

Former Australian finance minister to head OECD

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After an intense international political battle running over many months and a government-backed campaign, possibly costing several million dollars, former Australian Liberal finance minister Mathias Cormann last week secured the position of secretary-general of the Organisation for Economic Co-operation and Development (OECD).

Cormann won his selection when he defeated the last remaining candidate for the post, former Swedish European Union trade commissioner, Cecilia Malmström, in the final ballot.

Besides the considerable effort devoted to his campaign by the Australian Liberal-National Coalition government, backed by the opposition Labor party, the main factor in Cormann's success was the support he received from both the Biden administration in the US and the Johnson government in the UK.

Both governments supported Cormann amid strident criticisms of his record on climate change as a member of successive Liberal Coalition governments from 2013 to 2020 when he quit parliament.

While the back-room negotiations, conflicts and deals are not in the public domain, it is likely that one of the key factors in the US decision not to endorse the EU candidate was its concern that the head of the OECD should be closely aligned with attempts to organise a multi-lateral push against China.

There was considerable annoyance in the Biden team over the EU decision late last year to go ahead with an investment agreement with China before the new US administration took office.

The Johnson government played a particularly underhanded role as it lived up to the reputation of Britain as “perfidious Albion.”

Officially, the UK maintained that it had a strictly neutral position since the British ambassador to the OECD was the chair of the selection process. But according to a report in the *Guardian* last week, there had been “strong suggestions from within the OECD secretariat” that Boris Johnson told Australian Prime Minister Scott Morrison that Cormann had

the UK's backing, in a call between the two on October 27.

The significance of the China question is indicated in remarks by Cormann both before and after his appointment.

In his campaign material he said that “strategic competition in the [Asia-Pacific] region” was having global consequences. While it was “in everyone's interests to have the best possible relationship with China... we also have to be clear-eyed about some of the pressure points to be worked through.”

The Australian government has been at the centre of the US drive against China, calling for an investigation into the origins of the COVID-19 virus (the clear implication being that China was somehow responsible), introducing sweeping new foreign interference laws and imposing a ban on the use of Chinese technology in the new 5G network in 2018.

In his remarks on receiving the appointment, Cormann became more explicit. He said it was a “privilege and honour” to head the OECD because it provided a great platform for international co-operation “from the foundation of a shared commitment to democracy, human rights, the rule of law, market-based principles and a rules-based international order.”

In the language of diplomatese, these are all code words for support for the US agenda directed against China.

The China question, however, was not the basis of his public campaign. It was directed to the claim that as OECD secretary-general, he would work to “deploy every policy and analytical capability through the OECD to help economies around the world achieve net-zero emissions by 2050.” The organisation, Cormann stated, “can and must provide important global leadership to drive ambitious and effective action on climate change.”

Opponents of Cormann's appointment had little difficulty in contrasting these statements with his actual track record in Australian politics. This spanned from the time he campaigned for the repeal of what he called the previous Labor government's “job destroying carbon tax” in 2014, to his role in the ousting of Prime Minister Malcolm Turnbull over what has been described as a “very modest reform to

the electricity sector.”

In an act of political revenge, showing that while he may be out of parliament he is certainly not out of politics, the *Australian Financial Review* reported that Turnbull made efforts to discredit Cormann and torpedo his candidacy, which “were widely known.”

That opposition may even have extended to the outgoing OECD secretary-general Ángel Gurría. In one of his last public statements he urged countries to “put a big fat price on carbon,” in contrast to Cormann who has maintained that such a measure is a “job-destroying” tax and “an act of economic self-destruction which does nothing to help reduce global emissions.”

In the lead up to the final decision, a letter, signed by 29 climate change experts and environmental groups—including Greenpeace International, Oxfam Australia, the Australian Conservation Foundation and Professor Rachel Kyte, a former special envoy on climate for the World Bank—was sent to Christopher Sharrock, chair of the OECD’s selection committee, saying that Cormann should be ruled out.

“As the world begins the monumental task of recovering from COVID-19 in the context of systemic action to avoid a climate catastrophe that will further entrench poverty and inequality, we firmly believe that the public record of Mathias Cormann should preclude him from being selected as the OECD’s new secretary-general,” it said.

According to the signatories, the OECD needed to be a leader in tackling climate change, but Cormann had been part of a government that had abolished a carbon pricing scheme, had persistently failed to take effective action to cut emissions and had “acted as a blocker” within international forums.

The OECD itself had criticised the Australian government, of which Cormann was a leading member, in 2018. It said Australia had made “little progress in reducing its environmental footprint in large part because frequent changes in core climate-change instruments have created uncertainty for emitters, which has also discouraged energy sector investment.”

The condemnations came thick and fast following the announcement of Cormann’s appointment.

Saleem Huq, the director of the International Centre for Climate Change and Development in Bangladesh, said: “The appointment of a climate change sceptic from Australia to head the OECD is very disappointing and will reduce the credibility of the OECD as an institution in the eyes of developing countries.”

Comments from other organisations were on the same lines. The executive director of Greenpeace International, Jennifer Morgan, said she had little confidence in Cormann’s ability to tackle the climate crisis “when he has

such an atrocious record on the issue.”

Climate economist Nicholas Stern, who back in 2006 described global warming as the “greatest market failure the world has seen,” noted that Cormann came from a government that has “often been at best ambiguous in its commitment to tackling climate change.”

Many of the condemnations had a hypocritical character.

Those who led the charge against Cormann support governments that have themselves done nothing of substance to address the climate crisis. Far from leading to a major reduction in emissions, the various carbon trading schemes have created lucrative financial markets characterised by dubious and speculative practices. The concern of many of Cormann’s opponents was that his prominent role in a government associated with outright climate-change denial would cut across these business interests.

The push to have Cormann appointed was heavily backed by the Morrison government. He was provided with the use of a VIP jet, supplied by the air force at a cost of \$4300 per flying hour, to take him back and forth across Europe and to Latin America as he sought to gain support from OECD member states.

In addition, a “campaign task force,” numbering at least eight people, was provided by the Department of Foreign Affairs and Trade.

In conditions of rising economic and political tensions, Morrison made clear the reasons for this extraordinary effort. Welcoming Cormann’s appointment, he said it was “recognition of Australia’s global agency” and that as a successful trading nation “what happens in the rest of the world matters to Australia.”

This nationalist agenda was fully supported by the Labor Party. Labor spokesman Tony Burke, manager of opposition business in the House of Representatives, put aside all the supposed differences with Cormann—such as climate policy and the massive \$80 billion worth of cuts he attempted to introduce in the 2014 Abbott government budget—to welcome the decision.

Speaking to reporters last Thursday, he said: “Labor has had a very simple view that it’s in Australia’s interests to have Australians in international roles.” That is, support for “the nation”—the economic and geo-political interests of the ruling elite—is the real foundation of its policy on this and every other issue.



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