

Smuggling, tax evasion more damaging than terrorism

LAHORE: We generally conceive that a satisfactory law and order situation indicates the control of the state on its affairs. But smuggling, tax evasion and under-invoicing are more destructive for the country and these menaces indicate lack of government writ.

The economy is as important as law and order is, and does not flourish in societies where there is no government writ. Terrorists destroy lives and property; the dacoits deprive families of their valuables. The tax evaders, smugglers, hoarders deprive the nation as a whole of prosperity.

Similarly, those taking or accepting bribes, or stealing electricity or gas are actually looting the citizens. We are running from pillar to post to obtain loans to run day to day affairs of the country; still we see wastage of huge national resources and rampant corruption, which dents the economy more than the damage caused by terror attacks. Besides protecting the sovereignty of our geographical borders, the government has to also exert its writ on economic affairs. It requires fairness in taxation where all incomes are taxed equally. It requires doing away with the exemptions granted to few selected groups or segments.

Widespread tax evasion is indicative of the fact that successive governments in Pakistan abdicated their right to collect fair revenues and paved way for sustained increase in inequality. The teachers that do not impart proper knowledge to the students are in fact wasting the huge resources that the state spends on education. Even after 10 years of schooling most of our children are semi literate. We will not need any bailout package if we put our house in order. We treat dacoits, petty thieves as criminals, but we pay respect to known smugglers that reside in posh localities. Traders that bring in under-invoiced goods enjoy influence in the society. The Seth that under reports his production to avoid sales tax in many cases is the leader of the business community.

Our rulers are afraid of the shutter power of the 1.8 million shopkeepers and instead of documenting trade are content with whatever tax returns they file.

In fact, even those shopkeepers are spared that avoid the tax net. As a result, the tax to GDP ratio is the lowest in the region. The governments that shy away from their responsibilities cannot be expected to boost the economy. We are a confused nation wondering about our actual identity. What we observe all around is as bad as terrorism. Terrorists destroy lives and property. Corruption is destroying our society. The government has abdicated its economic and civil responsibilities. This has promoted social injustice and economic deprivation. These two in turn breed discontent that could in extreme cases lead to terrorism. Hoarders are stealing bread from the mouth of the poor. Hoarding of food items is a relatively new phenomenon that has spread from grain artis (middleman) to the investors. Moneyed persons ensure that there exists shortage of some daily useable food item like onions, spices or pulses by stocking all available stuff. They then release the same in low quantity to create an artificial shortage. Sensible governments ensure that at least food is available to the common man at affordable rates, because a hungry man is more dangerous than any diehard criminal. However, when hoarding of all food items like wheat, rice, potato, onion, garlic and ginger is tolerated by the state, the food prices would then be determined by the hoarders, which of course would be out of reach of a large section of society. All this is happening in Pakistan.

We have been tolerating all kinds of malpractices that destroy our social fabric as well as the economy. The ever increasing inequalities do not bother us.

We respect people on the basis of their wealth status and not on their moral character. What we do not tolerate is the religious belief or political differences. The economic deprivation of a large segment of society has brought us to this stage. The economy is the key to peace, harmony and prosperity. Sustained economic growth is possible under a government that has the courage and determination to establish its writ on fair implementation of law, rules and regulation on all segments of society irrespective of their wealth or status.

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