Conflict over World Trade Organisation leadership

Why the US is backing former New Zealand Prime Minister

A correspondent
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An intense battle between former New Zealand Prime Minister Mike Moore and Thai Deputy Prime Minister Supachai Panitchpakdi for the position of director general of the World Trade Organisation has virtually paralysed the organisation in the lead-up to November's contentious Millenium Round of global trade negotiations in Seattle.

According to WTO general council president Ali Mchumo, Moore is the preferred choice, with between 80 and 90 of the 134 members of the WTO reportedly backing him. The impasse has not, however, been resolved, as the decision has to be made by consensus rather than majority vote.

The principal backing for Moore comes from the United States, Canada, the bulk of the European Union, and a number of African countries. Panitchpakdi is supported by Japan and most Asian nations, some Latin American countries and also, reportedly, the Blair government in Britain. The US stance has so enraged the Thai government, a close US ally in the past, that senior US State Department envoy Ralph Boyce flew to Bangkok last week to try to quell rising anti-American sentiment on the issue.

Behind the standoff lie conflicts over the demand of the US for the removal of not only national barriers to global trade, but also restrictions on services, intellectual property and the movement of capital.

The WTO was established in 1995 as the successor to the looser GATT (the General Agreement on Tariffs and Trade). It has 134 member countries that between them account for 90 percent of world trade. The director-general heads the Geneva-based WTO secretariat that, with a staff of 500, administers trade agreements, oversees trade policy and acts as a forum for trade negotiations and disputes.

The struggle over the WTO's top job is one element in the larger battle over the removal of international trade and investment barriers. It reflects the intensifying conflicts between Asia on the one hand and the US, the banks and financial institutions on the other, over their unrestricted access to global markets and profits. The IMF and the US have been using the Asian economic meltdown as a means of forcing open all aspects of the economies in Asia—finance, insurance, banking, communications, industry—which has in turn led to sharpening conflicts with Japan, China and other countries over economic policy and trade.

The depth of the tensions was revealed last week when the New Zealand government tried to broker a deal which would have seen Panitchpakdi installed as Moore's deputy. The proposal was flatly rejected by Thailand and the other Asean countries, further intensifying the stalemate.

Moore was nominated for the WTO post by the National Party government of Jenny Shipley, which has poured extensive financial and diplomatic support into his campaign to secure the job. He brings with him significant experience in New Zealand in turning the country into a laboratory for free market policies. He served for six years in the Labour Party cabinets of 1984 and 1987, before being installed as prime minister just six weeks before Labour lost the 1990 elections.

Throughout the 1980s, Labour's policies were hailed by the international financial markets as a model for restructuring and economic reform. New Zealand had previously been one of the most highly regulated and protected national economies within the OECD. The Labour Party pushed through a complete program of

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economic deregulation. Restrictions on financial markets were removed, exchange controls eliminated and the currency put on free float. Tariff barriers were removed and the tiny domestic economy opened up to overseas ownership, together with the wholesale privatisation and sale of public assets. Today, the $50 billion NZ sharemarket has more overseas than local investment, with about 60 percent of assets owned offshore.

Moore, as one of Labour's senior spokesmen and Minister for Overseas Trade, was a principal architect of Labor's program, which devastated jobs and social conditions and generated widespread opposition among workers. During Labour's term of office, unemployment hit the highest levels since the 1930s, welfare was cut by $800 million, state housing rentals were raised, health subsidies cut and tens of thousands of jobs destroyed.

The Labour governments laid the basis for a deepening of the offensive by the incoming National government. Later, following the 1996 elections, Moore was a key figure in Labour's negotiations in its failed bid to form a government with the right-wing nationalist New Zealand First party.

Moore's credentials are set out in two recent books *Children of the Poor* (1996) and *A Brief History of the Future* (1998), the most recent written and published to coincide with his bid for the WTO position. In them, he presents himself as a champion of the policies of economic deregulation demanded by international finance capital.

He is particularly glowing in his support of US policies such as the North American Free Trade Agreement. He approvingly quotes US Secretary of State Madeleine Albright on the need to “tear down” national trade barriers: “(T)he driving force behind economic growth is openness: open markets, open investment, open communications and open trade... Protectionism is an economic poison pill. We cannot expect to gain access to new markets elsewhere if we put a padlock on our own”.

Moore has no qualms in justifying the impact of the operations of globally mobile capital on the living standards of working people. He explicitly supports the IMF restructuring package imposed on Mexico after the currency crisis, and claims that while the demands required under IMF reforms are often a “bitter pill”—for the so-called “donor nations”—“such aid amounts to economic peace-keeping”. His position is perhaps most clearly summarised in *Children of the Poor* where he writes: "To close down a market economy because it fails the bottom 20 percent of the population would be a catastrophe".

A significant aspect of Moore's curriculum vitae is his ingrained hostility to socialism, honed over his lifelong career as an opportunist in the trade union and Labour movement. Throughout his books he equates socialism with Stalinism and national economic regulation, which he then uses as a basis to make frequent attacks on Marxism. In both works he feigns concern for the increasing impoverishment of the young in New Zealand, only to proclaim that his motive for writing them “was my fear that the agenda for the children of the poor would be captured by the tired old left—those who could use these problems to smuggle back discredited theories and economic models of controls, subsidies and protectionism".

The US is undoubtedly backing Moore because his open courting of the US administration and his entire political record demonstrate he can be relied to do its bidding.

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