

O Caso do Memorandum Lawrence Summers, Banco Mundial

Apresenta-se aqui o memorandum original, e dois textos que o discutem:

Ferraz de Abreu, P. (2019), "Lawrence Summers, memorandum do Banco Mundial e a 'lógica científica' da 'Economia de Mercado Livre'", in "*Contributos para uma Ideologia Progressista no sec. XXI*" – Capitulo "Da Neutralidade da Ciência" , CRPP 2019).

Ferraz de Abreu, P. (2001), "Towards a new framework for citizen mobility within modern democracy", communication at Conferencia Internacional *Ciudadania Migrante y Democracia*, Univ. Guanajuato, CICSUG – INAH, México, 8-9 March 2001
<http://www.citidep.net/papers/pfa/gtopfa/pfamigr.html>

Summers, L.H. (1991), "GEP", World Bank internal memorandum, December 12, 1991, leaked.

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Lawrence Summers, memorandum do Banco Mundial e a "lógica científica" da "Economia de Mercado Livre"

(in "Ferraz de Abreu, P. (2019), "*Contributos para uma Ideologia Progressista no sec XXI*" – Capitulo "Da Neutralidade da Ciencia" , CRPP 2019).

(...)

Exemplos como estes são uteis para fazer-nos reflectir sobre a não-neutralidade da Ciência e Tecnologia...e das **Instituições** da Ciência e Tecnologia.

(...) quando eu já estava no Dept. of Urban Studies & Planning do MIT, foi o **caso Larry Summers**.

Summers, do partido republicano, de direita, foi Presidente de Harvard (ref. incidente com fundador do *facebook*, narrado no filme "*The Social Network*"), e Secretário do Tesouro do Governo do partido republicano, onde defendeu e beneficiou os interesses da elite financeira.

Parêntesis: E contudo, Barack Obama deu-lhe o lugar de conselheiro-chefe na economia... Na realidade, quando se “espremia” o discurso do Obama e da Hillary Clinton em matéria económica, não havia diferença real entre eles...o que é uma pena, pois o discurso social e político do Obama era mais inspirador que o dos antecessores. Já Bernie Sanders, um assumido socialista, esse sim, apresentou um programa económico progressista, que atingia os interesses instalados. Por exemplo: “*if there are banks ‘too big to fail’, then lets break-up these banks into smaller ones...*”. Fim de parêntesis.

Na altura em causa, Summers era *Chief Economist* do Banco Mundial (WB). Houve alguém do meu Dep. que fez um *Leak* (antes do *Wiki Leaks*) de um memorando dele, enquanto *Chief Economist* do WB (muitos alunos saíam do meu Dept. no MIT para os quadros do WB). Entre outras coisas, esse *memorandum* dizia o seguinte:

“‘Dirty’ Industries: Just between you and me, shouldn't the World Bank be encouraging MORE migration of the dirty industries to the LDCs?” (...) “the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that.(...)”* (Summers, L. 1991)

[*LDC: Less Developed Countries]

Summers equaciona que, na economia de mercado, (ou seja, no sistema capitalista), há um *nível “ótimo” de eficiência económica da poluição*, como gerador de riqueza, motor da economia. Pelos vistos, poluição *qb* gera valor... talvez indústrias para despoluir, etc. Afirma mesmo que “sempre pensou” que países em África (com demasiado espaço livre...), não tinham ainda a poluição que deviam ter, para atingir essa “*eficiência*”.

Mas mais forte ainda, foi a demonstração da “*lógica impecável*”, em termos económicos, de “*despejar lixo tóxico*” (sic) nos países de baixos salários, uma vez que os custos de saúde causados por poluição são mais altos nos países desenvolvidos – com salários altos.



“(...) a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that.(...)”

“I've always though that under-populated countries in Africa are vastly UNDER-polluted, their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City.”

(Summers, L. 1991); (Ferraz de Abreu, P. 2001).

Como o WB não podia negar este *memorandum*, para fazer o *damage control*, disseram que era só um ensaio provocatório, e não uma proposta de “policy”...

Mas o mais triste foi ver o pessoal de esquerda do MIT tomar posição simplesmente condenando o memorandum, mas fugindo a argumentar se esta “tese” de Summers se deduzia ou não da ciência. Davam apenas como adquirido uma posição normativa: não,



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não era nada assim. E, no entanto, não demonstraram que este “raciocínio” estava errado...

Porque na realidade, o que está em causa é que esta "lógica impecável", é a da ciência económica que sustenta a teoria da "economia de mercado livre"; ou seja, que defende o sistema capitalista. Ou seja, uma ciência que sustenta uma *doutrina*.

Ou seja, uma ciência não-neutra.

Não se pode fechar os olhos ao facto que esta mesma "lógica impecável" se reproduz em muitas outras direcções, favorecendo sempre os interesses dos mais ricos e poderosos. Se não queremos aceitar esta "lógica impecável", então não temos outro caminho, senão o de rejeitar esta doutrina como guia da sociedade que queremos.

De resto, este tipo de cenários foram já identificados há muito tempo. De tal forma que os defensores da "economia de mercado livre" mais sofisticados, tentam enquadrar como "excepções", aquilo que Francis Bator designou, já em 1958, de "*falhas de mercado*"¹.

O que é raro, é termos uma admissão tão cândida quanto brutal, da boca de um cientista que é também um alto responsável do capitalismo.

(...)

¹ Francis M. Bator (1958). "The Anatomy of Market Failure," Quarterly Journal of Economics, 72(3) pp. 351–379

**Conferencia Internacional
Ciudadania Migrante y Democracia**
Univ. Guanajuato - CICSUG – INAH, México
8-9 March 2001

Towards a new framework for citizen mobility within modern democracy

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Introduction

Globalization is not a new phenomenon; one may say that WW I was the first brutal expression of a globalized world reality.

What we must understand is the difference between political and economical frameworks at the time of steam engine and emerging Industrial Revolution (manufacture) and at our time of computers + world nets in emerging globalization, with emerging Information Economy and a pressure towards participatory democracy.

Information Technology and Information Economy is facilitating, to a degree that never existed before (qualitative jump), the mobility of capital (finance and economy); but while it brings with it the potential for citizen mobility has well, the current dominant political superstructure is resisting and restraining such mobility. This contradiction questions the validity of the mainstream "Globalization model" framework, put forward in "Fora" like Davos, G7, WB, FMI, etc..

In the next tables I illustrate:

- a) The nature of the Information Technology (IT) revolution and it's potential;
- b) The "market failure" in bringing world wide access to new IT;
- c) The true dominant thinking about "Globalization" (Summer's memo);
- d) The capital - labor contradictory trends on mobility and globalization restrictions;

and therefore suggest :

e) a new framework for analysis and the construction of a more consistent model; one that integrates the new realities of the Information Technology revolution, and the need for citizen mobility to go together with capital mobility, unlike today's reality.

The nature of the Information Technology (IT) revolution and it's potential

**Evolution of Information Technology
and its impact on decision models**

Information Technology	Features / Attributes	Decision Models
Voice Manuscript	<ul style="list-style-type: none"> • from "few" to "few" • limited reach • without auxiliary processing • cheap, potentially universal access (low cost to enter the market) • low control / regulatory costs 	<u>Direct Democracy</u> Heterogeneous Empires
Press Radio TV	<ul style="list-style-type: none"> • from "few" to "many" • non-limited reach • with processing in source • expensive, restricted access (high cost to enter the market) • average control / regulatory costs 	<u>Representative Democracy</u> Homogeneous Dictatorships
Satellite network Fiber optics net µcomputer Internet	<ul style="list-style-type: none"> • from "many" to "many" • non-limited reach • with processing in source and destination • moderate access cost, potentially universal (low cost to enter the market) • high control / regulatory costs 	<u>Participatory Democracy</u> Technocrat Dictatorships

in Pedro Ferraz de Abreu's PhD Thesis draft, MIT, 1995

also in:

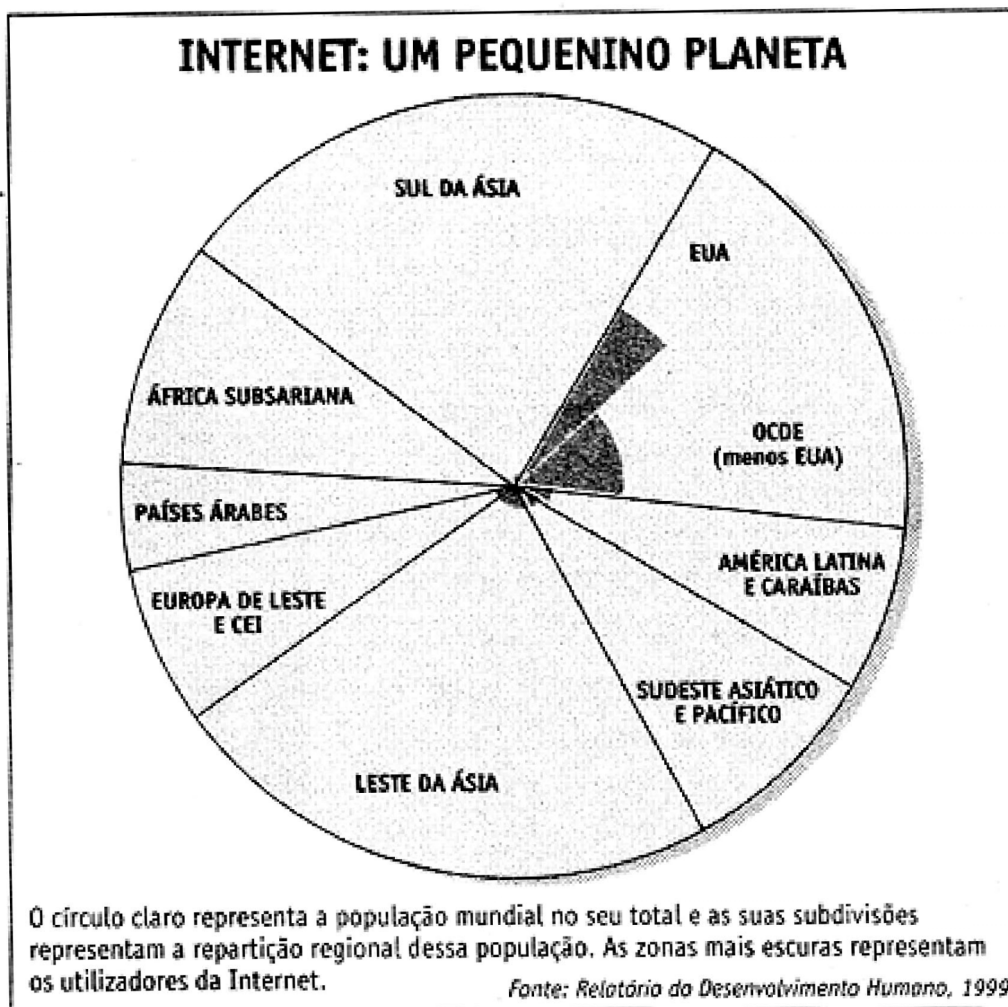
Ferraz de Abreu, P. (1999) "*The impact of new technologies on Portuguese civil society*", invited communication, Conference '[Contemporary Portugal: Reflecting on 25 years of Democracy](#)', Center for Portuguese Studies and Culture of the University of Massachusetts at Dartmouth, USA, October 2-3, 1999]

The "market failure" in bringing world wide access to new IT

While we find evidence that this new qualitative jump in Information and Communication Technologies (ICT) brings with it the conditions for equal and universal access, one thing is the potencial (or "enabling" factor), another is the reality.

This may simply reflect the differences at the "start line" of this ICT qualitative jump. But it may also point to a political (and geopolitical) framework that, rather than close the gap between countries and regions, it is increasing it.

Thus the talk about the new "Digital Gap". A new key political (and geopolitical) factor.



The true dominant thinking about "Globalization" (Summer's memo)

Can we identify policies that determine in which direction (widening or closing the gap) we move? Yes we can. Lets take a look at the thinking of the World Bank Chief Economist, Summers. No one can dispute the central role of the World Bank in these matters.



Lawrence H Summers

World Bank Chief Economist and Vice-President (1991-92); U.S. Treasury Secretary (1999)

The leaked Memorandum

DATE: December 12, 1991

TO: Distribution ; FROM: Lawrence H. Summers

SUBJECT: GEP

"'Dirty' Industries: Just between you and me, shouldn't the World Bank be encouraging MORE migration of the dirty industries to the LDCs * ? I can think of three reasons:

"1) The measurements of the costs of health impairing pollution depends on the foregone earnings from increased morbidity and mortality. From this point of view a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. **I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable** and we should face up to that.

"2) The costs of pollution are likely to be non-linear as the initial increments of pollution probably have very low cost. **I've always thought that under-populated countries in Africa are vastly UNDER-polluted, their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City.** Only the lamentable facts that so much pollution is generated by non-tradable industries (transport, electrical generation) and that the unit transport costs of solid waste are so high prevent world welfare enhancing trade in air pollution and waste."

"3) The demand for a clean environment for aesthetic and health reasons is likely to have very high income elasticity. The concern over an agent that causes a one in a million change in the odds of prostrate cancer is obviously going to be much higher in a country where people survive to get prostrate cancer than in a country where under 5 mortality is 200 per thousand. Also, much of the concern over industrial atmosphere discharge is about visibility impairing particulates. These discharges may have very little direct health impact. Clearly trade in goods that embody aesthetic pollution concerns could be welfare enhancing. While production is mobile the consumption of pretty air is a non-tradable."

"The problem with the arguments against all of these proposals for more pollution in LDCs (intrinsic rights to certain goods, moral reasons, social concerns, lack of adequate markets, etc.) could be turned around and used more or less effectively against every Bank proposal for liberalization."

* **LDC:** Less Developed Countries [PFA]

---- end of Memo ----

Let me just underline a few selected parts, just in case its meaning is lost.

"'Dirty' Industries: Just between you and me, shouldn't the World Bank be encouraging MORE migration of the dirty industries to the LDCs [Less Developed Countries]?"

(...)

"a given amount of health impairing pollution should be done in the country with the lowest cost, which will be the country with the lowest wages. **I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable** and we should face up to that."

(...)

"I've always though that under-populated countries in Africa are vastly UNDER-polluted, their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City.

Only the lamentable facts that so much pollution is generated by non-tradable industries (transport, electrical generation) and that **the unit transport costs of solid waste are so high** prevent world welfare enhancing trade in air pollution and waste."

(...)

"Clearly trade in goods that embody aesthetic pollution concerns could be welfare enhancing. **While production is mobile the consumption of pretty air is a non-tradable.**"

----- (L. Summers, 1991, World Bank) -----

Do we really need to comment?

Instead, let me suggest a new framework to study the evolution of mobility, when we factor in the revolution in information and communication technologies, and its impacts.

The capital - labor contradictory trends on mobility and globalization restrictions

It is a common taxonomy within economists, to divide the spectrum between Capital and Labor. Lets include in the "Capital" side, the Financial and Economy factors and, to be a little provocative, the Wars. On the "Labor" side we can include the main categories of citizens when they are faced with the need to move: Refugees, Economic Migrants, and naturally, simple and plain citizen mobility within national borders.

In the next table, we classify the trends (up or down) concerning ease of mobility provided by technology improvements available at each era, and the regulation / restriction derived from policy at each time.

This exercise raises an interesting question: Why is the so called “Globalization”, brought by technology progress, pushing toward increased mobility, while policies seem to be fighting against it?

TRENDS IN GLOBALIZATION AND MOBILITY

Globalization	1960		2000	
Component	Mobility	Restrictions	Mobility	Restrictions
Finance	Days -> Hours	Moderate	(++) Seconds	(--) Low
Economy	Years	High -> Moderate	(+) Months	(-) Moderate -> Low
War	Years	Bi-polar world	(+) Months -> Days	(-) Hegemonic Alliance
Citizen (internal)	Year -> Months	Low	(>=) Year -> Months	(=) Low
Refugee	Years -> Months	High	(>=) Year -> Months	(=) High
Economic Migrant	Years	High	(=) Years	(+) Very High -> High (Regional)

It is ironic that the natural trend, driven by technology progress, increases mobility, and so the prevailing policies (“Washington Consensus”) are, in fact, resisting and avoiding this natural trend. Can it be that the “Globalization” critics should instead swap sides with “Globalist” marketeers? Because this analytical evidence seems to point that activists in favor of mobility should be defending “Globalization”, rather than fighting it, and vice-versa...

A new framework for analysis and the construction of a more consistent model

This suggests we should extend this new framework to current policies, in order to substitute current mainstream with an alternative set, aligned with the natural trends.

Strategies regarding Globalization and Citizen Mobility

Mainstream:

- Fixate population in LDC through Development Aid Programs
 - Trickle Down Economics: salary gap as "economy incentive"
 - Training on specialized skills for migrants; Hierarchy in Education (professional vs. academic degrees, in separate tracks)
 - **Strong state** on military and police, **weak state** on regulation and public service (Regional "Fortresses" on repression of illegal migrants; information infrastructure in the hands of multi-nationals)
 - Hierarchy of rights with migrants on bottom of citizenship
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Alternative:

- Accept Citizen mobility as part of modern Globalization.
 - Labour rights worldwide; end the low-wage "offshore" paradises
 - Global Education massive drive to raise minimum levels of knowledge and increase adaptability (including Bilingual Education); Mobility between professional and academic degrees
 - State strong responsibility on public services and regulation; provide universal access to information infrastructure
 - Local Democratic integration of all citizens, including migrants (representative and participatory rights)
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Conclusion

The Qualitative Jump represented by the recent revolution in the information and communication technologies, have a deep and direct impact both in political frameworks (participatory forms of democracy) and citizen mobility.

What remains an "uncharted territory", is the new alignment of public policies in this new Era.

PFA, México, 2001