**Rich legislators of poor nation**

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November 15, 2020

In democracy, direct taxes play an important role for equitable wealth distribution. The Parliament enjoys exclusive power to levy taxes and citizens pay these under social contract for general welfare of all. Being elected representatives of people, legislators have greater responsibility in discharging their legal obligations-tax payments is vital amongst these-and ensure fair distribution of wealth. In Pakistan, the reverse is happening due to unholy alliance among law-makers, law-keepers, and law-breakers, pushing millions to below poverty line.

The Election Commission of Pakistan (ECP), National Accountability Bureau (NAB), Federal Investigation Agency (FIA), Federal Board of Revenue (FBR) and many other institutions have utterly failed to scrutinise the declarations of assets, liabilities, incomes, expenditures and tax paid by parliamentarians. Any misdeclaration by any elected member can lead to his/her disqualification as well as punishment of permanent disqualification as decided in the case against Nawaz Sharif, three-times elected Prime Minister. It is an incontrovertible fact that declarations filed by a majority of parliamentarians do not justify their assets/standard of living vis-à-vis disclosure of meagre incomes, mainly emoluments from the State as only source of income. In the face of this reality, people are justified to ask why accountability is selective and used for political victimisation.

The best way to scrutinise the veracity of declaration of lawmakers and all persons in the service of Pakistan is through an Independent Commission comprising retired judges and professionals having skills in the field of audit/tax, with impeccable reputation

The latest publication of assets/liabilities of legislators by ECP for year 2019 and Parliamentarians’ Tax Directory for Tax Year 2018 by FBR present a shocking state of affairs. According to data made public by ECP, there are many billionaires in our National and Provincial Assemblies and Senate. It is not clear whether they have shown assets at cost or market value and whether their income declarations justify accumulation of wealth and expenses. Further details can be seen at website of ECP. In mid 2019, according to Global Wealth Report 2019, issued by Credit Suisse, a global financial services company, the overall wealth of Pakistanis was down by US$ 141 billion from US$ 606 billion in mid 2018. However, wealth of rich legislators increased in this period according to declarations filed with ECP.

As per Global Wealth Databook 2019, Pakistan’s GDP per adult was $2600 and wealth per adult was US$4098. Data by ECP shows average net worth of a parliamentarian at US$ 900,000, yet all of them paid meagre income tax compared to their wealth accumulation and lavish living style. Many rich legislators of a poor nation have wealth in billions. The legislators in parliament exploit their positions to give tax exemptions, waivers and amnesties to the rich to become richer-Fair Taxation For Poverty Reduction And Equality (Huzaima& Ikram, 2016). According to reports of Credit Suisse, the wealth of Pakistanis from mid 2018 to mid 2020 suffered negative impact of 24% due to rupee devaluation.

According to World Ultra Wealth Report 2018, Pakistan was among the countries with top 10 fastest growing population of ultra-high-net-worth (UHNW) individuals over the last 5 years. Bangladesh with 17.3% UHNW growth tops the list, followed by China (13.4%), Vietnam (12.7%), Kenya (11.7%), India (10.7%), Hong Kong (9.3%), Ireland (9.1%), Israel (8.6%), Pakistan (8.4%) and United States (8.1%). The number of adults in Pakistan grew from 66,756 in 2000 to 107,845 in 2017 (account for 2.2% of world’s total adult population) with wealth per adult grew from US$ 2549 in 2000 to US$ 5174 in 2017 according to Global Wealth Report 2017.

Pakistan is among the countries where oppressive taxes, rent-seeking, concentration of resources/wealth in a few hands, tax amnesties and asset-whitening schemes coupled with non-delivery of social services to the weaker segments of society, among other factors, have been contributing perpetually and substantially towards rich-poor divide for the last many years. It was also highlighted in a report [Reward Work, Not Wealth], launched by Oxfam on January 22, 2020, when political leaders, businesspersons and many others gathered for the World Economic Forum in Davos, Switzerland.

Oxfam in its report, Time to end extreme inequality’, highlighted, “A boy born in a rural area to a father from the poorest 20% of the population has only a 1.9% chance of ever moving to the richest 20%”, quoting ‘Intergenerational Mobility: Evidence from Pakistan Panel Household Survey’ by S. A. Javed and M. Irfan (2012). The rich parliamentarians pay negligible taxes to fund education, healthcare and small-scale agriculture that can play a vital role in reducing inequality and poverty. Oxfam’s report says: “…poor people are hit hardest by petty corruption, which acts as de facto privatization of public services that should be free-one study found that in rural Pakistan the extremely poor had to pay bribes to officials 20% of the time, whereas for the non-poor this figure was just 4.3%”. Another sad fact is lack of governments’ will to fulfill the promise of free and compulsory education to all children of the age of five to sixteen years under Article 25A of the Constitution. Oxfam estimated, “For the poorest 20 percent of families in Pakistan sending all children to ‘Low-Fee Private Schools’ (LFPS) would cost approximately 127% of each household’s income”.

The submission of declarations by lawmakers remains a formality. ECP simply receive these as a post-office and publish the same in the official gazette without any verification/scrutiny. Many lawmakers conveniently ignore the requirement of submitting statements of assets of their spouses and dependents. Many just say “as before”. It is a matter of record that in many cases, the value of assets is understated. Many as per declarations do not own any vehicle, but are seen moving in motorcades! The non-bearer prize bonds are shown by many to whiten the untaxed assets as amnesties schemes were ostensibly not available to them, but through benamidars (name-lenders) they were the beneficiaries, as well as through fake bank accounts. During five-years rule of Nawaz Sharif net increase in purchase of prize bonds were Rs. 518 billion.

ECP on November 28, 2016 decided to reactivate its Political Finance & Confidential Wings (merged into a Directorate) for random scrutiny of the declarations of assets and liabilities of legislators. This decision was taken after disqualification of Nawaz Sharif, and then General Secretary of Pakistan Tehreek-e-Insaaf and others. According to a Press report, ECP started scrutinising the declarations of as many as 100 parliamentarians on December 1, 2016. However, after lapse of 4 years, no public disclosure is made of its outcome.

ECP was reportedly seeking help of FBR, Auditor General, provincial revenue departments, FIA and other institutions. The ECP has failed to make public results of scrutiny of 100 parliamentarian started in 2016, as no action is taken against anyone. The best way to scrutinise the veracity of declaration of lawmakers and all persons in the service of Pakistan is through an Independent Commission comprising retired judges and professionals having skills in the field of audit/tax, with impeccable reputation. This Commission should be empowered by proper legislation to seek help of experts from outside to examine the declarations of legislators and state functionaries, including judges and generals. After thorough probe and following Article 10A of the Constitution, the Independent Commission should ask relevant authority to take action.

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