



Essays on Politics and Taxes

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Introduction

Below are five of my short and recent essays on politics and taxation. These were posted in my blog, <http://funwithgovernment.blogspot.com> on dates indicated. Key subjects tackled were freedom of speech, liberal politics, rule of law, local taxation and election watch. Read on!

(1) Right of reply vs. Privilege of publication

February 27, 2009

The current legislative proposal by a number of Philippine Congressmen and Senators to have the “Right of Reply” Bill has the correct title but the wrong content. Right of reply is a right for people who would bother to reply to certain unfair accusations against them. But getting published in whatever media outlet, public or private, that the complaining person feels he was unfairly attacked, is a privilege, not a right.

If I attack a particular person in my blog and say that his face is ugly while his eyes are even uglier, and many people happened to read that particular blog entry of mine, the affected person can write a comment in my blog. Whether I will approve his comments and reply and have it posted in my blog, or reject and thrash it, is my right, not his right. If I decide to approve and have it posted, then I granted him a privilege.

Now that person can also put up his own blog, or send a blast email to many people, or write a letter to the editor of a big newspaper or go to a big radio or tv station and counter-attack me, saying that while my face may be more good looking than his face but my ears are as ugly as Yoda’s or ET’s ears, then I have the Right of Reply but

have no Privilege of being Published or aired in radio or tv stations that broadcasted that person's attacks against me.

Expanding this logic to mainstream media, when a politician or group of politicians are being attacked for being corrupt and/or lazy, they have the Right of Reply, definitely, but whether their reply will be published in the newspaper or magazine, or be aired in the radio or tv station that aired the earlier attack, is a privilege to be granted by the editors and/or owners of those media outlet. It is not a right by the complaining politicians.

The complaining politicians though, have the right to put up their own newspaper or magazine, radio or tv station, blog or website, to regularly carry their personal and official pronouncements, including making clarifications or counter-attack to accusations against them made elsewhere.

I would even assert further, that ALL legislators, mayors and governors, should have their own websites or blogs at least, because these are very easy to manage and would require almost zero cost to set up. Then they can display and publish all their Right of Reply, attacks and counter-attacks, praises and halleluiahs, to whoever will be the object of their anger or praises.

For the legislators who are intent on pursuing that bill to become a law, they should have at least the decency and wisdom of changing the title of their proposal from "Right of Reply" to "Right of Publication or Broadcast", then push their dictatorial intents.

Since those legislators are not the owners of the media outlets that they wish to be heavily regulated and controlled, since they are not the ones who pay for the salaries and perks of the reporters, editors and administrative staff, the cost of printing and broadcasting, and there is supposed to be "private property rights" in this country, those legislators should have the decency of realizing and recognizing the dictatorial intent and confiscatory scheme of their proposal.

(2) Liberal tradition and the Liberal Party

March 25, 2009

A relatively known political strategist and blogger discussed the question, "What's the matter with Mar?" to refer to the low popularity as a Presidential candidate in the Presidential elections next year of Liberal Party President, Sen. Mar Roxas. The author, Mr. Lito Banayo (<http://litobanayo.blogspot.com/2009/02/whats-matter-with-mar.html>), asked, "How come he ranks low, even behind his fellow senator Ping Lacson, who has not bothered to move around the country nor advertise his wares yet?"

I think Mar and the LP need to reassert the classical liberal agenda. The primacy of individual liberty, the limits and some dangers of (forcible) collective liberty like nationalism, protectionism and property rights confiscation.

This is because almost ALL political parties in this country, big and small, are warped in the semi-socialist slogan, "country/collective over the individual". Isn't the progress and growth of society ultimately measured by the freedom and progress of the individual?

There are many negative implications of forcing collective liberty over the individual: the individual should not become very rich, he cannot be allowed to become super-rich, his income, his cars, his house/s and properties, his company, his savings, his travels, his consumption, his estate to his children and grandchildren, etc. need to be over-taxed and over-regulated. And the "guardians" of the collective -- the government and its thick army of politicians and bureaucrats -- will get the confiscated incomes and savings to force equality in society, even to the point of rewarding and subsidizing the lazy and irresponsible -- after putting huge share of such resources for the salaries and perks of the "guardians".

This is not to say that LP and Mar should strictly embrace that classical liberal philosophical tradition, but anything closer to that tradition, and away from the populist, collectivist, if not confiscatory mindset, will make Mar and the LP unique. Too many businessmen and entrepreneurs want a break from the choking bureaucracies, taxes and fees that all administrations in the past, regardless of their political parties, have instituted and/or maintained. This group of entrepreneurs will be a huge army of supporters and allies for the party.

(3) Thailand crackdown and the rule of law

April 18, 2009

Rule of law is perhaps the single biggest assurance of individuals to protect their liberty. This is because the principle explicitly specifies that "the law applies to everyone, rulers and ruled, no exception". The law applies equally to unequal people. So when the law says "no stealing", then no stealing should be allowed, either by a destitute and hungry man or by the President or Prime Minister of a country. When the law says "no killing", then no killing should be done, either by a hardened criminal or an ordinary man or by the military and the police, if there is no direct threat to them.

This makes the rule of law a dangerous principle and policy – dangerous to thieves and robbers, tyrants and dictators, liars and demagogues. Because whatever regulations and prohibitions they create will also apply to them, will also restrict them.

The continuing political instability in Thailand is another example of trampling of the rule of law principle. Of rulers and law implementers having discretionary power to

decide whom the laws and prohibitions will apply, and to whom the laws will be relaxed and not implemented.

A few months ago, anti-Thaksin groups, particularly PAD and the Democratic Party who are now in government, blockaded some major roads in Bangkok for several months to force the government of former PM Samak to step down. The road blockade continued even after the Samak government was replaced by the short administration of former PM Somchai. PAD demonstrators also camped outside the Parliament and Government House for many days, and the worst action they did, they forcibly occupied the international airport which caused endless misery to stranded passengers, both local and foreign. PAD succeeded in bringing down the Somchai government and installed the current PM Abhisit government.

What you sow, you will also reap. Tens of thousands of supporters of former PM Thaksin also went to the streets of Bangkok late last month and blocked some roads, also to force the resignation of current PM Abhisit government. This is essentially doing what the last group of demonstrators did. But there is one big difference here: the current Thai government implored the "rule of law" and launched a military crackdown to implement "the law".

Disrupting the ASEAN summit was a bad move by the "red shirts", but my source in Bangkok said that prior to such action, the red shirts were attacked on April 11 by plainclothes security force, many were injured and there was no government action and investigation for the incident. Nonetheless, even for the sin of disrupting the ASEAN summit, killing ordinary civilians is not an appropriate response.

While the government of PM Abhisit said that there were no casualties during the April 13 military crackdown, my friend in Bangkok said scores were killed. On that day, troops north of Bangkok moved in and opened fire at a small group of red-shirts, killing instantly some people there. When the "red-shirts" fought back, more people were shot dead by the soldiers and many more injured. My friend added that armed gangs organized by government politicians roamed the streets and beat up any red-shirts they met and several were beaten to death.

When the PAD demonstrators blocked several important streets of Bangkok for several months, when the PAD demonstrators occupied the Government House and the international airport for several days, moves that were clearly violent and disruptive, they were never attacked or killed by the soldiers. PAD was even rewarded for such violent acts by awarding some of their leaders high positions in the current government.

It never fails. The rule of law is always "name-dropped" by politicians and political groups whenever it suits them. When it does not suit them, it's always easy to do unconstitutional, violent means, in the name of "people power" and "fight for democracy".

So, what's next for Thailand? I guess another round of street demonstrations and occupation of government buildings, or disruption of another high-level regional or international event in that country. Some of the leaders of the anti-Thaksin groups that occupied the international airport by force are in government now. Their mere presence there can re-ignite another political vendetta anytime.

The Abhisit government can do several ways to help reduce the tension and the desire for another political vendetta. One, by asking all PAD leaders, other political leaders who were closely associated with the half-year street occupations and take-over of the international airport, who are currently in government, to resign and leave their posts. This way, impressions of double-standard in the application of the law can be dispelled. When it's the anti-Thaksin group occupying airports and blockading streets, they get rewarded with government posts.

Two, make the responsible soldiers and their officers be held accountable for the killings. Killing ordinary and unarmed civilians in is a shameless and ruthless act that any government can do. And three, the government should refrain from media censorship, allow media and independent investigation on what really happened on the crackdown on April 13. The Thai government needs more transparency and accountability to avoid being compared as similar to the military junta governing Myanmar.

Countries that do not ensure the promulgation of the rule of law tend to suffer from continuing political instability.

(4) Local taxes and decentralization

May 11, 2009

The Congressional Planning and Budget Department (CPBD), the economic think tank of the Philippines' House of Representatives, recently produced a paper entitled "Public Sector Government and Decentralization in the Philippines", authored by the office Executive Director, Dr. Romulo "Jun" Miral, Jr. CBPD was my former office for 9 years in the last decade, and Jun is my friend.

The paper was reported in at least one newspaper, "House think-tank pushes stronger taxing powers for local governments" by Iris Gonzales, May 10, 2009.

<http://www.philstar.com/Article.aspx?articleId=465956&publicationSubCategoryId=66>

Jun argued that local governments must be given stronger taxing powers or at least commensurate to the expenditure functions assigned to them, that while major expenditure functions have been devolved to local governments, the National Government (NG) continues to have exclusive authority over productive and broad based taxes.

Jun wrote further, “Government resources continue to be centralized, resulting in common pool problems and local governments remain very dependent on National Government transfers and the direct provision of devolved services. This undermines local autonomy and government accountability.”

The NG collects huge amount of money from income tax (personal and corporate), value added tax (VAT), import tax, excise tax (alcohol, tobacco and petroleum products, the so-called “public bads”), documentary stamp tax, franchise tax, travel tax, motor vehicle tax, etc. The various NG agencies also collect their own charges and fees – passport fee, driver’s license fee, NBI fee, police clearance fee, terminal fee, irrigation fee, etc.).

Local government units (LGUs) collect mainly real property tax (RPT), community residence tax (individual and corporations), business license taxes and fees (fire department fee, health and sanitation permit fee, garbage collection fee, building and electrical permit fee, business plate fee, etc.).

If one will visit a typical business enterprise (say a restaurant or computer shop), one will notice about a dozen compliance certificates from various NG agencies and LGUs, and business plates. The business plates issued by the barangay or village, and city or municipality, would normally include the name and face of the barangay captain, and city or municipal Mayor, respectively. That will give someone who is aspiring to become a start-up entrepreneur, the maze of government bureaucracies that he/she will face every single year. Consider also the monthly, quarterly and annual taxes and fees to be paid to all of those agencies, the cost of compliance, and one can possibly be terrified and would rather decide to operate as an informal and small or micro enterprise.

Back to LGU-NG taxation. Jun is proposing that to achieve a more effective government decentralization, the NG and LGUs can do joint taxation of major taxes such as income tax. I am glad that unlike many economists in the NG and multilateral institutions like the IMF, WB and ADB, Jun did not propose further gouging the pockets of Filipino taxpayers. Instead, he proposed that “To accommodate the additional taxes to be imposed by local governments without increasing the overall burden on taxpayers, NG tax rates could be commensurately reduced.”

I would add that some NG taxes should be abolished or drastically cut. This will have two important positive impact. First, it will put the Philippines on the league of modern Asian economies who are attracting big investors and entrepreneurs via tax competition – Hong Kong, Singapore and Dubai. Malaysia and Brunei are attempting to join this league too. Second, the “savings” by individual and corporate taxpayers will allow them some breathing space to pay any additional taxes and fees to be collected by LGUs. A competition among LGUs can happen – who has the best peace and order situation, who has the cleanest streets and parks, who has the most competitive and reasonable local taxes, etc. And people and firms can “vote with their feet” by moving to LGUs that offer the most business-friendly policies and projects.

And leave those cities or municipalities or provinces whose LGUs have parasitic and extortionary policies.

But this is easier said than done. Many agencies in the NG, especially the Office of the President and Congress, are experienced parasites. They will never let go of those multiple and duplicating taxes and fees that feed their entrenched bureaucracies and give them enough arbitrary powers that force entrepreneurs to kneel before them and make "amicable settlements".

(5) Democracy and election watch

May 15, 2009

Liberty Institute in India has made a great initiative -- a website and discussion forum to inform the citizens of the various political parties, their platform, candidates, election staff, etc.

In the Philippines, there are also major initiatives by independent groups, like the National Movement for Free Elections (NAMFREL) which was formed during the Marcos dictatorship in the mid-80s. Since election cheating is as natural as the Sun rising tomorrow until this day, NAMFREL continues to exist. Although recently, its reputation has been tainted with favoritism of certain political parties.

Then there are also church-based initiatives like Parish Pastoral Council for Responsible Voting (PPCRV), a few others. These are grassroots political education projects to inform mainly poor voters not to sell their votes to cheating politicians, corrupt politicians, etc.

These two plus a few others maintain websites that inform citizens of their rights and responsibilities as voters.

I think that in terms of voter education, there are enough initiatives in the Philippines. Political parties also have their own initiatives to cheat or counter-cheat since election cheating is a "given" reality. So many people want to "serve the public"! If they have to cheat, if they have to kill, if they have to sell their soul to the devil -- the monopolists, the drug lords, gambling lords, prostitution lords, etc. -- they will do it, so that they can "serve the public."

What is lacking in the country are initiatives to inform citizens to be more self-reliant and responsible individuals, not wait for the State and politicians to provide most (if not everything) that they want. Free market and individual liberty organizations in the country are very few and small. The bulk of intellectuals in the country are part of the big state machinery of big taxes, big welfare promises and programs, big intervention philosophy.

Here is an update from Liberty Institute, below.

India is holding its 15th general election to elect new members to the Lower House of national Parliament, the Lok Sabha.

- * 715 million voters
- * 57% turned out to cast their ballot over the five phases of polling
- * 8070 candidates are in the fray
- * 543 seats in the Lower House are at stake
- * 0.84 million polling stations
- * 4.7 million polling staff
- * 4.7 million security personnel deployed

Polling took place in five phases beginning on April 16, and ending on May 13. The votes will be counted on May 16. This is one of the most open election ever, with very little separating the two major political blocks.

Liberty Institute has undertaken an initiative - Empowering India - to improve our understanding of the miracle of democracy in India. Please explore the unique features on www.EmpoweringIndia.org

Empowering India is seeking to compile information about candidates, constituencies, political parties, so that the citizens and the voters are better able to empower themselves, and participate in this political experiment making democracy meaningful.

Liberty Institute, is an independent think tank, based in New Delhi. We believe that market economics and democratic politics, are two sides of the same coin. An open and competitive market empowers the consumer by enhancing freedom of choice in the economic sphere, while a free and open democracy empowers the citizens by ensuring freedom of choice in the political sphere. Empowering India initiative is being partly supported by the Friedrich Naumann Stiftung - für die Freiheit.

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Websites: www.EmpoweringIndia.org, and www.InDefenceofLiberty.org