

PM: Tax the rich to help poor states build infrastructure

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From ZAINULARIFIN

QIONGHAI (Hainan), Tues: Prime Minister Datuk Seri Dr Mahathir Mohamad proposes that an international tax system be devised to help finance much needed infrastructure facilities in developing countries.

The tax would also be a way for rich nations to repay the poor for having had their markets prised open through liberalisation and globalisation.

Dr Mahathir said this in his keynote address at the opening of the inaugural Boao Forum for Asia today in the resort town of Bo'ao here.

The forum, which the organisers hope to turn into an annual gathering and a regional think-tank, is intended to bring together representatives of governments, businesses and the academia to exchange ideas and experiences on economic and social development.

The Prime Minister said the tax can be used to replace developmental assistance as well as foreign loans, both of which have proved unworkable as one is open to abuse and the other poses a debilitating burden.

"It is time the world thinks of taxing the rich countries on a sliding scale in order to gather sufficient funds to finance the construction of infrastructure in the poor countries.

"The basis of the assessment can be worked out and agreed upon. So can the agency which will collect and administer the revenue and implement the projects agreed upon."

The fund, he suggested, could be managed by a democratically-elected body comprising international civil servants, with no single country being dominant.

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ies very little, and yet the benefits for the poor in terms of economic and social development will be tremendous. On their own, poor countries will not be able to afford developing much-needed infrastructure like ports and airports.

Dr Mahathir said the rich nations might question the moral or legal basis for imposing such a tax on them, but it would be moot given that they had not considered the impact on poor nations when they pushed ahead with liberalisation and globalisation to their own benefit.

"If Malaysia can accept globalisation and being borderless, certainly the rich countries of the world can and should accept the idea of an international tax in order to help the poor of the world."

However, for the idea to work, Asian countries must be the first to show faith in it, as resistance from the rich nations is to be expected.

"We the Asians, largely poor, must accept the idea... we should at least agree to discuss the world infrastructure tax. One day, we together must push for its adoption by the world, by the United Nations."

A globalised world, in effect a global nation, should not mean that the rich can freely exploit the opening up of the borders of countries. It would be meaningless if the rich can continue to large amounts of money and yet be exempted from paying taxes.

"(Compared to the need for reform of the United Nations) what I have suggested is peripheral and minor. It will cost the rich really very little. Yet it will bring about tre-

mendous benefits for the poor. Certainly it will enrich them a little."

Dr Mahathir said there will be no debt for the poor and neither will they be able to misuse the funds. The infrastructure projects can be decided and implemented by an international body which will be guided by experts.

"There can be no doubt that this tax on the rich will help spread the wealth to the poor," he said, adding that since part of the wealth came from exploitation of resources of the poor, it was only fitting that the rich return some of it.

In any case, the infrastructure development will also benefit the rich nations as they have the knowhow, the machines and the experts to carry out the projects. They will get back a portion of the money they pay in world infrastructure tax.

"And beyond that when the poor become richer they will provide excellent markets for the goods and services. It will be a win-win affair."

Later, at a press conference, Dr Mahathir said it is important that the poor nations get together and design the tax regime and its uses, and not let the rich dictate terms.

However, he acknowledged that getting it done would be a big challenge.

"We feel that initially the rich will try to shoot down the idea, but we will persist. Eventually they will have to accept."

Dr Mahathir said he had touched on the idea during his meeting with President Jiang Zemin yesterday, and the Chinese leader seemed receptive despite noting the complexity of the proposal.

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