

‘Growth’ and Black Money

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A couple of weeks back astounding information was flashed by a popular weekly published from Delhi. The summary of the report was that India and Indians top the list of Swiss bank deposits. Not only that Indians top the list but there is a massive gap between the Indian deposits and the next country in the list which is China. A fantastic amount of \$1.45 trillion (1 trillion=million million=1,000,000,000,000) has been siphoned off from the country into the vaults of Swiss banks. If one divides this amount by the total population of the country the per capita share comes to Rs 100,000. In other words, an average of one lakh has been pilfered from each Indian and deposited in Swiss banks which make it dead money for the country. It is a mind boggling amount of potential liquid hard cash. The report is certainly credible because the association of Swiss banks have raised a pertinent point that such revelations will harm the Swiss banking industry which functions on absolute secrecy. It is an American request to a leading Swiss bank to reveal certain details on certain US big time tax evaders that unwittingly brought out the broad details. Even then, the identities of the Indian depositors remain hidden. When a CPI member of parliament raised the issue in parliament quoting the letter from the concerned bank the replies were evasive which clearly shows that the central government is least interested in unearthing this colossal financial scandal.

A few years back there was mounting pressure on the Swiss government and banks to bring about some transparency in the overseas deposits. International banking being the mainstay of the Swiss economy they refused to do it but instead brought out a law which stipulated that any future deposits have to be done through the banking system which makes it accountable to some degree. But this accountability proved toothless because of the simple fact there are a number of countries in the world which are absolute tax havens. All that the depositor has to do is to reroute the ill-earned money through banks in those tax havens. All remained as safe and secure as ever.

The pertinent question which the government is unwilling to pursue is who these depositors are. The sheer quantum of the deposits shows that they are the richest individuals in the country. But, then, there are many kinds of rich people in the country. Firstly, there are the big business people or those who are called members of the billionaires’ club. But it is difficult to conceive that any active big business man will be foolish enough to lock up his money in this manner. Business men may manipulate the stock exchange, they may manipulate their own accounts to manipulate the market, they may resort to unfair trade practices to maximize profits and they may resort to a number of other economic crimes to boost profits. But locking up money in Swiss banks while they can easily use that money to multiply profits is simply unthinkable. It goes against all norms of capitalist logic. So, it is possible to rule out this section of big money from being the leading depositors. It is not that big businesses and their chief executives may have nothing to do with Swiss banks. But their involvement to this level can be ruled out because from a capitalist’s point of view it is absolutely unscientific and illogical to lock money away like this.

For the common man in the country the entertainment industry is replete with fabulous wealth and being notorious tax evaders may credit them with stashing away money in the Swiss banks. There may be an element of truth in it. But, here again, the scale is incongruous with the reality. Even if one takes the entire money involved with the entire entertainment industry in the country it is likely to amount to only a fraction of the total Swiss bank deposits from India. While the film industry personalities may find it convenient to pump money into the Swiss banks it is unthinkable to credit them with more than a fraction of \$ 1.45 trillion. Then, who remains to account for the bulk of this stupendous amount of money?

To a large extent the answer is obvious. There are quite a large number of politicians, both regionally and nationally, who have been lording over this country of nearly 120 crores of people for the last more than six decades. And it is common knowledge that down to the lowest levels the politicians invariably double up as commission agents. Hundreds of self-evident corruption cases involving politicians from the prime minister downwards are there in Indian history. In this largest democracy every gate is a Water gate and everyone who is having even a secondary knowledge of the way politicians make the system work knows it fully well that the oil of the machine is corruption. Let there be no illusion that a panchayat president will be able to go to a Swiss bank to hide his ill-gotten wealth. He is more likely to start a money lending or real estate racket at home itself. More-over, one needs a minimum of 1 million dollars and two references of established account holders to start an account in a Swiss bank. Petty politicians will simply be not able to fulfil these obligations which are absolutely necessary preconditions. This narrows down the suspects to the top order politicians. That is probably why when the question was raised in parliament it did not make any furor. It may be relevant to cite a recent historical example. Ferdinand Marcos, his wife Imelda Marcos and close kith and kin ruled the Philippines Islands for decades. Under his rule the immense natural wealth of the Philippines was sold piecemeal and the people sunk into the lowest levels of destitution. Girl children from the impoverished countryside being sold for child prostitution in the international tourist city of Manila became the order of the day. When the people rose up and threw him and his wife out of power it came out that the poverty of the people was directly proportional to the amount of money he and his clan had been stashing away in Swiss banks. All the money (except the money that was squandered on the preposterously vulgar ostentatious living of the clan) that the country received from multinational corporations for selling off natural wealth and concessions was intact in the Swiss banks. The new government disputed this and an international case is still going on to recover this money. This is how 'modern' politicians can accumulate. Any number of other international examples can be quoted. India being a democracy it is certainly not possible to limit corruption to one or two families. Corruption has to be more broad based than that because only then the system can work without any serious hurdles. So it is quite possible that there will be a consensus among the powerful politicians of various parties not to dig their own graves. The full blooded adoption of a neo-liberal economic regime since 1991 has no doubt made the avenues of high level corruption unimaginably wider and deeper and none of the mainstream political parties in the country have anti-globalization positions. The State governments are competing with each other to attract foreign capital. Currently the dynamics of global recession may act as a dampener on this flow but it had been growing

from strength to strength for the last two decades and accumulation of black money internally also was keeping pace. The colossal deposits in the Swiss banks stands testimony to this double headed flow of dollars.