperation should be solicited.

The government needs to draw up a short and mid-term rehabilitation strategy with immediate effect and implement those to make best use of the workforce. It should arrange motivation, counseling, capacity building, and skill training and explore new areas of employment from them in and out of the country. Nothing short of an organised national effort can see them through their tribulations.

BNP's joining JS welcome

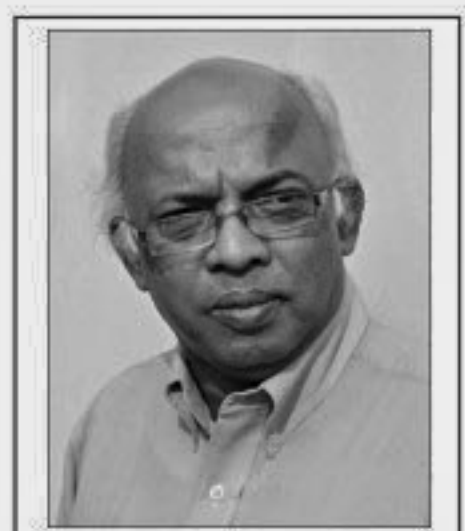
It's high time they delivered

AFTER a long spell of absence from the Jatiya Sangsad (JS) or national parliament, the main Opposition Bangladesh Nationalist Party (BNP)'s decision to finally join the JS session is a commendable one.

It is hoped that their joining this eighth session of the JS after abstaining from the sittings for long 74 consecutive days will not be a short-lived one as it had happened in the past. We would like to believe that the BNP has not ended the boycott to merely preserve their JS seats, but to play their due role in parliament.

All the grievances and complaints the Opposition BNP lawmakers have against the Treasury Bench will hopefully be settled through discussions within parliament and not by resorting to voicing these through another long-drawn-out boycott or street agitation. However, there is nothing wrong about temporary walk-outs from the JS sessions, which is but within the purview of an active and lively parliamentary practice. But if Opposition BNP lawmakers choose to go back to their old practice of outright boycott, questions will then once again arise about their very sincerity and responsibility towards the constituents and the nation as a whole. In fact, they should now make amends for the injustice they have done through long absence in parliament by ensuring their presence in it for the rest of the parliamentary tenure.

And this would be more helpful for themselves and the general public as well, because in that event the public will benefit from a fully functional parliament. The Treasury Bench lawmakers' role in that respect will also come under closer scrutiny. And the Treasury Bench, on its part, would do well to give the opposition members time to speak and not have their motions guillotined sweepingly. People want the Treasury and the Opposition to bury the hatchet and to start cooperating to make the JS effective in the greater



SYED BADRUL AHSAN

ON the eve of Bangabandhu Sheikh Mujibur Rahman's ninety-first birthday, you could keep talking about this larger than life man. And you would do that because of the fundamental human qualities that defined his being. He inhabits our consciousness in all his largeness of form and substance, and not just in the figurative sense. Tall for a Bengali, he gave us all to understand that in him subsisted all those traits which underline the making of a political giant. His height mattered. So did his convictions. He was larger than life, in every sense of the meaning.

Think about it, think about all the other significant political figures who in the course of our modern history influenced our evolution into where we happen to be today. Bangabandhu falls within that category. And yet he breaks free of all those earlier stars and forms, within and by himself, a world apart. Of all the historical icons we have had cause to observe in our political ambience, only Bangabandhu stayed steadfast in purpose. That element you call compromise, or a shifting of the ground, was not part of his nature.

And that made all the difference. It was made clear to Bangabandhu towards the end of the 1950s that Bengal needed to make their way out of Pakistan. And remember that he came of a generation which in the 1940s went all the way into making sure that the Lahore Resolution of 1940 was implemented in the interest of the Muslims of India.

That Sheikh Mujibur Rahman could break out of the communal mould, that he was beginning to question the

very basis of the country in whose creation he, like millions of other young men, had once taken immense interest was an early hint of the greatness he was destined for. The path to that greatness was clearly laid out in 1966 when he overrode every other concern to inform the ruling classes of Pakistan as well as his people that it was time to reinvent the state through his Six Point programme for regional autonomy.

There were the grumblers; there

In the hallowed councils of the world, Bangabandhu was a colossus striding across the moments that constituted the embroidered fabric of history.



were those who saw in the plan a shrewd way of undermining the Muslim state. Men like Nawabzada Nasrullah Khan walked away, in protest, with a big chunk of the Awami League, hoping that Mujib's faction of the party would simply fizzle out. In the event, it was the Nawabzada who was left with nothing. The Awami League became identified with Mujib.

Bangabandhu was a man of huge self-esteem and an abundance of

confidence. At the height of the Agartala conspiracy trial in 1968, he coolly told a western journalist that the Pakistani authorities would not be able to keep him incarcerated for more than six months. Note that he was on trial for sedition, possibly headed toward execution or a very long term in prison. In the event, he was free in seven months.

As he prepared to fly to Rawalpindi in February 1969 to attend the round table conference called by President

Ayub Khan, he quipped: "Yesterday a traitor, today a hero." In Rawalpindi, he spurned Ayub's offer of the prime ministership of Pakistan. Always a man who went by the norms of political transparency, he emphatically told Zulfikar Ali Bhutto in January 1971 that the December 1970 elections had given his party the right to govern Pakistan. The People's Party had its place marked out: it was to be on the opposition benches.

Bangabandhu's principled stand in national politics was matched by his diplomatic convictions abroad. He took Saudi Arabia's King Faisal to task over the latter's negative remarks on Pakistan's break-up in 1971. He put Yakubu Gowon in his place when the Nigerian lamented the weakening of Muslim Pakistan through the rise of a secular Bangladesh. He asked Indira Gandhi, in blunt fashion, when she planned to take her soldiers back home from Bangladesh.

Bangabandhu was our own. The mores and social norms we have grown up with were all exemplified in him. His smile radiated confidence and instilled courage in us. His sense of humour remains unmatched. He never forgot a face and always remembered names. His laughter reverberated across the room and beyond. He was always filling the room with his presence. When he met complete strangers, he made them feel they had known him all their life. When he found himself in the company of academics, he did not forget that these were men who deserved his unqualified respect.

Alone among the great men we have known, he drew respect from the intellectual classes and the more humble of citizens alike. Across this land men of letters speak of Bangabandhu with reverence. Peasants and rickshaw pullers have always known him as their very own "Mojibor or as their unforgettable "Sheikh."

Bangabandhu was our Druid, the high priest trudging through the woods and across villages in search of the beautiful and the sublime. In the hallowed councils of the world, he was a colossus striding across the moments that constituted the embroidered fabric of history.

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MIRZA AZIZUL ISLAM

DURING a recent media briefing, the Chairman of National Board of Revenue stated that a proposal to impose wealth tax is being actively considered by the government. To begin with, the proposed wealth tax would be limited to real estate (land and building) in the large cities -- presumably six city corporation areas in the country. This article critically evaluates the arguments for and against such tax.

The arguments and counter arguments

There are three main arguments that support the imposition of property tax. These relate to revenue productivity, allocative efficiency and equity -- considerations which should form the basis of a country's tax structure. The merit of each of these considerations is examined below in the context of property tax.

- Revenue productivity: Tax-GDP ratio in Bangladesh is known to be abysmally low. Hence the need for raising the ratio can not be overemphasised. However, given that the tax would be limited to the city corporation areas only and exemption has to be provided for owner-occupied property, revenue yield is not likely to be substantial.
- Allocative efficiency: The efficiency argument is based on the assumption that the tax would shift investment away from supposedly unproductive investment in real estate to productive sectors. There exists considerable shortage of dwelling facilities in all major cities of the country. In this situation, investment in real estate can be hardly considered unproductive. Besides, investment decisions in manufacturing, service industries and other productive sectors are likely to be determined more importantly by considerations such as availability of skill, assured supply of gas and electricity, access to other infrastructural services etc. rather than tax differential. Another efficiency-related argument is that

the proposed tax would encourage real estate investment in areas outside the city corporation areas. This argument also does not seem to have a solid basis. It may be recalled that during my tenure as adviser, I had introduced extended tax holiday for multi-storied housing built outside metropolitan areas, but this measure failed to produce any perceptible impact. Furthermore, inclusion of business premises, including factories, in the tax base would raise the cost of business and may adversely impact production and growth. It should also be noted that there already exists a tax on property imposed by City Corporations. Subjecting the same base to taxation by multiple authorities and also the income derived from the base can be hardly considered efficient.

- Equity: Equity argument is based

The presumed benefits of such a tax are, at best, uncertain while a number of undesirable consequences may follow.

on the logic that income plus asset is a better measure of the ability to pay, rather than income alone. However, this logic suffers from several deficiencies that deserve serious consideration. First, real estate is only one form of wealth or asset. There are others such as stocks, bank deposits etc. In the present state of capital market, imposition of tax on the value of stocks held by an investor is out of question. Similarly, the banking system in recent times has been experiencing undesirably low

deposit growth. So, tax on bank deposits would also be a preposterous idea specially when the inflation rate is high and the yield on bank deposits is unsatisfactory. A new tax on bank deposits is likely to encourage demonetisation of the economy. A tax on real estate is, therefore, a discriminatory among assets. Second, the addition of asset as a better measure of ability to pay is justified only if the asset yields income. There already exists income tax on rental income. Third, given that there exists considerable mismatch between demand for housing and supply, the burden of the tax will, in all probability, be shifted to the tenants; the incidence of the tax will not fall on property owners. This would also seriously undermine the equity impact of the proposed tax.

Administrative and legal complexities

An important criterion of a desirable tax is its simplicity. The administration of property tax by the central government will be confronted by several administrative and legal complexities. First, whatever the rate of the tax, it should be imposed on a clearly identifiable base. In the case of property tax, the obvious base is the value. However, there may be several valuations: cost of construction or purchase value, registration value, valuation assessed by the Municipal Corporation while imposing its own property tax, valuation declared in the wealth statement as part of income tax return, market value and valuation done by Public Works Department (PWD). Each of these has its own merits and demerits. Second, in many cases when the original owner of the property expires, no mutation is done and the property continues in the name of the original owner. The income or the sale value of the property (if it is disposed of) may be shared by all the heirs or only a few of them may be actual beneficiaries. In such circumstances, who should be liable to pay the tax? Third, it is a common practice in

Bangladesh to hand over a vacant land or a house previously occupied or rented out by the owner to a developer with a Power of Attorney to construct a multi-storied building in exchange for a number of flats and, may be, some cash.

Neither the original owner nor any purchaser enjoys "de facto" ownership till the construction is completed and flats are handed over to the original owner/purchasers. The transition period may have duration of three to five years. Who will pay tax during this period -- the original owner, the developer or the purchasers who have got possession of the flats?

Fourth, presumably for the purpose of calculating tax, any loan against the property has to be deducted from the value (determined by whatever criterion) to arrive at a net value. In many instances, individuals may borrow from their friends and/or relatives or even from banks without any formal assignment of the loan to the property. This will become a source of conflict between the tax payers and the tax administration and also encourage excessively leveraged financing in replacement of deployment of one's own saving. Another complication relates to whether depreciation should be allowed on the original valuation.

Concluding observations

In theory, one can argue in favour of imposing property tax on the grounds of revenue productivity, allocative efficiency and equity. In practice, the assumed benefits are at best uncertain, while there may be a number of undesirable consequences. I would strongly urge the government not to impose property tax in the current circumstances of the country. Instead, the government should concentrate its energy on widening the existing net of income tax, rationalising value-added-tax collection and avoiding leakage from import-related taxes. This would call for greater efficiency of tax administration.

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THIS DAY IN HISTORY

March 16

- 1935**
Adolf Hitler orders Germany to rearm herself in violation of the Versailles Treaty. Conscription is reintroduced to form the Wehrmacht.
- 1945**
World War II: The Battle of Iwo Jima ends but small pockets of Japanese resistance persist.
- 1945**
Ninety percent of Würzburg, Germany is destroyed in only 20 minutes by British bombers. 5,000 are killed.
- 1953**
Marshal Tito makes historic visit to London. Marshal Josef Tito of Yugoslavia has arrived in Britain, the first Communist head of state to visit the country.
- 1968**
Vietnam War: In the My Lai massacre, between 350 and 500 Vietnamese villagers (men, women, and children) are killed by American troops.
- 1977**
Assassination of Kamal Jumblatt the main leader of the anti-government forces in the Lebanese Civil War.
- 1978**
Former Italian Prime Minister Aldo Moro is kidnapped and is later killed by his captors.
- 2005**
Israel officially hands over Jericho to Palestinian control.