

Mike Moore: a view from New Zealand

New Zealander Mike Moore has become the Director-General of the WTO in controversial circumstances. Who is he? This view comes from a New Zealander, Bill Rosenberg, who researches and writes on foreign investment and New Zealand's economic relationship with the world with New Zealand organisations GATT Watchdog and the Campaign Against Foreign Control of Aotearoa¹.

Mike Moore came to the international arena as a result of holding a number of posts, including most significantly Minister of External Relations and Trade, in the Labour Government which came to power in 1984.

This government introduced one of the most radical programmes of neo-liberal restructuring any country has inflicted upon itself². It was led by Prime Minister David Lange and Finance Minister Roger Douglas, and Moore was a high ranking member of its cabinet. The policies implemented were not part of the party's election platform, leading to widespread feelings of betrayal in the electorate.

The programme included unilaterally and rapidly removing all restrictions on foreign investment, import controls and most tariffs, floating of the New Zealand dollar, an independent Reserve Bank with responsibility for controlling inflation, extensive programmes of corporatisation and privatisation, and radical restructuring of the public service. The country went into recession with the highest unemployment the country had seen since the 1930s depression. Internationally, it was one of the hardest hit by the 1987 share market crashes.

By 1990, the Labour government was in disarray and on its way to a massive defeat in the November election. Weeks before the election, Moore was put in as the caretaker (perhaps better described as the undertaker) Prime Minister by his party caucus, in a last minute attempt to reduce the extent of the defeat – the third leader within a year.

As Minister in the 1984-1990 Labour Government, Moore was regarded as “one of America's best allies” by the US special trade negotiators in agricultural matters. A former US Ambassador to New Zealand congratulated the New Zealand Labour Government on its influence in pushing Third World nations to “economic reform”.

Ousted as leader of the Labour Party in 1993, he has never repudiated the policies followed by the Lange/Douglas Labour Government. Until his appointment to the WTO position, he remained, awkwardly, as the core of the right wing of the now opposition Labour Party, which was trying to distance itself from its 1980s record, though in economic policies changing more in image than substance.

¹ P.O. Box 2258, Christchurch, New Zealand; w.rosenberg@its.canterbury.ac.nz.

² For detail from a critical perspective see, for example, *The New Zealand Experiment – A World Model for Structural Adjustment?*, by Jane Kelsey, Auckland University Press with Bridget Williams Books, Auckland, New Zealand, 1995. Also published as *Economic Fundamentalism: The New Zealand Experiment – A World Model for Structural Adjustment?* by Pluto Press, London and East Haven, Connecticut.

In his campaign for the WTO leadership he appears to have gathered a reputation for being a trade unionist – perhaps because it suits the current U.S. agenda of token recognition of labour rights in trade agreements. For example, Jagdish Bhagwati, economic policy advisor to the GATT's Director General during the Uruguay Round negotiations, said of Moore during a recent visit to New Zealand that "his union background might make him seem sympathetic to labour standards being linked to trade within WTO negotiations"³. It is not clear where Moore got this reputation: he does not have it at home. He has been a professional politician for most of his life. Immediately after leaving school, he had about seven years of work experience as a freezing worker (meat packer to people in the U.S.) and social worker. He became New Zealand's youngest Member of Parliament at age 23 in 1972, and has remained an MP with a break of only three years early in that period⁴. He says he is a supporter of trade unionism.

The Labour Party originated from the union movement, and was heavily supported by it in gaining power in 1984, but its subsequent actions led many unions to disaffiliate and distance themselves from it. Some MPs made attempts to retain the connections. As a national union president in 1994, I regularly attended meetings in Christchurch (where Moore's electorate is situated) between local Labour MPs and union representatives. Though most other Labour MPs attended at various times, Moore never did. A recent check with a local union leader confirmed that he still has no contact with unionists, at least in the town of his constituency base.

While advocating some mild government intervention at home, and coupling that with a populist position on crime and indigenous (Maori) rights, but strong anti-racism, he is still a fundamentalist on globalisation. He supports a monetarist line and an open economy.

His strongest influence on the Labour Party and national politics has been in the area of trade and foreign investment, where his presence as their spokesperson on Foreign Affairs and Trade, has been a roadblock in the way of the party reviewing its strongly open-economy views despite increasing unhappiness in the electorate.

For example, the position he recommended to the Labour caucus on the MAI⁵, contained the following passages, along with vitriolic, and inaccurate attacks on named opponents of the MAI, including myself (Moore's emphases):

"The MAI's central purpose is to ensure that foreign investors are not the subject of discriminatory or xenophobic behaviour on the part of governments in the host country... This is not a new wave of colonisation or the rise of corporatist world government. The Agreement is designed to PROTECT and ENCOURAGE foreign investment because it is such investment that has helped fuel global economic growth and the increasing globalisation of wealth. Fifty years ago the United States was literally the only wealthy nation; now Europe, North Asia, and South East Asia can all genuinely be described as wealthy regions, with Latin America and East Asia fast

³ *New Zealand Herald*, 29 June 1999, "Bhagwati slams US on WTO wrangle", p.C2.

⁴ See for example, <http://www.labour.org.nz/InfoCentre1/People/MPPProfiles/moore.html>

⁵ From "MAI – Proposed Caucus Position" by Mike Moore, 17 November 1997.

becoming economic powerhouses as well. Foreign investment is the instrument of this economic success, and international agreements liberalising trade and investment have played key roles: the GATT, APEC, ASEAN, NAFTA, MERCASUR, CER – it could even be argued that the post-war Marshall Plan had this effect (from which the OECD was formed). Small nations need institutional rules.

“The MAI will be of the greatest long-term benefit to developing nations. They are not currently covered by negotiations but will be anxious to join up as soon as they can... Over the past two decades, open economies grew by an average of 4.5% while other economies grew by an average of 0.7%. Developing countries now account for one-quarter of world trade where the figure was 20% a decade ago. At present rates it will reach 40% in 2010 and 50% in 2020. What has fuelled this growth? Liberalisation of markets for their goods, and a TREBLING of foreign direct investment.

“The MAI is good for the developing world. It regulates foreign investment and subjects it to internationally agreed and transparent processes. It encourages infrastructure investment by offering some assurances against changes in volatile political landscapes. As a direct result, it will also therefore have the effect of discouraging short-term, speculative investment made often with the collusion of corrupt local officials. It is this short-term investment that all too often damages the economy and the environment of the host economy. As long as investment in the developing world is beholden to political interference and patronage, it will engender corruption and unethical practice...”

In another speech, to economists, he stated⁶:

“Crazy literature is being sent to MPs by wacko, conspiracy types suggesting the MIA [sic] will copyright the DNA of Maoris, sell our National Parks and there’s a secret deal being, or even done...”

“The [MAI] agreement sets firm rules that will work to the advantage of small and developing countries. Small guys need the Police, need clear rules, or they are picked off by the big guys.”

His increasing isolation in the Labour Party was emphasised by their overruling his position, which asked only for reservations for the Treaty of Waitangi (the country’s founding document under which the British Crown guaranteed Maori rights), and the right to impose special conditions on privatisation of assets. The Labour Party adopted a position of support for the MAI, as long as it protected New Zealand’s current (very weak) foreign investment provisions, had recognition of labour rights and environmentally sustainable development in the preamble, a commitment “not to drive down” environmental or labour conditions, reservation of Maori rights under the

⁶ Address by Moore to a seminar on “International Liberalisation”, 25 August 1997, Department of Economics, University of Canterbury, Christchurch, New Zealand.

Treaty of Waitangi, and debate was allowed on it in Parliament. They supported it being moved to the WTO, and “matched by ongoing work” in the ILO and UN Earth Summits. It is important to note that even this weak and equivocal position was a strengthening of Moore’s recommendation, forced on the Labour Party by strong opposition to the MAI in New Zealand. Moore’s later statements often avoided expressing his party’s reservations.

For example, he went out of his way to express regret at the indication from the US in February 1998 that it was not going to sign the MAI at that point⁷:

It is disappointing that the United States is signalling it is not going to sign the Multilateral Agreement on Investment (MAI) because a successful negotiation, given appropriate reservations, would have stimulated the world’s investment growth and thus jobs, Labour’s foreign affairs and trade spokesperson Mike Moore said today...

“However, each country has to reserve aspects of its economy. For New Zealand it is the Treaty, public health system and our overseas investment laws. There are other areas, of course, that we would reserve...

“It will be disappointing also if agreement is not reached because later on many developing countries will want to sign up. The absence of this agreement gives more power to the already powerful corporations and powerful countries. They can and have pressured governments to accept investment on certain criteria. This agreement would assist in ensuring that all countries and companies are treated equally. Thus this is an advantage for poorer countries and weaker economies,” Mr Moore said.

Moore is an ardent supporter of the International Monetary Fund, World Bank and WTO. He has naively expressed faith in the ability of these institutions and free trade and investment to bring prosperity, peace (etc) to the world. For example⁸:

“I have fought for economic openings, not only because I believe it is good for New Zealand, but because I believe it is the best way of assisting poor and developing countries. A deeper motivation is that it will build a more secure, safe, peaceful and growing world...

“Internationalism and globalisation will be to the 21st Century what Nationalism was to the 20th Century. Thus mankind has learnt the most profound lessons of this century from the great depression and the second world war. It can even be argued that the twin tyrannies of our century, Fascism and Marxism came out of the economic failure of the great depression. The great depression was accelerated and made deeper by protectionist legislation, in the United States

⁷ “US withdrawal from MAI disappointing”, Press Release: New Zealand Labour Party, Sunday, 15 February 1998.

⁸ Address by Moore to a seminar on “International Liberalisation”, 25 August 1997, Department of Economics, University of Canterbury, Christchurch, New Zealand.

and elsewhere. During the second world war, the great war time leaders met to discuss a post war world. In that post war world they dreamed of great and noble institutions, such as the United Nations, the World Bank, IMF, and the World Trade Organisation. I see economic liberalism as continuing that high ideal. Democratic global institutions are needed to give legal life to globalisation. No Nation, not even the great Nations can prosper alone or isolated. Pollution, aids, cancer, or refugee problems cannot be solved by one Nation alone.

“Far from weakening the integrity of a nation’s state and allowing the great multi-nationals to ravage the world, I believe the GATT and the World Trade Organisation does the opposite. Small countries need rules. World Trade Organisation rules prevent the super economies from muscling and pushing around the smaller nations... Far from exploiting developing countries, the opposite is true. It’s developing countries with their tropical products and manufacturing skills that have the most to gain...”

“The lesson of the last 25 years tells us that no individual country can anymore successfully prime an economic pump, even Mitterand discovered this in the 80s when, by priming the French pump, all he did was flood his country with imports from Italy and from Germany. He reversed that position. Tony Blair, a modern Social Democratic Labour Leader has discovered that too. The irony is that Blair’s Government is going through the same process as the Labour Government did in New Zealand. He is called progressive, we were called reactionary. The 1987 stock market crash was greater and deeper than the Wall Street crash of the 20s. But, the world did not plunge into lasting depressions. Leaders nerves held, there wasn’t an orgy of protectionism and tariff increases which exacerbated the 20s crash. Governments now have Reserve Banks. The G7, GATT, World Bank, IMF held firm. We got through it, we have learnt.”

The “economic openings” he refers to here are explained in his most recent book⁹:

“What is true for our [New Zealand’s] kiwifruit, sheepmeat and fish is equally true for sugar of the Philippines, the rice of Thailand and the manufactured products of Malaysia.”

He takes the New Zealand government (and Cairns Group) view that food is just another commodity.

In the same book, he says¹⁰:

“The International Labour Organisation (ILO) was derailed because of its resolutions on labelling Zionism as racism, and the World

⁹ “A Brief History of the Future: Citizenship of the Millennium”, by Mike Moore, Shoal Bay Press, Christchurch, 1998, ISBN 0 908704 77 1, p.55.

¹⁰ P. 71, *op cit.*

Bank and International Monetary Fund (IMF) have unearned reputations born of the Cold War of being anti-poor, anti-developing countries. The opposite should be the truth.”

But, he says, “no one believes that any more, except a few deranged misfits on the edges of obscure universities, people who tuck their shirts into their underpants, the remnants of pressure groups and a few geriatrics who claim that Marxism, like Christianity, has not been tried yet.”

A press release in August 1998 on the developing financial crisis in Asia stated¹¹:

A new form of economic diplomacy is needed to cope with the economic problems faced by the battered economies of Asia, Russia and most likely Latin America, Labour’s foreign affairs and trade spokesperson Mike Moore said today...

“Every nation’s prosperity is based on the capacity of its neighbour to purchase. Economic security becomes an issue of political security, and in this regard the IMF’s work in our region is as important as that of the US Seventh Fleet,” Mike Moore said.

“Russia’s problems are predictable. New Zealand is a shareholder in the IMF and World Bank, and we are respected members of the WTO. All of these organisations hold the key to stability, growth and thus security...

He released statements supporting the establishment of the Euro and regretting the failure of the US Congress to give President Clinton fast track authority^{12,13}. These gratuitous pronouncements were coupled with his opposition to a common currency between New Zealand and Australia; and support for the New Zealand government negotiating a free trade agreement with the US, “although Chile and Singapore joining such an agreement should be done in parallel”.

His books quote liberally from the extreme right through to the centre-left. For example, his latest book – modestly titled “A Brief History of the Future: Citizenship of the Millennium” – quotes enthusiastically from “The Sovereign Individual” by James Davidson and Lord William Rees-Mogg, which condemns opponents of globalisation as “reactionary losers”¹⁴.

The books make frustrating reading, spiked heavily with unresolved contradictions, and with barely related, tenuous generalisations following in close succession. Some

¹¹ “Moore - US Trade Negotiations”, Press Release: New Zealand Labour Party, Tuesday, 11 November 1997.

¹² “World economic crisis calls for new approach”, Press Release: New Zealand Labour Party, 30 August 1998.

¹³ “Moore: Euro good, but an ANZAC currency?” Press Release: New Zealand Labour Party, 29 December 1998.

¹⁴ “A Brief History of the Future”, *op cit.* p.89.

examples from “A Brief History of the Future”¹⁵.

On capitalism

“Western capitalism and values have triumphed for the present ... Strategic resources are safe.” (p.117)

“However, it is clear that the powerful elite of business people, politicians and intellectuals are out of touch with the general population, the people who can see the pain of these policies but not the gain. The elite throughout the world have more in common with each other than with their constituents and shareholders. This is not new; it was also true of the princes and merchants of earlier times.” (p.9)

[International trade] “doesn’t provide a redistribution mechanism for wealth...” (p.9)

“Increased equality and improved human rights will also flow from the liberalising of markets.” (p.59)

“Part-time jobs have burgeoned in all Western countries ... Working conditions are eroded ... Productivity has become uncoupled from employment ... New technologies and the international competitive drive mean downsizing to seize and maintain a competitive cost advantage.” (p.104)

On the WTO

“Critics of the WTO are often heard to claim that it serves only the interests of the large trading powers. Of course, the larger powers exert a stronger influence than the smaller powers. A system that failed to reflect certain realities would not command the confidence of the major powers and would drift quickly into the irrelevance that frankly captures so many other international organisations.” (p. 73)

“Far from weakening the integrity of a nation’s state and allowing the great multinationals to ravage the world, I believe the GATT and the WTO do the opposite.” (p.72)

On labour standards and the environment

US Secretary of State, Madeleine Albright is quoted approvingly as saying: “If we choose to hide behind walls rather than tear them down, our products will face higher tariffs ... we will have no success at all in promoting higher environmental and labour standards.” (p.46)

“Increasingly today because of difficulties resolving issues within the ILO and because many of the Multilateral Agreements on the Environment do not work and the WTO does, there is a worldwide

¹⁵ These were pointed out by Dennis Small, who reviewed “A Brief History of the Future” in *Foreign Control Watchdog*, no. 91, August 1998, p.33-43, publ. Foreign Control Watchdog Inc, P.O. Box 2258, Christchurch, New Zealand.

drive by non-governmental organisations to have the WTO adjudicate all these complex issues by linking them to trade. The danger is that the WTO could become unworkable under the pressure...” (p.73)

“The issue of wage rates in developing countries is vexed. Wealthy companies often appear keen to take advantage of lower environmental and labour standards in developing countries in order to increase profits which could be seen as exploitative. On the other hand, why should developing countries not seek to utilise their competitive advantages?” (p.74)

While his writing may not make any clearer the policies he is likely to follow in the WTO, there is little doubt from his past actions that, given the choice, he will follow the US very closely.