

01/03/2001

Infrastructure tax on rich

THE rich nations would like the world's poor to believe that they harbour only good intentions and have their interests at heart when they embarked on their globalisation drive. All the developing nations have to do is to open their markets wide and free their economies to unrestricted flows of capital and trade in goods and services.

In theory, the benefits accruing from globalisation are supposed to be widespread to all the players involved with both the developed and developing countries being better off. But in practice, given the unbalanced technological resources and economic clout between the two sides, the developed countries will reap most of the benefits while the developing countries will still be struggling to catch up with the richer nations in the globalisation process. It thus looks like the globalised world is not going to be an entirely level playing field after all - as many in the First World would like us to believe.

It is justifiable therefore that some ways should be found outside the confines of free market forces to redress the unbalanced accrual of benefits in the new globalised world. In his characteristic novel approach, Prime Minister Datuk Seri Dr Mahathir Mohamad has come up with his proposal of taxing the rich nations to provide funds for the construction of infrastructure in the poor and developing countries.

The poor nations certainly require a lot of help to pull them out of the state they are in. Because they are poor, they do not have enough money to spend on a broad range of infrastructure which will provide the boost for overall economic and social development. Without proper infrastructure they will not be able to pursue economic development which will enable them to earn sufficient money to spend on improving whatever infrastructure they may have. It is a vicious circle, really, which they must be helped to get out of.

The proposal is feasible and if rich nations are sincere in helping the developing nations to improve themselves, they should support it. The mechanics of the proposal can be worked out to get it implemented. The Prime Minister has already suggested that the rich countries be taxed on a sliding scale and that the basis of the assessment can be worked out and agreed upon. Also proposed is an international agency to collect and administer the revenue and implement the projects in the poor countries. In order to be effective, this agency should not be dominated by any one country or group of countries, no matter how rich, and should be truly democratic with the big and small countries having their say in how the agency's affairs are managed.

In accepting a world infrastructure tax, the rich nations are also helping themselves. This is because with their technology and expertise, they will be inevitably involved in building the projects in the developing countries.

Having got the infrastructure tax and the related agency going, some of the nations whose infrastructure development is financed by the tax will grow over the years into sufficiently rich countries which will not require funding from the tax anymore. Not only will they eventually stop drawing funds from the tax, they could even be in a position to pay the infrastructure tax which will boost the amount available to fund the infrastructure of the countries which are still poor. In taking a long term view, there is nothing to lose and plenty to gain for the rich

nations.

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