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# The Rt Hon Mike Moore

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**Mike Moore (former President, World Trade Organisation and former Prime Minister of New Zealand):**

Suspicion of authority is a good thing, and I tell friends in great capitals that New Zealanders will do almost anything they're asked but nothing they are told. That is not altogether a bad thing. Perhaps these attitudes explain why, if you look at those things that are now so important to creating our wealth and opportunity, all of them in a day were subject to criticism, even abuse, by protected and jealous sectors. If we'd waited for a consensus, these things would not have been done. The export of education, worth a billion dollars a year to us, I still remember the teachers on my lawn. Tourism was going to wreck the environment. The America's Cup was a rich man's game. The reform of our waterfront would drive us broke. Instead we've liberated the hearts of our cities. Immigration was going to destroy us instead of create us. Abolishing protectionism - without that there'd be no Warehouse and no Stephen Tindall. And the restructuring of our key industries – meat, dairy, fisheries. There's something about us. We can always fill a hall to stop something. We can't fill a telephone box to start something.

I remember in the 1980s, I was the Minister of Sport and Recreation, and pretty unlikely, Minister of Tourism and Trade. We had a view we could market this as a whole and I spoke to a great New Zealander called Tom Clark about The America's Cup. He said "Oh you're wasting your bloody time". He said "It's the Whitbread, it's round the world, it's the only way to go". And what I admire about Tom is he came back to me a couple of weeks later and said "You know, when I said we couldn't do it, I think I meant I couldn't do it. You've got to meet this guy Fay, testicles the size of an elephant", (he didn't use that word) "doesn't know a yacht from a yak, but he'll have a go". And I find it fascinating that here... how the New Zealand mood changes, here was a guy vilified and somehow he's being rehabilitated. There's something about us from hosanna to crucify him and back again in four years.

There is something else about us, the question is when do you fix the roof? When the sun is shining or when it's raining? Well when the sun's shining we go to the beach and it's what we're not doing that I think we ought to think about. I'm even suspicious of a plan. Always, giz a plan! The plan ought to be the collective vision of each industry grouping, and the plan ought to be how we can get away, knock away the barriers to those enterprises and those people doing their job. There's an overwhelming desire amongst New Zealanders to have a Messiah. Well I was there, but you didn't take advantage of it. Remember the Monty Python movie, 'The Life of Brian', where the guy gets up with a sandal and says "He's the Messiah, follow him, follow him" and the other guy says "what do you know about Messiahs"? He says "Everything, I've followed 30 of them". Be suspicious of plans.

One plan we ought to have... and I'm doing some work in South Australia with the Premier, a New Zealander who left, on issues like compliance. How do you make South Australia the best place to create jobs? What stands in the way? A report will be out in a month or so that shows what stands in the way is South Australians. That if you want to get a water licence in South Australia it'll cost you round \$300 and eight weeks to process; the same licence in Victoria, under 100 bucks and 48 hours to process. Those are the things that stand in the way.

I'm optimistic about the New Zealander, I have to be, I meet so many of them overseas. Some people see New Zealanders as someone who wears a shirt made in China, a suit made in Thailand, who drives a Japanese car, works for an Australian company which is owned by an American pension fund with an English boss. I know the New Zealanders - they're people who can climb Everest, split the atom, make stunning movies, sing great songs, win the America's Cup again and again, and businesses that invest more in Asia than Asia invests in us. It will come as a great surprise to many of the young emerging leaders that New Zealanders did not invent sheep or cows or kiwifruit, or even rugby. We simply improved upon them, adding technology, discipline, focus and enthusiasm. It's a good thing that the small country syndrome means you haven't quite made it unless you test yourself internationally. And things are changing, and I think for the better, and this conference testifies to that fact. But we still have this syndrome – let's be the Switzerland

of the South Pacific, let's be the Sweden of the South Pacific, the Ireland of the South Pacific, the Norway of the South Pacific. That's escapism, that's an alibi. Let's be a state of Australia – well give us a break, do we want another tier of government? And I was the only New Zealand politician at the Australian convention.

Next month we celebrate 20 years of CER and we've knocked down nearly all those barriers through ourselves doing better. We have a way to go on competition policy, and we ought to start thinking about currency and other issues. Because I'm not involved in domestic politics, and I'd be misunderstood, I don't want to talk any more about New Zealand. I want to create a country we can talk about. Say we've got a blank map and I've got to build a country. Now it wouldn't take me six days, but this is what I'd do. I think I'd put that country in the South Pacific. I think I'd flank it by a moderate sized economy of similar values. That would anchor us in the area of greatest growth, Asia. I'd put this place in the southern hemisphere because all those things that were a disadvantage would become an advantage. Our computers would work when others are asleep. Our vegetables, fruit and tourism would be available when the markets of the North are off. We'd be getting off-time computers and smart technology right. That means an open communication system. Tourism is all about airlines. I'd give this country basic English law, secure property rights, trial by jury, an independent judiciary, a parliament based on Westminster principles, and a professional public service. And it would be terrific if that country had English as a main language because there's 200 million people plus learning English as a second language now. And I'd open every school and university to private and public partnerships and create new schools of higher learning and target doubling students from everywhere in the next five years. What damage would another 50,000 students do to us? Why can't we go out and buy 50 acres at Cambridge, Waikato; 50 acres at Oxford, Rangiora; and let ourselves set up some new universities, and maintain the standards and the qualifications, but be bold enough to do this. And I would make sure this new country was on several islands, because we can't have enough coast. And then I would put a couple of islands 50 miles out, 100 miles out, to increase our economic zone. And then I would say for our public service - this will surprise the PSA - that we need to encourage the elite, have a professional public servant and pay them well, perhaps about half as much as Singapore. And

because I know that this country should be involved in security and stability and development issues, I'd ensure this country and these universities attracted overseas students and public servants to build up those relationships. Outside there's a very important book, not mine, Enriquez' book 'As The Future Catches You'. Please buy it! This is what he says: "The brutal truth is that technology is not kind, it does not say please but slams into existing systems and destroys them while creating new ones. Countries and individuals must either surf these powerful waves of change or get crushed trying to stop them. Countries will have to co-operate and understand this or they will perish and slip backwards." And the country we've just invented would have the most public, transparent and open policies about the opportunities of genetic engineering, we should not be frightened of this, and this chilling brave new world of research. It would be open because that gets the investors, the scientists and public on side. Transparency is the oxygen of good governance and is a cleansing element in good insurance. And its guidelines then could lead the world. We should do this because we can see the future, because our skies are that clean. Enriquez says this: "Lone individuals are giving birth to new industries that rapidly become bigger than the economies of most countries on Earth but create fewer jobs. Those who can speak the language of genetics will acquire direct and deliberate control over all forms of life. Those countries and individuals who remain illiterate will be shut out of what is rapidly becoming the greatest single new driver of the world economy. This is chilling stuff, for now it's almost beyond our moral, ethical, legal, and certainly political, capacity to cope, but cope we must. We are like spectators at the Manhattan project watching in awe as a nuclear bomb goes up; excited and slightly frightened about what it can do for us." And that's a valid comparison, because when the nuclear bomb went up we started establishing laws, international treaties and agencies to handle it. We should listen to the critics. We need armed watchdogs. But we need to remind ourselves of Norman Borlaug, who in the 1960s invented super wheat and super rice. He saved millions of lives. He was given the Nobel Prize for peace. Nowadays he'd be beaten up and his crops destroyed. Now this new country we invented could be a leader abroad, an incubator for these best practices. And this new country ought to emulate the trade policy practices of the New Zealand country we live in. New Zealand has done successively, I think, a good job multi-laterally, bi-laterally and hopefully regionally.

I should talk a bit about globalisation. I wish I could find the person who invented that word and strangle them. In the absence of other isms, it's one of those isms we define ourselves by. Globalisation is not new. Many economists and historians would argue that we've less trade now than we had 100 years ago, certainly less movement of people. And occasionally we ought to celebrate what this has done for us. In 50 years, life expectancy is up by 20 years, infant mortality down by two-thirds. That can't be bad. Thirty years ago Ghana and Korea had the same living standards, now South Korea equals Portugal and Portugal's exploded since it went into the European Union and got rid of the fascists. Thailand and Burma were equal after the war. Now Thailand is 25 times richer. And I think that the business community and others ought to be out there saying open societies and open economies work. Not leave it to the most deranged professor from Auckland University to grab the headlines. Front up. What's important is that children are born, that people live longer, that they have more clean water, that they're able to read and participate and in all those measurements we've done much better in the last 50 years. What would a new trade round do? If we get it a third right, that's equal to boosting the global economy by another Canada. If we get it absolutely right, that's equal to adding another China to the global economy. OECD countries spend a billion dollars a day to make food dearer for their working families and to reduce choice. If we are successful in the removal of agricultural subsidies, this would return five times more to Africa than all the ODA put together, ten times more than all the debt relief put together. If you remember the UN millennium goals on health, education and all the things the great leaders said in New York, that would cost one-third of the returns developing countries will get from a successful round. I don't want to be self-serving, but why not, no one else will, but if we think of dairy, what it can do for the New Zealand farmer, then think of what sugar, coffee and cotton can do for the poor countries. Removal of sugar price subsidies would see prices fall by 65 percent in Japan, 40 percent in Western Europe and 25 percent in the United States. Coffee is one of the most tragic products. Ten years ago the industry was worth 30 billion dollars, growers were getting 10 billion, it's now worth 60 billion and farmers are getting 5.5 billion. Prices are at a 100 year low. What happened? Well, well-meaning Americans, Germans and French people and the World Bank decided they'd help Vietnam. Now

Vietnam is the world's second biggest coffee producer. Even worse than that, when the growers in Colombia and Kenya and Ethiopia grow their coffee, there's a thing called tariff escalation and if they process or roast or package, all that wealth in those jobs is dragged to North America and to Germany. So how just is that? If we remove the cotton subsidies, that would return \$250 million to Africa. So the DOHA development agenda holds out incredible hope for the poorest countries. It is the best option for them, the customers of the future.

And then there are new issues that we have to navigate. Not easy. Investment – I don't know any country that's got too much investment. Competition policies are far more difficult because most countries don't have a domestic competition policy. And then there's good governance issues such as government procurement. And then there are important issues like trade facilitation. It was APEC that did the original good work on the cost to economies of trade facilitation. I just wish some APEC ambassadors would say the same things in Geneva that their ministers say at ministerials. But I'll give you some figures; I'm moving a container from North Africa to New York, it costs me four times more than sending it from Hong Kong through the Panama to New York. How smart is that? I'm moving a container from country A to country C in South America, it costs me 200 hours, A B C. One hundred hours is at the border. These are incredible efficiency gains and maybe, if you want to stretch it, environmental gains. So I'm proud of New Zealand's contribution. I think we've got a first class team in Geneva and in Wellington and they do need more public and private support. And I think governments have been consistent, there has been a consensus for many years.

I'll talk briefly about China. Deng Xiaoping said at his party congress – I wish I'd read this, I'd use it at my own party congress - "I can give you equality, but you'll be equally poor. Or I can open up and there will be rich and poor, but the poor will be richer than they were before." If you haven't been to China, there is something wrong with you. Anybody who wants to compete, be part of the new world, has to understand China. Some figures, in 15 years they lifted 150 million people out of extreme poverty. Nothing like this has been seen in the history of the planet. The last three months of last year, they edged out the U.S. as a principal destination of FDI. Maybe that's the

first time in 100, 200 years! Ten percent of Chinese now own their own homes. They're the largest producers of aluminium, the largest consumers of steel. They have 7000 books on the WTO in circulation, 30 to 40 million internet users, 167 mobile phone users. You don't judge a country or a person by what they eat, you judge them by what they read. If I can get into your library, I'll know about you. The best selling book last year in China was "How To Get Your Child Into Harvard". Best selling book in New Zealand, probably the cook book again. Three to five million Chinese are studying off-shore at any one time. This is seriously good stuff. Expenditure on housing will increase in the next decade by 45 percent, recreation and education by 23 percent, transportation by 27 percent, health by 33 percent. Clothing will decrease by 30 percent and food prices will decrease by almost 30 percent. That's where we come into it, because they will be the world's greatest consumer of foods. So why did China want to join the WTO? Well, predictability, certainty, no longer at the whim of what may happen in Brussels or Washington. And they wanted to come into a rules based system. In China, leaders said to me and to others for many years, this is the single most important economic decision they made since the Long March. These guys are serious. There is one thing we ought to watch for, if I can give you a bit of gratuitous advice, the Chinese-Taipei relationship. We decided, well not us, the victors, the allied nations, in Cairo, in Ottawa, in Malta, that Formosa, which was a colony, would be part of one China. And if you're dealing in China, you ought to understand the depth of feeling about this... everything I've dealt with the Chinese has been absolutely rational, logical and upfront. But this is a very serious matter to them. And what is splendid, in the Taiwan Straits, one of the choke points, one of the danger zones, things are changing. You've seen the first flights go across, businessmen on both sides are de-politicising it all. So go to China, even if you're just going as a citizen, because that is the future.

I think for too long we've had as an alibi we're small, that's an excuse not to come first. That's no excuse. Venice was a small city state, Victorian England wasn't that huge. We probably now have about the population that New England in the American colonies had at the time of their revolution. And occasionally I get a little melancholy about our new country, so free, so far and so lonely, and that can give rise to a false sense of security and safety. Remember Willie Brandt

coming to New Zealand? Great socialist, Nobel Prize winner. Booked at a Labour party meeting and a person said, "Well Willie why don't you get rid of those nuclear weapons from NATO and from German soil?" and he said "I've always found that idealism increases in direct relationship to your distance from the problem". We are internationalists, we will do our share and play our role, but I confess to being slightly puzzled, perhaps out of touch, when I read articles and statements about the war on terror. There is no moral equivalence to a terrorist who decides he will maximise civilian casualties as opposed to a response where planners are seeing how they can minimise casualties. And I can see no moral difference if a New Zealander is murdered in Bali, in New York or Wellington. And I am puzzled that somehow, particularly by the church guys, I can understand war is death and murder and you can be a pacifist, that's fine, I understand that, but there has to be moral consistency. If somehow the U.N. sanctifies and puts some holy water on a decision, it is no longer murder or death? I think we're up against something we've not seen for generations. That a battle is being played out between modernisers and those who seek a return to a religious order not seen since the middle ages, those for whom the reformation, the age of enlightenment and the age of reason washed by. And perhaps we'll argue that 1945 to the collapse of the Berlin Wall was an historic detour. What will happen in the next year I think will define things for a generation and I'm not frightened of American Unilateralism. We haven't seen much yet have we? We've seen a lot of talk. I'm more frightened by isolation. This just proves how out of touch I am I guess.

Can I conclude on a more happy note, having thrown those question marks at you? For me, the image is to define the hope of our age and not the foul destruction of the twin towers or suicide bombers. The pictures you have in your mind of the Berlin Wall coming down; the pictures you have in your imagination - remember the victory dance; the smile of Nelson Mandela, free at last; the young man who faced the tank down in Tiananmen Square; and the faces of those young girls in Afghanistan who went to school for the first time. Can I share with you one moment finally? Cambodia, couldn't get worse, millions slaughtered, 60 graduates left alive, the capital Phnom Pen, from a million for a hundred years down to about 80 people. I flew in there late at night. It was like being in a countryside, a dozen lights, 20 lights. What were those lights? They were

cyber cafes and the kids were queuing up outside them. I know that if these kids get the chance we had, they won't blow it the way we have. And we won't be arguing about how we're at the bottom of the world in the OECD, we'd be saying how we can keep our place as number one.

Thank you.

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