

People must pay, say ghouls



by

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All types of pundits of various persuasions have been marched off onto TV studios to trot out their negative takes on the recent budget, but among the most bizarre was when that pseudo-pundit from Verite or some such research organisation came up with his head-nodding display on the so called Pethikada program on that ever partisan TV channel — you know which.

We were told by the interviewer that this chap — executive director of the NGO — always teaches us something when he is on TV. Verily, he says anything other than the truth, so he teaches us how to lie barefaced. Veritas? Those who came up with that name for the so-called research organisation headed by the pundit must have been some truly funny chaps.

This man says with a straight face that Covid has nothing to do with the budget deficit and the country's revenue problem for 2022. This is just before he says that there are two major issues facing the country, one of which is the foreign currency crisis!

So where did this foreign currency crisis come from? Fell from the sky as if it was a bolt from the blue? If our usual sources of income were factored in, would we have a deficit financing problem of this year's proportions? Sri Lanka's tourism revenue, if taken to consideration forgetting remittances and so on, just for the sake of convenience, went from US\$4 billion to almost nothing in 2021 for instance.

If the 4 billion had come in — which of course would have if Covid hadn't created havoc — the resultant converted tax revenue and so on, from tourism to take one indicator, would have financed an extremely large slice of the budget deficit.

Make no mistake, this pundit who is worshipped by the unquestioning prostrated sycophant on the aforementioned TV program says with a straight face, that it was not Covid that caused our deficit financing problems, but the tax-reforms of 2019 which reduced VAT, and abolished PAYE tax and so on.

Revenue

The head-nodding pundit says there was no "analytical basis" on which the tax reforms of 2019 were implemented. That was policy you dunderhead — taxes are decreased as a matter of fiscal policy of a Government, and that was done in 2019 to spur growth, which had come crashing down to abysmal near zero levels during the tenure of pundit's favourite Government, which accomplished that disaster

without anything around the horizon such as Covid!

The Government that made these very rational policy changes in 2019 of course did not expect the Covid situation to surface in 2020, playing havoc with the world economy, and bringing our dollar remittances down to alarming proportions as a result. Obviously the Government — after Covid in the two intervening years 2020-21 — had to reintroduce some type of revenue collection measures (tax) to offset the revenue depletion caused as a result of Covid.

This, says the pundit, is inconsistency. It isn't. It is a fallout from plain and simple exigency — because something totally unexpected happened. He says investment would decrease as a result of the lack of this 'thirasara' (iron-clad) policy.

Just because this Verite guy who wouldn't know the meaning of Veritas if it had hit him in the face says that there was no Covid-induced revenue depletion, it doesn't become the truth. Covid drastically reduced revenue, and the difference between when his favourite Government was in power and now is that this Government relies on domestic and not foreign borrowings to bridge the deficit. What the pundit doesn't say is that if Covid hadn't intervened the country would have had substantial positive growth as a result of the tax reforms that were introduced in 2019.

This type of budget analysis is not rational or fact based and can safely be stashed in the territory of propaganda promoted by partisan agenda-based media. Yes of course any budget is up for criticism and nobody says that there should not be any objective attempt at being critical of the annual budget proposals.

But all that has to be done after the truth is acknowledged. Any Government including our pundit's favourite regime would have, if it was in power, had to contend with the depletion of foreign reserves coupled with a substantial dollar

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crisis as a result of Covid.

It won't be rocket-science that any Government would have had to impose some sort of taxes on one segment or the other of the tax base, because revenue depletion would have left a gaping hole in the deficit no matter who was in power.

If these fundamentals are acknowledged, any critique of the budget that starts off from there would have been legitimate, but any other critique is a sham and a travesty that can only be put down to partisan motives.

Taxed

The pundit talks about Lebanon saying this country's proportion of interest for every tax dollar paid per capita is bested only by the figures in Lebanon and adds forebodingly, 'you know what happened in Lebanon.' The guy wants us to think this is another Lebanon but is pretending to forget the fact that our revenue streams are slowly coming back after Covid, whereas Lebanon had no revenue streams to speak of from the very outset.

If Lebanon is to be taken as a comparison what can be said is that the Government here shielded the people from punitive taxes — just imagine the consequences that would have resulted if the oppressive Yahapalana tax regime prevailed?

The people wouldn't have cash even if the goods were available, and it's known that though the refrain today is 'people don't have the goods to buy even if they have the money,' it's an acknowledgment that they have some money left, if the Covid job-losses that are temporary are considered a phase that passed us.

There is more comedy gold. We have one other joker that comes on the same channel — let's say he is 'facing the nation' — who says that the rural masses have to be taxed because they constitute the vast majority of Sri Lankans.

That in a nutshell explains the rationale of these pundits. The guy mentioned in the previous paragraph here and the Verite talking-head are on the same page. In the final analysis they are asking one question: "why didn't the Government heap all these burdens on the people and not on the capitalists owners, just the way our favourite Government did?"

Malaise

The guy who said let the rural masses pay — well, at the very least he was being honest about it, though unbeknownst to him he let his side down and lay bare their entire rationale. He really did cut the ground from under their feet!

They say that the taxes on turnover that have been imposed on the big corporates would be passed on to the consumer but don't say that even if it happens that proportion would be much less than the direct taxes on taxpayers that would have depleted income. But the Government did the correct thing here. It shielded the consumer as much as possible, and passed on the costs to the corporates who really didn't in their CSR or in any venture seek to come to the aid of the ordinary people who were hit by the Covid induced economic malaise.

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There is the face of raw hatred for you. The rural masses are damned by these people because they rue the fact that these rural folk elected this Government. They hate them so much for electing the Government they dislike, as opposed to their favourite Government. So, they want to watch the rural folk suffer — even more than they already do due to the repercussions of Covid.

The budget has made for an opportunity to expose these ghouls, that Verite pundit most of all, and all others — who never tire of being skills for their masters, the capitalist owning classes.