

THE DEVELOPMENT GROUP FOR ALTERNATIVE POLICIES, INC.

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STATEMENT ON THE APPOINTMENT OF LAWRENCE SUMMERS

The day after Bill Clinton was inaugurated as the 42nd President of the United States, he appointed Lawrence Summers to the post of Undersecretary for International Affairs at the U.S. Treasury. This position has traditionally included responsibility for the formulation of U.S. economic policy in the Third World, including U.S. policy related to the IMF, the World Bank and the regional development banks. Summers, formerly Chief Economist at the World Bank, achieved notoriety last year for advocating, in a memo leaked to the press, dumping toxic waste in the Third World. The memo made headlines around the world and transformed Summers into a symbol of World Bank insensitivity and arrogance.

In selecting Summers to this important post, for which he must still be confirmed, the Clinton Administration needlessly insulted millions of people in the Third World. "It is hard for us to believe that a Democratic Administration would appoint Larry Summers," says Clara Couto Soares of IBASE, a major Brazilian non-governmental organization. "His ideas regarding development threaten the chances for a better understanding between the U.S. Government and the people of the South. We hope that this serious mistake will be reconsidered by President Clinton."

During his tenure at the Bank, Summers aggressively promoted the economic austerity and liberalization policies that have caused social, economic and environmental devastation across the Southern hemisphere. While Reaganomics have been rejected at home, Summers has now been rewarded for pushing similar policies abroad. Furthermore, according to Doug Hellinger, Managing Director of The Development GAP, "had the target of Summers' memo been women or minority groups in the United States rather than people in the developing world he would have rightly been denounced and asked to remove himself for consideration for any post in the new Administration."

In fact, environmental and other non-governmental organizations tried to warn the Clinton transition team that Summers' appointment to any significant economic policymaking position would be seen widely in the Third World as a slap in the face. In December these groups helped to block his appointment as Chairman of the Council of Economic Advisors. They were unable, however, to do so this time for a post which will in large part define U.S. positions at the IMF and the World Bank, where for two years Summers blocked initiatives to make the Bank more environmentally and socially responsible.

President Clinton has thus missed his first opportunity to disavow the Third World economic policies of the Reagan and Bush Administrations and to establish a respectful and forward-looking relationship with the people of the South. Both the Administration and Summers himself have a long way to go before those people, who have suffered so much over the past twelve years, are convinced that the recent transfer of power in Washington truly signifies change. The Clinton Administration needs to take seriously its commitment to support real democracy in the Third World by opening up the economic policymaking process to the ordinary women and men who have paid the price for the policies that Larry Summers has come to symbolize.

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