

After APEC: Passing the buck

Bill Rosenberg

If you lower your sights far enough, you can always hit your target – even if it is your own foot. So it is with the success claimed for the APEC leaders' meeting in Auckland just ended.

APEC has grandiose objectives of free trade and investment by 2010 for its developed economies and 2020 for the less developed. Yet only the most upbeat reading of events allowed the leaders to claim significant steps towards that goal. Many of those steps were forced on countries like South Korea, Indonesia and Thailand by the IMF as a result of the financial crisis. They have led to hugely increased poverty, unemployment and social upheaval.

APEC knows in its heart that those objectives are unlikely to be attained. Indeed, its main motivating body, the big-business APEC Business Advisory Council, lamented the slow progress¹. Instead, APEC set its sights on passing the buck for further trade and investment liberalisation to the forthcoming “millennium” round at the World Trade Organisation. If that is “success”, then APEC has achieved it.

It claims further success in reaching agreement on tactics in the new WTO round. But that should be read in the context of the voluntary nature of APEC's processes. As with the U.S. lamb trade, APEC's members will assuredly act in their own interests as soon as they leave Auckland.

Even New Zealand's role in APEC is compromised – and New Zealand has been a model member. New Zealand's offer to APEC – the so-called “Individual Action Programme” (IAP) – reads very much like a National Party election manifesto. It boasts about the electricity “reforms”, privatisation of ACC, further privatisation and deregulation, the Employment Contracts Act, and much more. Labour and the Alliance have promised to stop or reverse those.

New Zealand is also pursuing free trade agreements with four countries, including Singapore and the U.S. As the head of the Centre for Strategic Studies, Terence O'Brien, pointed out to the Parliamentary inquiry into APEC, before the government sacked him, such agreements work against APEC's non-exclusive principles². They are an admission of APEC's failure.

That leaves APEC with two functions: a spectacularly expensive annual talk shop; and a forum for “economic and technical co-operation”.

Supporters of the talk shop will – perversely – point to the agreement reached on East Timor. It is perverse because they were insisting at the outset that this had nothing to do with APEC. Like other international trade and investment arrangements, APEC hides behind the crazy pretence that economics and human rights – indeed in this case human life – don't mix. The Auckland East Timor talks were pointedly outside the APEC meeting.

APEC can claim no credit for the UN's intervention, and indeed should accept some responsibility for the desperate plight of the East Timorese people. The 1994 APEC leaders meeting in Indonesia was a major boost to ex-President Suharto's confidence that the world regarded the East Timor cause as hopeless and would not intervene. The leaders ignored pleas by East Timorese students asking to speak to U.S. leaders on the anniversary of the 1991 Dili massacre. Indonesian security forces arrested or beat many of the students.

The economic and technical co-operation discussions may well continue. That is a victory for Asian APEC members. It is what they really wanted all along, unwillingly taking on the trade and investment agenda imposed by the U.S. It is the main reason why countries like China and Vietnam are in APEC. "Co-operation", though, will continue to be a cloak for the privatisation theme that pervades APEC's activities.

APEC leaders know that "globalisation" is in trouble. Hence their communiqués stress winning over a sceptical public which has seen growing unemployment, poverty and inequality. Rather than the promised unending progress, people have suffered loss of social services and sense of community, accompanied by increasingly threatening financial crises. Those crises are a direct product of the deregulatory policies APEC lobbies for.

The leaders commissioned a report³ which suggested spending up to US\$8 million a year in New Zealand alone, to try to convince us that our eyes deceive us. If that seems misuse of public funds in New Zealand, think about how such a campaign would be greeted in one of the Asian countries wracked by economic depression.

If APEC is such a mass of contradictions, why worry about it? Because its globalisation agenda is the danger, more than the organisation itself. A faltering APEC is passing the agenda back to the WTO. Expect further public concern as the WTO debates what its former head called "the constitution of a single global economy"⁴.

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¹ See for example see the 1999 Report to APEC Economic Leaders, http://www.apecsec.org.sg/abac/-reports/rtael99_summary.html, and "Business Challenges APEC Leaders To Speed Up", http://www.apecsec.org.sg/whatsnew/press/rel42_99.html.

² Oral submission by Terence O'Brien to Parliamentary Select Committee on Foreign, Affairs, Defence and Trade, 18/3/99.

³ "Making trade and investment liberalisation relevant", published for APEC by Consultus New Zealand Ltd, September 1999

⁴ WTO Director General, Renato Ruggerio, in speech delivered at WTO Singapore Ministerial conference, December 1996.