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NAM-Shared Vision

SHARED VISION BETWEEN DR M AND VAJPAYEE

By: Yong Soo Heong

PETALING JAYA, Feb 23 (Bernama) -- If one were to examine the speech of Indian Prime Minister Atal Bihari Vajpayee at the Non-Aligned Movement (NAM) Business Forum here today, it can be discerned that there is shared vision between him and Malaysian leader Datuk Seri Dr Mahathir Mohamad.

Vajpayee has called for the reform of the international financial architecture, a call which the Malaysian Prime Minister had repeatedly made, especially in the aftermath of the 1997-1998 Asian financial crisis.

Malaysia has been hit hard by rogue currency traders then and has been advocating for curbs to be placed on the sudden exodus of financial flows which usually have a detrimental effect on affected economies.

Vajpayee has also called for a levy on international financial flows which is similar in consonance to a proposal by Dr Mahathir for the imposition of an infrastructure tax to help finance infrastructure projects in poor countries.

Speaking at the two-day forum which focuses on South-South cooperation here today, Vajpayee said he believed that this was a reform whose time has come.

"It combines in one effective measure an instrument to protect weak economies from the volatility of capital, to enhance investors' confidence through stability of capital markets, and to generate valuable development resources," he said.

And Vajpayee has demonstrated what Thai Prime Minister Thaksin Shinawatra has asked for: a shared vision to revitalise NAM.

The Indian Premier has ascribed the levy as a Global Poverty Alleviation Fund and forecast that even a token tax of a quarter percent on the current estimated financial flows could generate annual revenues of the order of US\$300 billion (RM1,140 billion).

On the other hand, Dr Mahathir's plan, which was first made at the Boao Forum for Asia in Hainan, China in February 2001, had called for

- * Taxing the rich countries on a sliding scale;
- * Using the tax proceeds to build infrastructure projects in poor countries; and
- * Using an existing international institution to perform the task of collecting the tax and to carry out the projects identified by the recipient countries together with the managers of the Infrastructure Fund.

Both the proposals of Dr Mahathir and Vajpayee merit serious and urgent attention.

Tan Sri Nor Mohd Yakcop, the Special Economic Adviser to Dr Mahathir on financial matters, had explained why Dr Mahathir had chosen an infrastructure tax.

Nor said it was common knowledge that the construction and provision of infrastructure stimulated economic activities.

"Wherever a road or a rail track is built, towns spring up. Local producers will not only find a market in the new towns but will be able to market their produce in far away places, including in foreign countries.

"With infrastructure, all kinds of new business activities will develop and the people will benefit from these activities.

"The construction of the infrastructure itself will create jobs for the locals, build a market for their produce and earn them better prices. So, will the maintenance of these infrastructure.

"But the rich will also get their share for only they are capable of

providing the technology, the sophisticated machinery and the engineering skills. A portion of the fund will therefore go back to the rich countries in the form of earnings by their contractors and suppliers."

Nor said that the proposed Infrastructure Fund and projects would create a win-win situation benefiting the rich and the poor and creating a much more evenly developed and wealthier world.

The sum expected to be collected will be at about US\$9.4 billion (RM35.72 billion) per year or US\$188 billion ((RM714.4 billion) for 20 years. This amount, if wisely invested in infrastructure projects in the poor countries, can quickly raise the living standards in the poor countries to decent levels.

In a world where more than half of the population go to bed hungry every night, Nor said a significant gesture on the part of the rich countries to help the poor countries by way of the proposed tax mechanism will go a long way in making the world a better place to live in.

Thailand's Thaksin is banking his hopes on NAM members demonstrating positive thinking and constructive cooperation, and putting aside any differences.

NAM, he said, needed to forge a common strategy and focus on specific, result-oriented work programmes.

Perhaps these proposals can help NAM members to go forward when they come to fruition and bring a ray of hope to the millions of people anxiously waiting for their poverty to be alleviated, their lives improved, and for their children to be born with a better future.

-- BERNAMA

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