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Dr M: Tax rich nations (HL)

Ahmad A Talib in Boao, Hainan

SPEAKING out for poor and developing nations, Datuk Seri Dr Mahathir Mohamad yesterday proposed that rich nations be taxed on a sliding scale and the money collected used to finance the construction of infrastructure in these countries.

The Prime Minister, addressing the Boao forum for Asia attended by some of Asia's leading minds, said the cost of infrastructure in poor countries can be very high and they simply could not build them on their own.

He said that 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 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.

"Of course the agency must be elected democratically by the United Nations and so must the international civil servants be chosen. No one country should dominate," Dr Mahathir said.

The Prime Minister is the sole keynote speaker to the Boao forum for Asia, a gathering of the best of minds in the continent which the promoters hope could yield new ideas aimed at improving Asia and the world.

Arguing his idea further, Dr Mahathir said the rich might question the moral or legal basis for taxing them. But they had insisted that 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 for them (poor countries). I am not so sure. Malaysia's experience is that capital can also flow out and when it does this rapidly the economy can collapse.

"In any case, the globalisation of the world will profit the rich mostly. Even the expenditure on infrastructure development from the tax on the rich will 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 out for the world infrastructure tax. But beyond that, when the poor countries become richer, they will provide excellent markets for the goods and services of the rich."

The Prime Minister added that the agency managing the tax will be an international body guided by experts and they will also be responsible for deciding what projects to implement. He further argued that since part of the wealth of the rich comes from the exploitation of the resources of the poor, it is only fitting that they return some of it to the poor.

Pressing his idea further, Dr Mahathir said that if Malaysia and others could accept globalisation and the idea of being borderless, certainly the rich countries could and should accept the idea of an international tax in order to help the poor of the world.

"First of all we Asians, largely poor, must accept the idea.

"Japan is the only rich country among us but Japan has always been more generous than all the other rich countries. I don't think Japan is going to reject 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 UN," the Prime Minister said.

Dr Mahathir then outlined what he thought should be the task for the Boao forum. The forum should be tasked with the study of globalisation and a borderless world, of democracy and human rights, of good governance, of corruption and cronyism and all the new ideas which Asians are expected to accept and practise.

"We should study them critically because they are not perfect and they need to be improved. We should be prepared to correct, modify or even reject them if we think that they would do us and anyone something bad," he said.

Asians, Dr Mahathir insisted, should not be shy to formulate Asian ideas on the governance of mankind.

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