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PM's idea on taxing rich nations gaining acceptance

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PRIME Minister Datuk Seri Dr Mahathir Mohamad's call on taxing rich countries and international businesses to help finance infrastructure development of poorer nations is steadily gaining acceptance.

Deputy director-general of the Institute of Strategic and International Studies (ISIS) Malaysia Datuk Dr Zainal Aznam Yusof said the idea, mooted by Dr Mahathir, deserves a serious consideration in greater depth.

"Certainly the idea should be taken seriously by the northern rich countries. The idea is made in the context of global poverty and the issue at hand is thinking of new ways and methods to raise financing by taxing rich countries and businesses," he told Business Times in Kuala Lumpur yesterday.

He said while the problem of global poverty is on the increase, the same cannot be said of the financial aid by rich donor countries.

"Aid to poor countries such as the Sub-Saharan African countries, China and India has either stagnated or declined."

"Rich countries have not lived up to their commitment in making contributions and we see even a decline of aid relative to their gross national product," he added.

Dr Zainal Aznam said aid by rich countries may not necessarily be a pure instrument to help poor countries as more often than not aid has been used as a political tool by donor countries to derive benefits for themselves.

Dr Mahathir's challenge to Association of South-East Asian Nations (Asean) member countries to advocate his idea at the "Once-a-Lifetime Asean Achievement Millennium Award" in Singapore on Monday is however not the first time that the proposal was vocalised.

He had earlier discussed the idea in Japan which was again reiterated at the Boao Forum for Asia in China earlier year.

During his recent visit to Uganda for the Global 2001 SAID/LID Smart Partnership International Dialogue Dr Mahathir repeated the call for a world tax in order to help finance infrastructure projects in poorer countries.

While asking rich nations of the world to join hands in helping less fortunate countries he described his idea in the framework of a win-win smart partnership.

In Singapore, he again advocated the philosophy of "Prosper Thy Neighbour" when he said that enriching poor countries will in turn help spur a bigger market for goods and services.

In his speech at the 10th World Economic Development Congress recently, Dr Mahathir explained that the total income of the wealthiest 20 per cent of humanity is currently 85 times greater than the total income of the poorest 20 per cent, compared with 30 times in 1960. "This figure in fact grossly understates the concentration of wealth amongst the wealthiest."

The UN estimates that the assets of the 200 richest people are more than the combined income of 41 per cent of the world's people.

"Just imagine, 200 people owning assets equal to the total wealth of 2.5 billion of their fellow creatures," he asked.

President of the Federation of Malaysian Manufacturers Datuk Paul Low is supportive of the idea adding that such a tax would strengthen the survival capability of weaker countries.

"In the context of unfettered globalisation, strong enterprises and strong countries will become stronger while the weak ones will become

weaker since they have no capacity to participate in the benefits of globalisation. Weaker countries can not match in terms of the availability of financing for infrastructure projects and also competency of the people to take part in the new economy," Low said.

He said financing does not only include giving out loans to poorer nations for development projects but also assisting in technological expertise and management skills.

He said the idea of a world tax is worthy of serious consideration as it would help to reduce the disparity between rich and poor countries in terms of distribution of wealth.

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