

Mahathir: Tax rich countries to help poor ones

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By NICK LEONG

BOAO (Hainan): The world should consider taxing rich countries to finance the construction of infrastructure in poor countries, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

Saying foreign aid and loans had failed, Dr Mahathir said only an international infrastructure development programme funded through an international tax and confining itself to building needed infrastructure could overcome the poverty of nations and people.

"A globalised world, actually a world nation, should not let the rich exploit the opening up of the borders of the countries without exacting payment.

"A world nation would be meaningless if the rich can make more money but are exempted from taxes," he said in his keynote address at the inauguration of the Boao Forum for Asia (BFA) here.

Dr Mahathir said the rich countries might question the moral or legal ba-

sis for the tax.

"But they had insisted that the poor countries should open up their economies for them to exploit.

"Of course they are going to argue that the flow of capital into the poor countries would be beneficial to them (the poor countries).

"I am not so sure. Malaysia's experience is that capital can also flow out and when they do this rapidly, the economy can collapse," he said.

Dr Mahathir said even the expenditure on infrastructure development from the tax on the rich countries would benefit the rich also.

"Only they have the know-how, the machines and the trained experts to carry out the projects.

"They will therefore get back a

good portion of the money they paid for the world infrastructure tax," he said.

Beyond that, he added, when the poor countries became richer they would provide excellent markets for the goods and services of the rich.

"It will cost the rich really very little, yet it will bring about tremendous benefits to the poor," Dr Mahathir said.

He said something was obviously wrong with the redistribution of wealth across the world when some people were obscenely rich while so many lived in abject poverty.

He said the United Nations was in need of reforms but the fundamentals of its structure would resist change for obvious reasons.