EDIT PAGE

A THOUGHT FOR TODAY

We have no use for these dual citizenship cards.
We are happy to remain Malaysians.

— S P Manivasagam

Dual Rhetoric

The BJP — or, more accurately, prime minister Vajpayee — has pulled out yet another non-existent rabbit out of its political hat: The gift of the so-called dual citizenship to handpicked Pravasi Bharatiyas. Just as predictably perhaps, the media has bought into this imaginary hype. The plain fact is that what Atalji offered to People of Indian Origin (PIO) on Thursday is very far from the idea of citizenship. To begin with, it's a strange citizenship that confers no political rights on its recipients. Pravasis will have neither the right to vote nor stand for elections in India. Nor will the grant of this boon allow them to flash passports issued by Mother India in foreign lands. In fact, in terms of official paper, the new status will presumably amount to no more than the good old I-card, which will obviate the need for pravasis to apply for visas before homecoming. In addition, it will offer to them certain privileges, such as the right to buy and sell property, and benefits, like the right to have their kids study in desi schools. Without taking the gloss off this precious largesse, one might point out that most of these "rights" are available to emigrants as matter of course in many countries.

Aside from citizenship, Atalji offered the pravasis a bit of avuncular advice: To integrate "harmoniously" into the political, economic and social life of the host country, while "preserving" and "cherishing" their own (Indic) civilisational heritage. In the normal course, no one would have disagreed with this sage counsel. The irony of Mr Vajpayee's advice, however, is that it comes from the head of a political parivar which has long questioned the right of religious minorities to their own unique culture in this country. The parivar's cultural nationalism is precisely built around the demand that everyone in India, especially the minorities, subscribe to a set of ideas, beliefs and practices that derive from its own highly selective and distorted reading of a pluralistic, open-ended faith like Hinduism. One can only hope that the parivar would see the logic of the prime minister's argument and extend it to the myriad minorities of this ancient land, the space for cultural self-expression which can help them become proud citizens of this republic without compromising their unique and diverse identities. In other words, to allow as many Indias to exist at home as flourish in the 55 countries from where came the diaspora that heard Atalji's message.

Nuclear Nemesis

North Korea's decision to withdraw from the Nuclear Non-proliferation Treaty (NPT) by invoking its supreme national interests under Article X of the treaty is a direct product of the Bush administration's aggressive, unilateralist approach to international security. In the past 12 months, Pyongyang has seen itself dubbed a member of the 'axis of evil' along with Iraq and Iran. It has witnessed the manner in which the world has been powerless to prevent Washington's military build-up against Baghdad. And it has suffered the indignity of one of its ships being boarded on the high seas by NATO forces even though it was engaged in the perfectly legal export of weapons to Yemen. When the US introduced 'regime change' into the lexicon of international affairs, it should have realised that the countries being targeted for this kind of illegitimate interference would do everything possible to defend their sovereignty. North Korea's Dear Leader, looking at Saddam Hussein's predicament these past few months, could be forgiven for muttering, 'There, but for the grace of God, go I'. Saddam is vulnerable to US attack precisely because he has no weapons of mass destruction. By pulling out of the NPT, Kim Jong Il is buying insurance of an entirely logical kind.

Even if one looks at the run-up to the latest nuclear crisis in the Korean peninsula, it is clear that the US is as much to blame as the North Koreans. According to the 1994 Agreed Framework (AF) under which North Korea agreed to shut down its graphite-moderated Yongbyon reactor, the US was obliged to supply 500,000 tonnes of heavy oil annually until the two light-water reactors it would supply were fully commissioned. On November 14 this year, however, the US reneged on the AF. Citing unsubstantiated reports that the North Koreans were developing nuclear weapons, the US announced a suspension of oil supply. Pyongyang retaliated by restarting Yongbyon. The North Koreans have also noted that Mr Bush's 'axis of evil' threat to their country was itself violative of Articles II and III of the AF, wherein the US agreed to normalise relations and not threaten Pyongyang. Whatever the prehistory of the current dispute, it is essential that the US work peacefully to resolve the stand-off. It is in nobody's interest that North Korea quit the NPT. The 1994 Agreed Framework must be revived, beginning with the supply of heavy oil, and the US must move rapidly towards establishing normal relations with Pyongyang. Above all, the US should realise that strident language and the threat of force — whether against North Korea or Iraq — will only further undermine the already weakened architecture of international arms control.

A Preity Hero

In the movie *Karan Arjun*, Shahrukh Khan and Salman Khan destroy a band of armed baddies with a catapult and the *aashirvaad* of their mother from a previous birth. In *Baazigar*, with the blessings of a mother from the same birth, Shahrukh runs amok. In *Vaastav* and *Hathyar*, both directed by Mahesh Manjrekar, Sanjay Dutt repeatedly faces off the opposition's bullets and bluster. Rakesh Roshan has not only beaten up umpteen on-screen villains but has directed son Hrithik to do the same. And, in many of today's movies, Preity Zinta has played the role of the young woman whose honour has been protected by heroes like Shahrukh, Salman, Sanjay and Hrithik who beat up eve-teasers and worse. Yet, on Thursday at Mumbai's special MCOCA court which is looking into the nexus between Bollywood and the underworld, it was Preity Zinta who did not retract from her statement to the police that she had received a call while the film *Chori Chori Chupke Chupke* was being made and that the caller had told her *"Bhai ka aadmi bol raha hoon. Pachaas lakh rupiye bhej do, nahin to takleef mein aajaogi."* Whereas, some of Preity's heroes were among the 13 witnesses who the cops said had resiled on statements citing extortion and were declared hostile by the prosecution. On his day in court, Salman Khan stated that the police had not shown him the statement they had recorded. And the 'baazigar' had, in the course of his court appearance, even indulged in dialogue of the filmi kind while denying that he had ever told the cops that he had received extortion threats. Maybe it's time for Bollywood to direct a film where Preity Zinta protects the likes of Shahrukh, Salman, Sanjay and Hrithik from the big, bad underworld. The dress designer can always decide who gets to wear the bangles.

Remote Control Tax

Taxing emigrants will ensure reinvestment in the country that produced them

Mihir Desai
Asst Prof of Finance, Harvard Business School

The machinations of states and corporations wanting to control the subcontinent's natural resources have historically dominated India's interactions with the West. Today, they are more likely characterised by the desire to access India's human capital reserves. In a recent work with Devesh Kapur and John McHale, I have argued that the exodus of the sought-after segments of the labour pool deserves a new set of policies that reinforce India's long-term ability to succeed in the global economy. One particularly promising set of such policies are fiscal instruments for India to capitalise on these outflows.

These surging flows are responses to immigration policies designed to attract the highly-skilled into Canada, the UK, Germany and the US. For instance, an estimated 90,000 initial H1-B petitions to the US were approved for Indians in 2001. Their ages (largely 25-34) and educational profiles (over 40 per cent with master's degrees) make them critical to economic growth as they spur innovation and represent massive earning power. That these flows are through one visa programme to one country underscores the magnitude of the issue.

Among the results of these outflows are India's steadily increasing fiscal stress, the forced movement away from distortionary indirect taxes, and the consequent pressure on funding educational institutions. A state unable to provide educational infrastructure can't hope to continue producing a coveted labour force. If the outflows continue, one can imagine one of two outcomes. First, the continued exodus could leave little room for a virtuous cycle whereby this resource becomes self-renewing, resulting in India's descent on the technology ladder. Second, and rosier, outcome is where the departure of individuals is accompanied by a feedback mechanism of continued reinvestment in the institutions and country that produced them.

While voluntary remittances and borrowings targeted at NRIs are already crucial to macroeconomic policy-making, they're unlikely to produce direct investment in the public goods essential to the nation's development. An exit tax or a shift in taxation basis from residence to citizenship would help strengthen the country and its educational institutions with relatively minimal compliance costs and inefficiency. These 'brain-drain taxes', as Jagdish Bhagwati christened them, are more salient and practicable now, given the improvements in information technology and the evidence of the US experience of a citizen-centric income tax system.

An exit tax could be a one-time payment, say of $10,000, at the time of emigration by the employer or the emigrant. To the employer, it would be a deductible expense comparable to head-hunting fees. To the employee, this could be a forgivable loan akin to one taken for educational expenses in India. Such a tax could be relatively non-distortionary with limited compliance-costs and a sizable impact.

In a US-like citizen-centric system, tax authorities would exert jurisdiction over Indian citizens regardless of where they live. A combination of exemption and credits would alleviate double taxation. The ongoing outflow and existing stock of NRIs make this a high revenue proposal.

Three critiques are likely. i) Won't India lose out in a globalised market because of such taxes? Not quite. Such proposals could strengthen the domestic labour pool, thereby increasing the competitiveness of local firms. India exerts considerable market power in this domain. For FY 2001, 48.9 per cent of the 330,000 approved H1-B petitions came from India. The next largest source country was China with 8.3 per cent. While such market power shouldn't be taken for granted with other countries standing ready, complaints that sourcing will move to other countries instantly seem inflated.

ii) Wouldn't it be better to ensure talented individuals don't leave in the first place? Absolutely. None of the foregoing justifies domestic policy complacency. Yet, India is hardly likely to switch to a first-best solution instantly.

iii) Is another tax desirable, given the government's inefficiency? Won't NRIs revolt if taxed as citizens? New taxes are made difficult by the general predisposition against taxes and apprehensions about their abuse. But government expenditures are central to a well-functioning state and the relevant analysis compares these proposals to India's pre-existing highly distortionary fiscal instruments. What if NRIs cede their citizenship due to citizenship-centric taxation? Frankly, does it matter? Their remittances will continue unabated as will their investments in Indian bonds and their more general interactions with India. More importantly, India will have realised a revenue source in the first several years of emigration when citizenship elsewhere is not yet possible.

In today's global economy, India's greatest resource is its well-trained, English-speaking population. These proposals don't represent a tax on that resource as much as the recognition that this highly mobile, much-prized world-economy resource requires constant reinvestment for its continued existence.

*(As told to **Harsh Kabra**)*

TIMES SAMVAD

'Brain-drain' tax is the economic equivalent of a Berlin Wall for our emigrants

Jug Suraiya
Columnist and Associate Editor, TOI

No taxation without representation. This was the primary rallying call that eventually led to the American war of independence and the breaking away from mother England. By this yardstick, the proposal to levy income tax on the basis of nationality and not on that of the place of actual residence (and accrual of income) would seem equitable. If I, an Indian passport holder, reside in the US but continue to vote here on periodic visits, surely I should pay my dollar-earnings tax to my home country? Simple. Or is it?

Does political representation mean merely the facility to cast your vote, with little or no inclination nor ability to see how well or otherwise your mandate is being carried out? Many NRIs who exercise their franchise in India are routinely appalled by the endemic corruption, lack of civic amenities, growing communalism, etc which are inseparable elements of the polity which, in small part, the emigrant proxy vote has helped to create — and which in many cases is exactly what the emigrant is fleeing by seeking a livelihood and a life in an adoptive country.

It is the country that I chose to live and work in which constitutes my true political representation: politics seen not just as an abstract right to vote, but as a practical, everyday engagement with many areas of civic life. How much equity, vis-a-vis my indigenous neighbours, do I enjoy with regard to facilities and services like health, education for my children, public transport etc? The right to tax is — or ought to be — based on the government's ability and/or willingness to provide such amenities — which, incidentally, are almost totally missing in India.

Successive Indian governments have signally shirked the basic responsibility of providing civic services which are commonplace in those societies which successfully attract the largest number of Indian emigrants. Does a government which cannot keep its citizens within its official jurisdiction have the right to tax them when they elect to live elsewhere? Shouldn't such a government ask itself if it should not more conscionably meet its fiscal crunch by downsizing its own bloated and patently ineffectual apparatus, which has created the problem in the first place? Instead of taxing emigrants — a relatively 'soft' target — when will any government have the gumption to tax rich agriculturists, who thrive on various agrarian subsidies?

Another argument in favour of taxing emigrants is that a number of them are the products of highly subsidised educational institutions like IIMs and IITs. They would not have got their foreign jobs were it not for the privileged education that they had received. So shouldn't the parent society expect a payback from them? In short: Pay as you have learnt; not pay as you must earn. There are a number of practical ways this problem could be got over (such as repayable student loan schemes) without recourse to the emigre taxation formula, which is bad in principle. Agreed that our IITs and IIMs are indeed 'islands of excellence' in the Indian sea of shabby mediocrity. Why then do so many of their alumni flee to foreign shores — often into a cultural exile, far from familiar faces, familiar foods, all the myriad sounds and sights and tastes of the country of their birth? Obviously because they cannot find in India a quality of livelihood and of life commensurate with the education they have acquired.

If the ultimate aim of any education is not education per se but a process which enables the educated individual to dovetail his or her larger aspirations with the requirements of a larger society, then our 'islands of excellence' are revealed to be 'ghettoes of frustration'. Instead of seeking to put the long leash of taxation on emigres, our sarkar might do better to ask itself why such people leave, and address itself to what needs to be done to get them to stay. Not through punitive coercion or compulsion but through free choice, by making working and living conditions at home sufficiently desirable to preclude the search for greener pastures far afield. But isn't that an immense task, which will take enormous effort and resources? Of course it is. And precisely because of that it is a task proper to the role and function of any government which hopes to be taken seriously, and not be seen as a shiftless buckpasser forever looking for shortcuts to get around obstacles it has created in the first place.

Whether we like it or not, we are living in an increasingly globalised world in which walls — political, economic and social — are rapidly becoming obsolete. Why then are we trying to set up the economic equivalent of a Berlin Wall for our emigrants — from whose individual enterprise and ingenuity we benefit hugely in terms of the remittance economy? Instead of encouraging their efforts, why are we trying to perpetuate the stranglehold of a state that they have voted against with their feet?

Let's be clear about it: There can be no remote control taxation without a re-presentation of the sarkar's case of its right to tax.

CONVERSATIONS WITH READERS

Pay Our Keep

The 22 million NRIs who constitute the great Indian diaspora testify to the truth of the remark in the Dubyaman cartoon strip (Jan 10) that "it does not pay to be an Indian". By conferring honours and supposed privileges like dual citizenship on emigres, the Indian government in effect is saying that the most patriotic Indians are those who leave India for greener pastures abroad from where they can channel much-needed remittances and foreign investment to the mother country.

— *Jagdish Bhatia, via e-mail*

Immigrant Issues

With reference to the report 'Tracking of migrants not easy: Police' (Jan 9), identifying foreign nationals who enter India with valid papers and then overstay or disappear is entirely different from illegal infiltration. Disappearance after getting into the country is clearly a consequence of lack of co- ordination between law enforcing agencies. Illegal infiltration of millions of Bangladeshis into India is also a separate issue, their large numbers having now made deportation impossible. Besides, successive prime ministers of Bangladesh, including Sheikh Hasina, have gone on record saying that no Bangladeshis are living illegally in India. International law does not provide for unilateral deportation in defiance of views of the country to which deportation is to take place. Lieut Gen Sinha, the governor of Assam, in his report to the president has observed that from 1993 to September 1998, the BSF tried to hand over 39,745 illegal migrants to Bangladesh Rifles, which accepted only 9,253. Acceptance figures were down to 55 till September 1998 when the report was submitted. Politicisation of this problem has made the task of law enforcing agencies even more difficult.

— *Brig S P Sinha (Retd), Noida*

Daylight Robbery

Day after depressing day, we read newspaper stories of great bank robberies and swindles by a handful of well-heeled operators. Yet, not a single word has escaped from the lips of either the prime minister, his deputy, or the finance minister, or even the line-up of sangh parivar's bigwigs, who otherwise never miss a chance to go to the press with loud professions of patriotism.

However, as soon as American president George W Bush announced a new policy of cracking down on illegal immigrants, our copycat netas and babus have become busy with their pronouncements that the nation is in peril because of 'millions of Bangladeshis' and Pakistanis who have overstayed in this country. The question is how long will our leaders continue to hide behind bogus headlines while millions of citizens go hungry, even as public money is being siphoned off to line the pockets of a few favoured industrialists and politicians. And why are the opposition parties silent about these daylight robberies?

— *Ghulam Muhammed, via e-mail*

Letters to this column should be addressed to **Letters** c/o Edit page Editor, The Times of India, 7, Bahadur Shah Zafar Marg, New Delhi-110002. email:edit@timesgroup.com

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Reality Check

While India is looking towards garnering as much of Non-Resident Investment as it can during the Pravasi Bharatiya Divas, Ujjal Dosanjh makes a valid point in 'Pravasi Pangs' (Q&A, Dec 9) that "old habits and methods will have to change to promote fair play, merit, honesty and accountability in daily life". We can only hope that our politicians, who are currently going all out to charm NRIs, are listening.

R K Malhotra, New Delhi

Music of the Spheres And Natural Numbers

By Praveen B Gawali

Though insentient, numbers perform important functions in our lives. Numbers do not have a physical entity of their own. They are just an abstraction. Notwithstanding, Galileo declared that nature can be read only through mathematics. Sadly, not many are comfortable with this language.

An interesting story underlines the mundane-ness of our discomfort with numbers. The story in question involves the 18th century philosopher Denis Diderot and the Swiss mathematician Leonhard Euler. In response to Diderot's well-argued expositions on atheism, Euler placed before him an algebraic equation and announced that that particular equation proved the existence of God. The equation put Diderot on the defensive and embarrassed, he fumbled with his scholarly arguments. Because he did not understand the equation, he was unable to counteract it. Diderot lost the point even without a contest although what Euler did bordered on rubbish.

There is something surreally natural to numbers that prompted people like Leopold Kronecker to announce, "God made the natural numbers; all else is the work of man". Kronecker is not the only one to have attached religious significance to numbers. Pythagoras discovered harmony in the pleasing sounds created by successive notes produced by strings that had lengths in simple ratios of one to the other. This 'harmonious' discovery led Pythagoras and his followers to deify natural numbers. They believed that the entire universe could be understood in terms of natural numbers and their ratios. According to them, the moving planets demonstrated the divine nature of these natural numbers by the play of 'the music of the spheres'. Some numbers even took on human qualities, and came to be recognised as 'masculine', 'feminine' and 'amicable'. The knowledge of the relationship between the ratios of natural numbers and the musical scale emboldened them to establish a belief system wherein they held the natural numbers themselves to be God.

Pythagoras believed in the immortality of the soul, that there is a relationship between humans and animals; that the human soul can take birth in an animal. If humans led a disciplined life, it would prevent the soul from taking 'animal birth'.

Pythagoras was the first to prove the theorem that says the sum of the squares of the shorter two sides of a right triangle is equal to the square of the hypotenuse. The Pythagoreans' belief — that everything was made up of natural numbers and the ratios of these numbers — was shaken by the proof which told them that there was no natural number whose square was two. The proof proved their religious beliefs to be miserably wrong.

THE SPEAKING TREE

Religion based on 'numbers' is a veritable illusion. Investing dogmatic faith into some concept, which appears to be an inviolable 'truth', at a particular given time, may turn out to be a deviation. Pythagoreans put natural numbers on a pedestal and revered them as God. But, the fact that there exist other numbers in addition to the natural numbers unnerved them. The Pythagoreans put Hippassus to death when he dared to disprove the Pythagoreans' faith and belief in the universality of natural numbers.

Truth is a derivative of the past and a product of the current 'time'. There is also a hidden truth, yet to be discovered, tucked into the womb of the future. The past viewed through whichever knowledge prism, seen from the vantage point of today, always reveals 'truths' gone awfully wrong. The future, because it keeps evolving and changing, always turns out right. On the other hand, the past has an incorrigibly static quality to it. When nature has never remained static, why should the most evolved species of the universe stagnate in the past?

http://spirituality.indiatimes.com

Sacred Space

Cultural Heritage

While patriotism must be evoked, it is important to remember that the diaspora has its own legitimate interests...
India's strength is its cultural universalism and not cultural nationalism.
India would be untrue to itself if it ever forgot that it was an open society.
Lord Bhikhu Parekh

✣

India's achievements in diverse fields are a result of its heritage of interactive openness with the outside world...
India has given things to the outside world and received things from the outside world throughout its long history.
What am I proud of as an Indian? It is the openness of our culture and our heritage — inclusive openness to settle disputes to a dialogue and interactive openness to give to and take from the outside world.
Amartya Sen

✣

Mera joota hai Japani,
Yeh patloon Englishtani
Sar pe laal topi Rusi
Phir bhi dil hai Hindustani.
(The shoes I wear are Japanese, The trousers, English, My cap is Russian, Yet — my heart remains Hindustani.)
Lyrics from the film 'Shri 420'

✣

Culture being a pursuit of our total perfection by means of getting to know, on all the matters which most concern us, the best which has been thought and said in the world.
Matthew Arnold

✣

We should know how to inherit, because inheriting is culture.
Thomas Mann

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