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WRITTEN TESTIMONY OF DOUGLAS HELLINGER, MANAGING DIRECTOR  
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SUBMITTED TO THE SENATE COMMITTEE ON FINANCE  
ON THE NOMINATION OF LAWRENCE SUMMERS

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Thank you, Mr. Chairman, for the opportunity to address the Committee on the matter of the nomination of Mr. Lawrence Summers to be Undersecretary of the Treasury for International Affairs.

My colleagues and I at The Development GAP worked extensively as consultants in the World Bank during the 1970s, demonstrating in the field how to support sustainable, equitable and more self-reliant development at local levels. Over the past decade, however, we have joined colleagues around the world in fighting policies of indiscriminate economic liberalization pushed by the Bank and IMF because of the highly negative impact these have had on the people and the environments of the South.

Mr. Summers' record at the Bank as its Chief Economist must be examined in connection with the promotion of these policies. The attention paid to his suggestion in his now infamous memo that toxic waste be dumped in developing countries has overshadowed the deeper significance of his work at the Bank. Consistent with the memo's arguments in favor of toxic dumping, Mr. Summers and his fellow Bank economists have advocated, in the form of structural adjustment programs in some 75 countries, unregulated economic activity regardless of its devastating social and environmental impact and the economic and political polarization it has wrought. While Mr. Summers has disavowed his comments proposing toxic-waste dumping in the Third World, he has yet to renounce the trickle-down economic policies of the Bank that have even more dire consequences.

In his memo, Mr. Summers recognized that the arguments against dumping pollution on the people of developing countries -- "intrinsic rights to certain goods, moral reasons, social concerns, lack of adequate markets, etc." -- could be used against every World Bank proposal for liberalization. Yet he continued to dump adjustment programs and their tragic social and environmental fall-out on the people of the South.

#### **Reaction of Third World Citizen Groups**

Not surprisingly, the nomination of Mr. Summers has incensed citizen groups across the Third World because of his record at the Bank. Many question his qualifications to hold a post in which he would have direct policy responsibility for the international financial institutions.

These organizations have reacted as much to Mr. Summers' consistent promotion of socially and environmentally destructive structural adjustment programs across the Third World as to his infamous statement on toxic-waste dumping. To them, the two are linked because they both demonstrate an insensitivity to the interests and perspectives of the people of the South. They question, as we do, Mr. Summers' ability to put aside his personal views and carry out a full and objective evaluation of the economic-reform programs of the World Bank and the International Monetary Fund.

But beyond matters of policy, there is the equally troubling problem of the public perception of the Clinton Administration both here and abroad. While we have communicated to our many partner organizations working at grassroots and policy levels around the world our positive perception of the Clinton team as respectful of common people and their concerns, we have heard from them a consistent refrain over the past few months: that they and their constituencies are insulted by the inclusion of Mr. Summers in the Clinton Administration and see it as a sign that the indifference to Third World concerns of the past twelve years will continue. These groups understand, as do we, that Mr. Summers' memo is indicative of deep-seated attitudes that have been reflected repeatedly during his tenure at the Bank and that would undoubtedly affect policymaking in the Administration.

The international outrage over Mr. Summers' appointment is captured in the following statements by citizen leaders representing some of the principal non-governmental organizations (NGOs) in Africa, Asia, Latin America and the Caribbean. As representatives of these organizations are not able to testify before your Committee, we appreciate the opportunity to present the views of these leaders. Their constituencies are voiceless in the confirmation process, despite the fact that they will be affected significantly by the actions of whomever assumes the responsibilities of Treasury Undersecretary. These groups call upon the U.S. Senate to reject the Summers nomination and to conduct a thorough re-examination of the structural adjustment programs imposed by the Bank and IMF. We believe that the Committee needs to hear and reflect upon these views before it proceeds with a vote on Mr. Summers' confirmation.

#### **Views from Africa, Asia, the Caribbean and Latin America**

Church leaders in Africa have been particularly vocal on Mr. Summers' nomination. According to the All Africa Conference of Churches, "[M]ost people in the Third World saw the election of Bill Clinton as a sign of hope....[The] nomination of Lawrence Summers has, however, come to them as a shock and has introduced, rather too soon, an element of disillusionment..." The prestigious National Council of Churches of Kenya also "strongly opposes" the appointment of Mr. Summers to the Treasury post. The organization's General Secretary, Rev. Samuel Kobia, states that "The structural adjustment policies (SAPs) which Larry Summers has helped to formulate affects mostly

the poor, women and children in the Third World. The SAPs are not a panacea to the socio-economic problems in the South but only add distress and more burden. The one cure that the Clinton Administration can give to the Third World is to revoke the appointment of Larry Summers." Likewise, the Evangelical Lutheran Church in Tanzania, the Church Province of Tanzania, the Moravian Church of Tanzania and the Christian Council of Tanzania "...urge the U.S. Senate not to confirm this nomination because it will diminish the hope we have for Clinton's government. The nomination of Summers is not consistent with U.S. policies that are geared to eradicate misery in the Third World."

Church leaders in the Caribbean have been equally troubled by Mr. Summers' appointment. According to E.R. St. John Cumberbatch, General Secretary of the Caribbean Conference of Churches, "The peoples of the developing world eagerly anticipated a change after twelve years of Reagan/Bush policies, which in many cases have proved inimical to the so-called Third World... The nomination of Mr. Larry Summers...has caused consternation, since Mr. Summers' record is such as marks him as very unfriendly to developing countries." The Caribbean Policy Development Center, which services NGOs throughout the Caribbean, states that "The Caribbean, and the South as a whole, has already suffered enormously from insensitive and ill-advised policies emanating from the IMF, the World Bank, and associated agencies. During his tenure at the Bank, Larry Summers consistently blocked initiatives to make the Bank more sensitive to environmental and social issues in its policies and programs." Peggy Antrobus, who coordinates the Women and Development Institute at the University of the West Indies in Barbados, writes that the Summers appointment will "...raise very serious doubts in the minds of informed citizens from the South about the new Administration's sensitivity to issues of equity, human rights and environmental sustainability."

Leonor Briones, President of the Freedom from Debt Coalition, a grouping of over 250 labor, community, environmental and business groups in the Philippines states: "To us, Summers sums up the World Bank -- cold, calculating, inhuman -- high officials who claim to represent freedom and democracy yet see Third World people as third rate... We want the American government officials to hear our say on this. In a world gearing for less aggression and more cooperation between nations, Summers is an anachronism that deserves to be buried in the toxic wastebasket of history."

The opposition to Mr. Summers' nomination has been particularly vigorous in Latin America. The president of the Instituto Latinoamericano de Servicios Legales Alternativos (ILSA), which represents more than 3,000 groups providing legal services to low-income people in Latin America, claims that Summers' work at the World Bank "...showed contempt for such key universal issues as environmental protection, transparency and international accountability. His standings on structural adjustment programs proved he has no commitment to the gradual changes that may protect the standard of living of Latin Americans." In Chile, the President of the Instituto de



Ecología Política asks the Senate to reject the Summers nomination, "...which would be a sign that would indicate that the era of Reagan and Bush is finished, [and] that there exists a better understanding of the needs of the people in the South."

Humberto Campodonico of the Centro de Estudios y Promoción del Desarrollo (DESCO) in Peru points out the "...contradictory economic policies of the Clinton Administration. On the one hand (at least in theory) it attacks the old Reaganomics formula that the reduction of taxes for the rich and the 'free market' will allocate resources in the best way. Thus, it favors state 'industrial policies' so that U.S. enterprises can compete against foreign companies and improve their productivity. Also, the Clinton discourse advocates public spending to reconstruct the infrastructure and promote employment. But, for Third World countries, the nomination of Lawrence Summers gives exactly the opposite formula. They keep the old recipe of 'Reaganomics'... Why the double standard? We see this as unacceptable and we protest vigorously. For that reason we oppose Mr. Summers' nomination..."

Arturo Gallese, Executive Secretary of The Coordinadora Regional de Investigaciones Económicas y Sociales (CRIES), the largest economic- and social-policy research network in the Central American and Caribbean region, writes that "The inflexible structural adjustment programs promoted by [the World Bank and IMF] have proven ruinous to our region over the past twelve years of highly politicized Republican administrations. The fact that Mr. Summers has been an outspoken advocate of these policies, and is the author of unacceptable opinions concerning the world environment, leaves us with the impression that the possibility for a constructive shift in U.S. development policy may be in danger."

Carlos Heredia, Director of Projects for Equipo PUEBLO, a Mexican NGO which works with popular organizations in the formulation of public policy, states that the Summers appointment is "...inconsistent with the pledges of Mr. Clinton during his electoral campaign to nominate for his work team persons whose record has been distinguished by defense of the environment and the promotion of sustainable development. We are concerned that the U.S. Administration designate for such an important position a person who has advocated structural adjustment policies during his employment at the World Bank. Far from promoting the satisfaction of the basic needs of the majority of the population and effectively combatting poverty, these policies have resulted in an irrational use of natural resources and a sharp concentration of wealth and income in our country."

Mr. Chairman, I would like to submit for the record the full text of statements on the Summers nomination from some 19 groups in 16 different countries.

## Conclusion

With the appointment of Mr. Summers, President Clinton has 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 Mr. 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.

The Senate also has its obligations. It must challenge Mr. Summers and all other nominees with responsibility for our economic policy in the Third World to develop policy positions based on more than economic theory and to ensure that these policies serve more than narrow financial interests. The policies must take into account the lives of real people overseas, as well as the broader interests of the American public. If the Senate should choose to confirm Mr. Summers, it must then take seriously its oversight function of reviewing his work and ensuring that local views are reflected in the policies he promotes.

Thank you, Mr. Chairman.

