

PM: World tax will help poor nations

STAR
By WONG SAI WAN

KAMPALA (Uganda): All countries, rich and poor, must accept the practice of a world tax to ensure that globalisation will be more equitable, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

"The world tax should be for the construction of needed infrastructure for the poor countries which can catalyse their development and access to the world market.

"Not only will these infrastructure facilitate the opening up of these poor countries, making their exports more competitive and imports cheaper, their construction will also create jobs and generate wealth," he said at the Global 2001 Smart Partnership Dialogue dinner here.

He added that the world tax would also benefit the

richer countries, as "the world will be richer because of the physical opening up of the poor but resource-rich and densely inhabited regions of the world."

"The already rich will get richer but the poor will get a little of the wealth and infrastructural needs of their countries."

Dr Mahathir also stressed that this tax should come on top of the normal aid given to poorer countries, which puts them under an obligation.

His speech was entitled "Enhancing the Climate for FDI through Smart Partnership."

This is the second time Dr Mahathir has expounded on the need for a world tax. The first time he suggested rich countries should pay statutory taxes to the world because they had been enriched by the world was in China last year

during an economic forum.

"I hope the poor countries will not reject this idea. The rich will not even take note of this proposal.

"But if they want the poor to come on board with their WTO and globalisation, they should make wealth-sharing quite certain by agreeing to this world tax."

He said Malaysia, which had benefited from its businesses worldwide, was willing to pay such a tax.

On Foreign Direct Investments (FDIs), Dr Mahathir said that most developing countries had made efforts to create basic conditions to attract FDI like ensuring political stability and making their regulatory environment conducive to investors.

However, he noted that developing countries were often not consistent towards FDIs.

"The implementing person-

nel often entertain ideas different from those of the government. They may be too nationalistic and do not agree with the terms afforded to foreign investors. Sometimes corrupt practices hold up approvals," he said.

He reminded the developing countries that while they adjusted their economies to accommodate the new world economic order, they should not forget to forge smart partnerships, especially within their own countries between the government, workers, media and private sector.

"It is not going to be a perfect union but it will facilitate dialogue and adjustments so as to stabilise the country and make it attractive to investors, both local and foreign.

"It will also take time because sudden change, even if for the better, is always destructive," he added.