DRAFT 12/13/88

WEDNESDAY, DECEMBER 14, 1988

10:10am DEPART Capitol Hill for National Airport/Butler Aviation

10:25am ARRIVE National Airport and proceed to departing aircraft

FBO:	Butler Aviation 703/549-8340

10:30am DEPART Washington,DC for New York,NY/La Guardia

FBO:	Butler Aviation
Aircraft:	Challenger (AIG)
Tail number:	107TB
Flight time:	1 hour 10 minutes
Pilots:	Captain Steve Reinhardt Jess Alabaster
Engineer:	Rich Kedzierski
Seats:	11
Meal:	Snack
Manifest:	Senator Dole Mrs. Dole

11:40am ARRIVE New York,NY/La Guardia

FBO:	Butler Aviation 718/476-5200
Met by:	Charlie Degliomini 516/781-5991 516/277-7373

11:45am DEPART La Guardia for Waldorf Hotel

Location:	301 Park Avenue New York,NY
Drive time:	30 minutes

WEDNESDAY, DECEMBER 14, 1988

12:15pm ARRIVE Waldorf Hotel and proceed to PRIVATE
212/355-3000

12:40pm DEPART Waldorf Hotel for Business International Corporation Luncheon

Location: St. Moritz on the Park
50 Central Park South
New York,NY

Drive time: 15 minutes

12:55pm ARRIVE St. Moritz on the Park and proceed to Business International Corporation Luncheon 212/755-5800

Location: Sky Garden Room - 31st Floor

Met by: David Brezic - Director of Latin American Services

Advance: Mike Kaiser - DFP Advance

NOTE: Photo-op with David Brezic upon arrival.

1:00pm ATTEND/ADDRESS Business International Corporation Luncheon 212/755-5800

Location: Sky Garden Room - 31st Floor
Attendance: 75
Event runs: 12:15-1:45pm
Press: Closed
Format: Senator Dole introduced by David Brezic - Director of Latin American Services
Remarks - 20 minutes
Q & A
Mix and mingle
Facility: Freestanding podium
Contact: David Brezic
212/460-0604
212/460-0600
Helen Cuningham
212/460-0603

NOTE: This is a sit down luncheon. Lunch will be served at 12:15pm and will be finished before your remarks begin.

NOTE: Attendees list is attached.

WEDNESDAY, DECEMBER 14, 1988

1:45pm DEPART Luncheon for PRIVATE TIME

NOTE: Charlie Degiliomini will have transportation available for you the rest of the afternoon.

PRIVATE TIME

6:25pm DEPART Waldorf Hotel for Senator D'Amato's Fundraiser

Location:	Club 101 101 Park Avenue New York,NY
Drive time:	10 minutes

NOTE: Charles Gargano will ride with you and Mrs. Dole to the D'Amato Fundraiser.

6:35pm ARRIVE 101 Club and proceed to Senator D'Amato's Fundraiser

Location:	Club 101 Restaurant - 1st Floor
Met by:	Linda Schwantner - D'Amato staff

6:40pm ATTEND Senator D'Amato's Fundraiser 212/687-1045

Location:	Club 101 Restaurant - 1st Floor
Attendance:	500
Event runs:	6:00-8:00pm
Ticket:	$1,000/person
Press:	Closed
Format:	Mix and mingle Senator D'Amato will introduce Senator Dole Brief remarks Mix and mingle
Facility:	Podium, no stage
Contact:	Linda Schwantner - D'Amato's staff 516/294-7180

WEDNESDAY, DECEMBER 14, 1988

7:15pm DEPART Fundraiser for Armenian Memorial Service

Location: St. Bartholomew's Church
51st & Park Avenue
New York, NY

Drive time: 10 minutes

7:25pm ARRIVE St. Bartholomew's Church for Armenian Memorial Service sponsored by the Prelacy of the Armenian Apostolic Church of America 212/751-1616

Met by: Chuck Haytaian

Format: 7:30pm Requiem service begins. Archbishop Mesrob Ashjian will preside.
Chuck Haytaian will escort Senator Dole to the front pew. After the opening prayer Chuck Haytaian will introduce Senator Dole.
Brief remarks by Senator Dole.

Contact: Mike Snider - Haytaian's staff 201/850-8800

7:50pm DEPART St. Bartholomew's Church for 21 Club

Location: 21 Club
21 W. 52nd Street
New York,NY

Drive time: 10 minutes

WEDNESDAY, DECEMBER 14, 1988

8:00pm ARRIVE 21 Club and proceed to dinner with
Alvin and Sally Shoemaker 212/582-7200
Fred and Betsy Graber
Joe and Millie Williams

Location: Main dining room
Upstairs

Met by: Mike Kaiser - DFP Advance

NOTE: Bio of guests attached.

9:30pm DEPART 21 Club for Waldorf Hotel

Location: 301 Park Avenue
New York,NY

Drive time: 15 minutes

9:45pm ARRIVE Waldorf Hotel for PRIVATE

RON________________NEW YORK 212/355-3000

THURSDAY, DECEMBER 15, 1988

9:40am	DEPART Waldorf Hotel for Coffee Meeting with Security Industry Leaders		
		Location:	11 Wall Street New York,NY
		Drive time:	20 minutes
10:00am	ARRIVE Stock Exchange and proceed to John Phelan's office		
		Location:	Room 604
		Met by:	Sheila Bair Mike Kaiser - DFP Advance
10:10am	DEPART John Phelan's office for Coffee Meeting with Security Industry Leaders		
		Location:	Room 632
10:15am	ARRIVE Coffee Meeting with Security Industry Leaders		
		Location:	Room 632
		Attendance:	25-30
		Event runs:	10:00-11:15am
		Press:	Closed
		Format:	mix and mingle Senator Dole introduced by John Phelan Remarks - 10-15 minutes Q & A
		Contact:	Deneen Houser Bernard - scheduler 202/293-5740
	NOTE: List of attendees is attached.		
10:55am	DEPART Coffee Meeting for tour of trading floor accomapanied by John Phelan and Stephen J. Paradise, Senior Vice President - Congressional and Regulatory Relations, and Sheila Bair.		
11:00am- 11:15am	TOUR of TRADING FLOOR		
		Format:	Meet and greet members of the stock exchange

THURSDAY, DECEMBER 15, 1988

11:15am DEPART Stock Exchange for PRIVATE TIME

NOTE: Charlie Degliomini will have transportation available for you the rest of the afternoon.

NOTE: Joe Fogg will available after noon if you would like to meet with him. His telephone # is 212/703/8843.

PRIVATE TIME

3:10pm DEPART Manhatten for La Guardia Airport/Butler Aviation

Drive time:	45 minutes

3:55pm ARRIVE Laguadia Airport and proceed to departing aircraft

FBO:	Butler Aviation 718/476-5200

4:00pm DEPART New York,NY for Washington,DC/National Airport

FBO:	Butler Aviation
Aircraft:	Citation II(Foley)
Tail number:	21DA
Flight time:	1 hour 10 minutes
Pilots:	Dwain Gadway 210/641-2822(O) 914/226-8830(H)
Seats:	8
Meal:	Snack
Manifest:	Senator Dole Mrs. Dole Sheila Bair

THURSDAY, DECEMBER 15, 1988

5:10pm ARRIVE Washington,DC/National Airport

FBO: Butler Avaition
703/549-8340

5:15pm DEPART airport for Residence

5:30pm ARRIVE Residence

Tentative
12/13

"Coffee" with
Senator Robert Dole (R-Kansas)
Thursday, December 15, 1988
10:00 a.m. - Room 632

Guest List

John J. Phelan, Jr.,	Chairman and Chief Chief Executive Officer	New York Stock Exchange, Inc.
Richarad R. Shinn	Executive Vice Chairman	New York Stock Exchange, Inc.
Donald Stone	Vice Chairman Senior Partner	New York Stock Exchange, Inc. Lasker, Stone & Stern
Richard A. Grasso	President and Chief Operating Officer	New York Stock Exchange, Inc.
Rand V. Araskog	Chairman and Chief Executive Officer	ITT Corporation
Sheila D. Bair	Counsel Legislative Affairs	New York Stock Exchange, Inc.
Peter T. Buchanan	President and Chief Executive Officer	The First Boston Corporation
Silas S. Cathcart	Chairman	Kidder, Peabody & Co. Incorporated
John S. Chalsty	President and Chief Executive Officer	Donaldson, Lufkin & Jenrette, Inc.
Gerald F. Clark	Senior Vice President	New York Stock Exchange, Inc.
James Cochrane	Sr. V.P. & Chief Economist	NYSE
Peter A. Cohen	Chairman and Chief Executive Officer	Shearson Lehman Hutton Inc.
J. Gregory Gavin	Partner	Gavin & Co.
James A. Jacobson	Partner	Benjamin Jacobson & Sons

George S. Johnston	Chairman and Chief Executive Officer	Scudder, Stevens & Clark, Inc.
David P. Lambert	Senior Vice President	New York Stock Exchange, Inc.
Robert E. Linton	Chairman	Drexel Burnham Lambert Incorporated
John K. Lyden	Managing Partner	Nick, Lyden & Co.
Martha Twitchell Muse	Chairman of the Board and President	The Tinker Foundation Incorporated
Stephen J. Paradise	Senior Vice President	New York Stock Exchange, Inc.
David V. Shields	Managing Director	Shields & Company

Latin American Plea for Debt Relief

By ALAN RIDING

Special to The New York Times

RIO DE JANEIRO, Dec. 12 — Finance ministers of seven leading Latin American nations drafted a set of proposals today to be presented to the United States and other industrial nations on ways of reducing Latin America's foreign debt.

In a statement, the ministers said that reducing the $420 billion debt and the interest payments had become "a matter of urgency" if economic growth in the region was to resume.

The proposals will be detailed in a joint declaration to be issued within the next 10 days by the Presidents of Brazil, Mexico, Argentina, Venezuela, Colombia, Peru and Uruguay.

Financial experts said major debtor nations had been prompted to act not only by deepening economic crises but also by the belief that the incoming Bush administration may adopt a more flexible position toward the debt problem than the Reagan Administration did.

3 Possible Routes Discussed

Brazil's Finance Minister, Maílson da Nóbrega, told reporters today that Latin America would make "serious and responsible" proposals, including programs to restructure the region's economies and improve the climate for business. He said:

"We're not seeking a confrontation. We're not talking about a debtors' cartel. We're not coming up with magical solutions or unilateral measures. We're talking about what is possible, what is viable."

The minister refused to disclose the results of today's meeting, but he said

The proposals will be responsible, Brazilian says.

these possible approaches to debt relief had been discussed:

¶Through market mechanisms like conversions of outstanding debt for equity or exports and "exit bonds," canceling debts owed to small commercial creditors. But experience shows that these methods are slow, Mr. da Nóbrega said, and they "would take more than a decade to reduce the debt in a significant way."

¶Through creation of a specialized international agency that would buy the outstanding debt at a discount in secondary markets and substitute banks and governments as the main creditor, an idea backed by France's President, François Mitterrand.

¶Through issuance of bonds guaranteed by the World Bank or some other international agency, which would replace debt that in many cases is now virtually unpayable.

Mr. da Nóbrega declared, "A solution is in the interest of the creditors as well as the debtors, and there is growing awareness of this in the developed countries."

Arguing that Latin America is not seeking debt relief "as an excuse to increase its spending," the Brazilian official said the region's governments recognize that in the future they will have to rely mainly on domestic savings to finance their growth. "But in the short term," he said, "we need some mechanism to bring substantial reduction in the debt stock."

SPECIAL ISSUE: THE US ELECTIONS

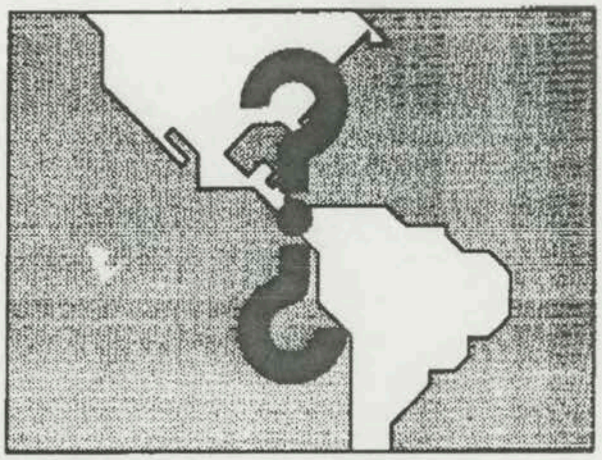
Business International

GLOBAL BUSINESS INFORMATION AND ADVICE

Business Latin America

WEEKLY REPORT TO MANAGERS OF LATIN AMERICAN OPERATIONS — NOVEMBER 21, 1988

This Week's Highlights



How Latin Agenda Will Shape Up Under Bush

As the hemisphere's key power broker and Latin America's largest trading partner, the US exerts tremendous economic and political influence on its neighbors south of the border. As a result, the nations of the region and corporations operating there will closely monitor the policy direction of the new US administration. In this special issue, *BLA* examines the outlook for inter-American relations under the George Bush presidency.

While no major change in Latin America policy is foreseen, some shifts in emphasis are expected. Most analysts anticipate relative policy continuity between the administration of President-elect Bush and that of Ronald Reagan. Still, Bush is widely regarded as more pragmatic and less ideologically committed than the incumbent. He is likely, therefore, to shape a more

(Continued on page 367)

Latin America Reacts Favorably to George Bush's Election

Argentina

Officials are encouraged by the triumph of George Bush in the US elections and hopeful that the new administration will continue to support the country's economic program. Argentina is especially pleased with the appointment of James Baker as secretary of state, noting that Baker was an influential ally of the country when he was Ronald Reagan's treasury secretary. Over the past three years, the US Treasury has granted Argentina four bridge loans.

Brazil

By and large, Brazil's reaction to the Bush victory is extremely favorable. Officials anticipate a continuation of US efforts to beat off domestic protectionist pressures. (They believe that under Reagan the trade sanctions imposed against Brazil were relatively mild.) The hope now is that Bush's pragmatism will facilitate an improvement on this front. It is speculated that Bush will be even more sensitive to the reality that protectionism makes it difficult for Brazil to service its foreign debt. Brazil does, however, want the US to play a leadership role in the debt crisis.

Mexico

Reaction to Bush's election has been relatively subdued, as Mexicans expect few substantive changes in overall policy toward their country. Nevertheless, they are pleased that the Democrats will retain a majority in Congress, which will balance what is perceived to be Bush's interventionist stance toward Central America. Mexicans view the fact that both nations are changing presidents at the same time as a positive opportunity. President-elect Carlos Salinas de Gortari will try to meet with Bush early on in order to cement a working relationship and continue the dialogue begun under Reagan—who met with his Mexican counterpart more often than any previous US president.

Venezuela

In Caracas, reaction to the Bush victory was low-key. Government spokespersons and political analysts generally expect continuity with the Reagan policies. The main source of concern is Bush's professed support for a US oil-import tax. Also, in his congratulatory message, President Jaime Lusinchi asked the US president-elect to take a closer look at development problems confronting Latin America, particularly the region's huge foreign debt. The private sector expressed hope that Bush will keep at bay protectionist pressures from the Democratic Congress.

Colombia

Officials do not anticipate major shifts in bilateral relations. Predictably, the illicit drug trade is the key issue that both sides will monitor. From Colombia, the view is that because Bush will not raise taxes, any campaign to prevent drug consumption will be insufficiently funded. This means the burden of curtailing drug traffic will remain with the producing countries. But Colombia will neither go after drug traffickers aggressively nor enact a new extradition treaty with the US until the US takes action on the consumption side. On the debt front, Colombia welcomes the James Baker appointment as secretary of state. He is expected to back efforts to raise $1.85 billion in fresh funds from commercial banks.

Chile

The military government and its civilian political allies expressed relief at Bush's triumph. Although there are no expectations of a breakthrough on the foreign debt, officials feel that under Bush, there is less risk of losing export markets because of US protectionism. Two continuing concerns, however, are rising world interest rates and a slowdown in US growth.

Panama

Government officials and opposition leaders foresee no change in US policy toward Panama and believe Bush will continue efforts to oust General Manuel Noriega. At the same time, many observers feel that the past relationship between Noriega and Bush (when the latter was head of the CIA) may facilitate negotiations toward a normalization of relations. Observers believe, however, that a precondition for the US will be Noriega's resignation.

Costa Rica

Costa Rica's President Oscar Arias is hoping for better US cooperation and support for his Central American peace plan under the George Bush administration. Most Costa Ricans favored a Republican victory, believing it would give the US a stronger hand in dealing with Nicaragua and Panama's Noriega.

Nicaragua

President Daniel Ortega said publicly that he looks forward to establishing a friendly relationship with Bush. He cautioned the president-elect against continuing Reagan's antagonistic relationship with Nicaragua and continues to demand the removal of US military personnel from the Central American region.

US/LATIN AMERICAN RELATIONS
(Continued from page 365)

moderate political agenda that will combine less rhetoric with greater realism.

Rundown of the key issues

Foreign debt. The most critical economic issue in Latin America—and greatest impediment to sustained economic stability—is the onerous debt-service burden. The naming of James Baker (the father of the "Baker Plan" for debt relief) as secretary of state is considered positive for the region in this regard. As treasury secretary, Baker gained wide technical and financial experience with the Third World debt dilemma—which is essentially a Latin American issue. Some observers now hope his appointment to the top foreign policy post will encourage the Bush team to factor the political implications of the debt crisis into the search for solutions. The menu of options will continue to expand and include a greater emphasis on debt reduction (see article, p. 368).

Support for democracy. A broad political goal for the Bush government will be to lend support—political as well as trade and economic—to the region's democracies. The return to political pluralism has been a major achievement in Latin America over the last decade, with Chile expected to be the next country to return to elected civilian rule. But in other countries where economic turmoil has fomented popular disaffection and cynicism about civilian politicians, the democratic process is at risk.

Thus, the challenge for Bush policymakers will be to sustain the gains made on the democratic front and to bolster moderate political forces, which in many countries are losing ground to populist leaders. The Mexico elections are one case in point and other key countries may repeat the same pattern. In both Brazil and Argentina, political and economic pressures may force shifts to the left. In other nations, most notably Peru and Guatemala, conditions threaten a return of the generals.

Central America. Analysts in general expect Bush to cool the emphasis on Central America as the most important factor defining the US agenda in the region. He will, instead, devote greater attention to issues such as foreign debt and economic stagnation in Latin America as a whole. Yet, the Central American conflicts will not go away. The hot spots will continue to be Nicaragua, El Salvador and Panama, where Reagan's policy initiatives have failed to produce the desired results. Bush, faced with even stronger congressional opposition than his predecessor, may be more inclined toward negotiations—at least initially (see article, p. 371).

The special case of Mexico. As is traditionally the case, Mexico will continue to receive high priority. With new presidents coming to power in both nations, government insiders expect early high-level meetings between Bush and Mexico's Carlos Salinas de Gortari to focus on issues such as Mexico's economic reform efforts, debt, trade, investment, drugs and immigration. With Salinas already under considerable political strain, Bush will recognize the need to keep Mexico's economy moving. The most important agenda item will be the foreign debt, but another point of contention will be US policy in Central America, which the Mexicans oppose as interventionist. However, relations between the countries will continue to be handled on a bilateral basis, with Mexico focusing on its own problems and avoiding a multilateral Latin American approach.

Drug trade. Tackling the drug problem will be a particularly sticky and politically charged agenda item, but a permanent solution will remain elusive. Bush has pledged to increase the government's role in the overall war on drugs, but the main emphasis of US policy will continue to be on controlling the flow of drugs from Latin America, rather than on consumption at home.

However, pushing the drug war more vigorously to supplier countries carries considerable political risk. As Brian Jenkins, terrorism expert at the Rand Corporation notes, "An aggressive US posture in this regard could strain diplomatic relations and also have a politically destabilizing effect, especially where traffickers coexist with guerrilla insurgencies—such as in Peru and Colombia. It could also provoke a reaction by the drug traffickers and result in retaliatory acts against US diplomats or other targets, such as companies operating in the region."

Trade policy. Bush is expected to adopt a moderate, practical approach to trade issues, with little interest in changing current policy. According to one US Commerce Department official, "Bush will reaffirm the basic premise of Reagan's trade policy, which is to open foreign markets." Another trade expert believes there will be no new barriers to trade. But he notes that existing barriers—such as the nation's textile and sugar import quotas—will remain intact.

Overall, the possibility of new protectionist measures will depend on what happens with the US trade deficit and how Congress responds. Trade discussions will be kept on the bilateral level to the extent possible, although a number of specific issues are expected to come up within the GATT Round (see article, p. 370).

Cuba. Less ideological foreign policymaking and improved relations with the Soviet Union may create conditions for a mild thaw in US-Cuba relations. Some political experts believe that although this will not be a priority item, Bush may be inclined toward more flexible bilateral relations. But others note that he would have little to gain and would risk alienating his more conservative backers. According to one analyst, "The clue will be the direction of policy toward Nicaragua. Greater tolerance for Nicaragua could pave the way for an opening with Cuba." Another expert speculates that Cuba may be brought into multilateral talks to ease the Central American conflicts, following recent progress in the Angola/Namibia negotiations.

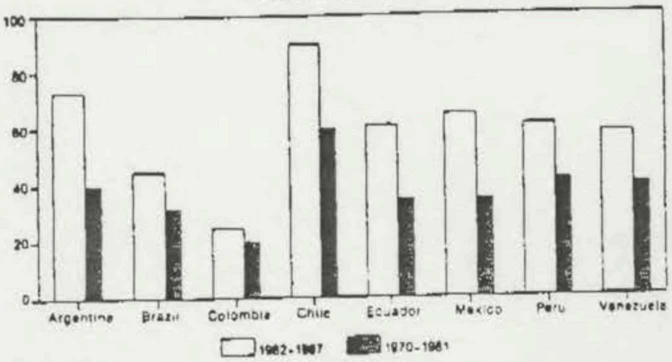
—*Anna Szterenfeld*

Outlook for the Debt: Bilateral Accords With More Menu Options

Progress toward solving Latin America's foreign debt crisis will be slow next year, although some important strides are likely. These will not, however, emanate from much-touted global debt schemes such as the Baker and Japanese Plans but rather from a new type of case-by-case restructurings that take a longer-term view.

Since the debt bomb hit in 1982, Latin American nations have lurched from crisis to crisis. Debt as a percentage of GDP has risen dramatically in every nation except Brazil

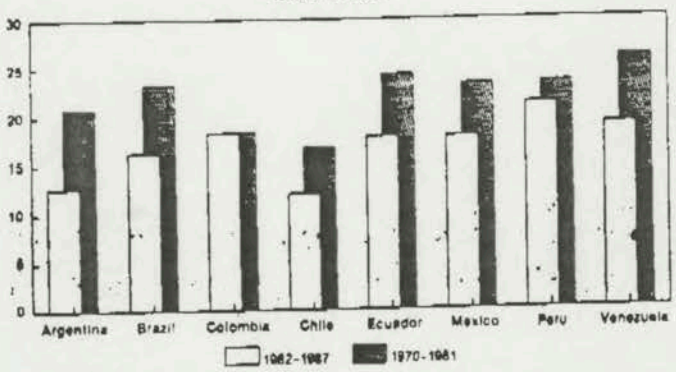
Latin America: Debt/GDP (%)
1970-81 vs 1982-87



Source: ECLAC UN

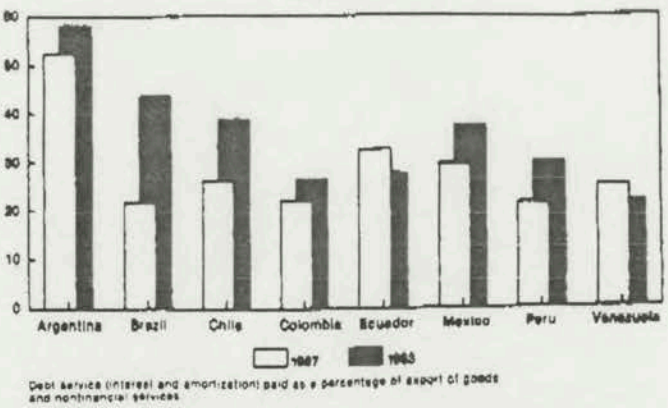
and Colombia (see graph, above). Concurrently, confidence, and, therefore, investment levels, have plummeted (see graph, below), severely debilitating the region's ability to generate growth at home—both now and in the future. At the same time, the main method for servicing the debt has been to curtail imports and develop the export sector. This has enabled key countries—particularly Brazil and Chile—to significantly reduce debt service as a percentage of export earnings (see graph, above right). But even though foreign creditors applaud the resulting improve-

Latin America: Investment/GDP (%)
1970-81 vs 1982-87



Source: ECLAC UN

Latin America: Debt Service/Exports (%)
1983 vs 1987



Debt service (interest and amortization) paid as a percentage of export of goods and nonfinancial services
Source: IDB

ment in current-account balances, the region's disproportionate allocation of scarce resources for foreign debt service has taken a tremendous political toll on struggling democracies. Latin leaders have long warned of the unsustainability of this equation, and creditors are now starting to voice similar concerns.

Somewhat surprisingly, many bankers now consider political, rather than economic, problems the greatest risk to their restructuring programs in coming years. They say new, and in many cases more populist, governments may not give the same priority to debt servicing. This has already occurred in Peru and may come into play in Argentina, Brazil, Chile, Ecuador, Mexico and Venezuela over the next 18 months. In the words of one banker, "There is no guarantee they will abide by existing debt-repayment agreements." Another banker worries that interest moratoriums a la Brazil will become more common.

Emergence of more realistic approaches

Partly because of these broad concerns, commercial bank restructuring strategies finally appear to be taking a more holistic approach to Latin America's debt-repayment problems. In contrast to past negotiations, which emphasized short-term funding and immediate fiscal and monetary adjustments, today's debt deals increasingly reflect the need to support medium-term structural changes, longer-term lending and debt reduction.

Since the World Bank traditionally engages in sectoral lending activity, it is assuming a more prominent role in working with Latin countries and the IMF. The approach involves providing long-term credits—up to 20 years—to help countries redesign key economic sectors. At present, the focus for the larger Latin American debtors is to fortify banking systems and capital markets to enable them to handle new instruments that are being incorporated into the commercial bank restructuring programs. Brazil, for example, is allowing the formation of "multibanks" in order to streamline and lower the cost of financial transactions.

Another important shift is the conviction that capital flows to and from the region must be normalized and brought to pre-1974 oil crisis levels, while restoring the proportional breakdown among private lenders, foreign investors and multilateral and bilateral institutions. At that time, private commercial bank loans equaled around 45% of total capital flows and foreign direct investment accounted for 20%, with the rest provided by multilateral and bilateral agencies. The major roadblock in this endeavor, according to one banker, will be to restore debilitated direct foreign investment inflows.

Creditors recognize that reversing the net capital outflow is top priority. One banker explains, "We are now moving in the direction of reducing outstanding debt, rather than lending more." In his view, the model for achieving this will be the "menu approach" used successfully in Chile's and Brazil's recent debt restructuring accords.

What's on the menu?

Chile has reduced its outstanding loans to private banks by some $4.6 billion through debt-conversion programs and debt-buyback deals whereby local entities repurchase debt paper at a discount. For Brazil, bankers project about $19 billion in commercial bank debt reduction by 1992 through a variety of options, including debt-equity conversions, straight buybacks and exit bonds. A similar accord is now being put together for Argentina. Lenders expect to present it by the end of the year. One snag, however, is the exit bond proposal. Normally, exit bonds can work only if they contain the option of early redemption by swapping them for a long-term local currency instrument. Since no such security now exists in Argentina, it will have to be created as part of the restructuring deal.

Debt reduction will also figure prominently in a new restructuring accord slated for Mexico early next year, after the new government takes office. Both sides are now drafting a number of different proposals. But President Carlos Salinas de Gortari will be under pressure to play tough with the banks and according to one institution, an interest moratorium is possible if Mexico does not obtain $3-4 billion in fresh funds.

The role of the US Treasury

Creditors also have immediate concerns regarding the incoming George Bush administration. For instance, banks will seek support from Treasury officials in implementing several innovative features in upcoming debt accords with Argentina and Mexico. One area that must be addressed is the possibility for US banks to be able to include capitalization of interest in the debt accords, as their European counterparts already can. While there will be some down time before the new US team is up and running, indications are that Treasury officials will show increased flexibility in working toward innovative debt solutions (see box at right). Another key question is whether the Treasury—and Congress—will support debt reduction through the creation, for example, of a multilateral debt facility.

—Leslie Bourne

Evolving Role of US in Debt Debate

The new US administration will play a key role in the search for solutions to the Latin American debt crisis. Although no breakthrough initiatives are expected, a number of analysts attach strong significance to the appointment of James Baker, architect of the Baker Plan, as secretary of state. Isaac Cohen, director of the Economic Commission on Latin America and the Caribbean points out that Baker, who has had extensive experience with the financial and technical aspects of the debt crisis, will now look at the same problem through a political lens. Some observers expect this to result in the kind of flexibility from the US Treasury that was recently seen with the $3.5 billion bridge loan to Mexico.

Although the Baker Plan made inroads in redefining approaches to the debt crisis and gave US banks the breathing space to improve their financial positions, it was, by itself, hugely inadequate. Because of the shortcomings of such regional initiatives, some observers, such as Rudiger Dornbusch, professor of international economics at the Massachusetts Institute of Technology, believe bilateral negotiations between debtors and their foreign creditors will continue to overshadow broader debt plans.

For the first time, however, debt reduction will be a key component of upcoming restructurings—and other creative solutions will be sought. Dornbusch suggests that one practical step the new administration may take is to promote the recycling of interest payments within the debtor country, where feasible. For example, Mexico would be allowed to repay interest in pesos, which would then be reinvested in the country. This option could then be held out as a carrot to other debtors that make progress in correcting distortions in their economies. The US may also seek to collaborate more with other OECD countries and mulitlateral institutions than it did under Ronald Reagan. Japan, in particular, has already indicated a willingness to take a lead by launching its own LDC debt plan (which combines the securization of debt with restructuring, under the auspices of the IMF). Yukio Iura, senior economist at the Institute for International Finance, says the Japanese may have felt compelled to design such an initiative because Japan hopes to increase its percentage share in the IMF to land the number two spot. Treasury Secretary Nicholas Brady has harshly criticized Japan's plan on the grounds that it would transfer responsibility to the public sector. However, Japan's stated commitment to make substantial financial resources available to Third World debtor countries will give Japan an important role in the search for debt relief.

—Kathryn Rosenblum

Bush Will Renew Effort To Build Freer Trade In Latin Markets

US trade policy toward Latin America under the George Bush administration will be marked by a high degree of continuity. The new administration is expected to retain the emphasis on free and fair trade, building on the Reagan administration's success with Mexico to forge more pragmatic and fruitful commercial relations across the region. Progress will be uneven, however, since not all of Latin America is willing to undertake the structural reforms that the US advocates.

The health of the world economy in general and the US in particular will exert tremendous influence on US trade and commercial relations with Latin America under the new administration. US officials and private trade experts believe that President-elect Bush will work with essentially the same agenda as his predecessor with respect to US-Latin American economic ties. The emphasis on free and open markets will be modified only in the sense that both Bush and Secretary of State-designate James Baker will exercise greater pragmatism in conducting economic policy. In practice, this could give countries such as Mexico greater flexibility in undertaking politically painful structural reform. Timothy Bennett, a trade consultant with the Washington law firm of Hagans/Keys Associates, notes that the success the US has had with Mexico via this approach has not been lost on US officials.

The Bush/Baker team also represents a counterweight to potential new protectionist pressures from an even stronger Democratic Congress. But few analysts see US external accounts improving to the point where protectionist tendencies are eliminated altogether. Michael Finger, a principal economist for world trade at the World Bank, predicts that the US trade deficit will remain in the $150 billion range over the next two years in the absence of fundamental changes in US production and consumption.

Impact of the GATT talks

Latin America will be marginally affected by the current Uruguay Round of GATT negotiations. The key US proposal on the table at the December 1988 midterm review is the complete elimination of agricultural subsidies—a measure clearly aimed at the EC. However, major agricultural producers in the region could be indirectly affected if the US does not accomplish its objective. In this case, the US's own subsidies will shoot up and possibly undercut Latin farm exports in third markets. As explained by Claud Gingrich, a partner in the Washington law firm of L.A. Motley and Co, "Given the international nature of the market, you can't subsidize agricultural products like wheat, soybeans and chicken and not have an impact on countries outside the community."

For the GATT meeting, the US has stated its intention to continue to push free trade in services—a distant goal, at best, for most of Latin America. But the other major

US-Caribbean Trade Outlook

The Caribbean is unlikely to gain major new economic benefits under the next US administration. At best, bilateral-aid levels will be maintained in exchange for the Caribbean countries' adherence to market-oriented economic policies. The US Caribbean Basin Initiative (CBI) may be extended past its current 1995 expiration date, but its congressional backers will not secure extensive reforms.

Any possible reduction in CBI benefits may be averted by the recent US International Trade Commission (ITC) report, which shows that the preferential trade scheme has had little measurable effect on US production or employment levels. The study shows that imports under the CBI's duty-free provision represented less than 0.3% of all US imports in 1987 and that displaced domestic US output did not exceed 1.2% in any one industry competing with the top 20 [illegible] from the CBI.

In the interest of making the CBI a more dynamic impetus for growth and export development, backers of the program will reintroduce legislation to broaden benefits and extend the life of the scheme for at least another dozen years past 1995. This extension by itself is not likely to be opposed in Congress. What will be hard—if not impossible—to pass are hikes in the sugar quota for CBI members or any significant broadening of the so-called 807A provision, which grants a high level of guaranteed access to the US market to CBI textile and apparel producers using US-sourced materials. A proposal to reduce the current 35% minimum local-content requirement of the CBI for the tiny Eastern Caribbean states will probably be dropped, owing to findings that the change would not give these countries a significant comparative advantage.

US officials believe that some form of new CBI legislation—albeit scaled down—is likely to be passed by the end of 1989, thanks to firm bipartisan backing. Although the CBI itself will continue to have only a marginal impact on trade and investment flows, the program has succeeded in forcing the US government to maintain a focus on the region's economic problems, which remain considerable. *—Peter Kennedy* issue for the US—intellectual property protection—will weigh heavily in the US's bilateral economic agenda.

A country-by-country rundown

Mexico's "special relationship" with the US will shape bilateral trade and commercial ties as well as future negotiations related to the nation's foreign debt. The US will continue to encourage Mexico's liberalization of trade and investment rules through the bilateral framework mechanism that has been established to ease trade conflicts and forge new areas of cooperation. Once the new Mexican administration is on board, the US will approach Mexico regarding the possibility of some sort of free trade agreement, involving at least 12 sectors (in order to be GATT-justifiable) (*BLA* '88 p. 309).

Brazil remains the bad kid on the block. In late October, the US hit Brazil with countervailing duties under Section 301 of the Trade Act for failing to provide patent or process protection for pharmaceuticals. Consultations between the two countries will be scheduled, but thus far Brazil has resisted any suggestion of a change in policy. The informatics issue has been defused but is not dead. US officials point out continued problems in market access and administrative due process for foreign companies. Tensions over substantive issues have been exacerbated by Brazil's trumpeting of the Third World cause in the GATT, which US officials view as hostile.

Argentina is being scrutinized by the US for its differential export tax on processed and unprocessed soybeans. The result of this, according to the US, is an unfair export incentive for soybean oil and meal producers. The nation is also the target of a US Pharmaceutical Manufacturers Association petition to the US government urging against the nation's lack of product patent protection on drugs.

Chile, which was also threatened with a Section 301 action as a result of problems with intellectual property protection in the pharmaceutical sector, is now working on a revised law intended to meet US objections and avert a trade dispute.

Venezuela was recently hit by countervailing duties on aluminum-rod exports. Its other main concern is the possibilty of a US oil-import tax. Beyond that, the US will encourage Venezuela to join GATT. —*Peter Kennedy*

Bush Will Hold the Line In Central America But Lower the Stakes

The intractable crises in Central America and Panama will present the George Bush administration with an immediate challenge on the foreign policy front. Although Bush will pursue regional objectives similar to those of his predecessor, his team is expected to take a more pragmatic approach. Contributing to the shift is the fact that Bush will have to work with an even stronger Democratic Congress than Ronald Reagan faced.

Analysts of inter-American affairs are nearly unanimous in the view that Bush will be significantly less ideological than his predecessor with regard to Central America. Although the new administration's commitment to the region will continue, Central America will be moved off center stage. Whereas Reagan virtually defined Latin American policy in terms of Central America, Bush is expected to assign it much lower priority for three reasons. First, Bush takes less personal interest in Central American policy issues. Second, the region represents a no-win situation for the US. At this point, there is simply no way the next administration can straighten things out easily. Bush and Secretary of State-designate James Baker will surely prefer to devote their time and resources to less problematic regions. Third, Bush will not want to initiate his relations with the Democratic Congress over what is now considered a losing battle to continue military aid to the *contras*. According to the American Enterprise Institute's Mark Falcoff, the president-elect will instead go with "the consensus from Congress that the worst-case scenario—the replication of communist regimes in Central America—is acceptable."

Subtle changes in direction

This deemphasizing of Central America will not, however, result in major policy shifts. Rather, in the words of Susan Kaufman Purcell of the Council on Foreign Relations, "There will be nuanced differences." For example, Bush will retain the strong anticommunist rhetoric and humanitarian aid to the *contras*, using the possibility of military funding as leverage in any negotiating process. He is also expected to continue trade sanctions against Nicaragua and a high level of economic and military support for El Salvador. But at the same time, many analysts—though not all—believe his government may initiate multilateral negotiations aimed at resolving the conflicts. The key obstacle to such a shift is pressure from the right wing of the Republican Party. According to Adolfo Aguilar of the Carnegie Endowment for International Peace, Bush's political appointments for the region should provide an early indication of which way his administration will go on this.

Any negotiations would likely entail an attempt to revitalize the flagging Central America peace plan of Costa Rica's President Oscar Arias, and could also involve other nations from Latin America and the Group of Eight. But Purcell believes that for such a diplomatic effort to succeed, it will have to include an economic-development component—offering the Sandinistas, in particular, incentives such as trade benefits in exchange for democratization. Such talks would also focus on the main problem facing Honduras—resettlement of the thousands of *contras* and Nicaraguan refugees now residing there. The US and the Hondurans will attempt to get most of these people to return to Nicaragua. However, if the effort to revive the Arias Plan fails—a strong possibility in light of the multiple and complex issues at stake—the Bush administration will revert to the more traditional "containment" policies of the Reagan era, seeking congressional support on the grounds that negotiations failed.

The brewing storm in El Salvador

El Salvador may become the new administration's first foreign policy crisis. Although any multilateral peace effort would attempt to reopen talks with the Salvadoran guerrillas, that option may be overtaken by events. It is quite possible that March presidential elections will bring to power the ultra-right ARENA party, which cannot be expected to negotiate in good faith with the insurgents. The US will nonetheless attempt to continue providing military and economic support to the country, seeking guarantees that ARENA will keep the armed forces in line and control death-squad activities. Even making the optimistic assumption that ARENA can deliver on this score, the increasingly powerful Salvadoran guerillas will no doubt escalate the war effort in an attempt to provoke increased abuses and thus the cutoff of US aid.

Consequently, despite the new US administration's desire to give Central America a reduced profile, the fact remains that the region is a pressure cooker and the problems will not disappear because the US lowers the stakes. In the words of Ge·rgetown University's Arturo Valenzuela, "Even though Bush will want to downplay Central America as a political issue, events there are too hot."

Finessing the Noriega debacle

Bush will also have to move beyond the Reagan team's failed campaign to oust Panamanian strongman General Manuel Noriega. One US analyst residing in Panama asserts that Noriega is stronger today than ever, whereas the opposition is growing weaker. But Bush's options are extremely limited. Noriega has consolidated his hold on the country, despite the aggressive US effort to unseat him. To make matters worse, Bush does not want to invite further scrutiny of his former intelligence links with Noriega. As observed by Central American specialist Richard Millet of the University of Illinois, "This is one relationship Bush would like to forget." As a result, the US will proably seek a behind-the-scenes settlement that may involve other Latin nations as intermediaries.

Panama's presidential elections, scheduled for May 1989, may provide a relatively comfortable way out for all parties. While it is possible that Noriega will present himself as a candidate, it is more likely that he will repeat a strategy that has proven successful in the past:-handpick a civilian candidate who does not represent a threat to his authority. This would then make it easier for the US to proceed with a gradual normalization of relations, including the dismantling of remaining economic sanctions. At this point, these sanctions are mainly hurting US business interests and the Panamanian middle class. —*Helen Cunningham*

Management Alert

Argentina

Argentina has drastically reversed last year's energy deficit and officials now project that the country will be able to export a small amount of crude oil in 1988. For the first 10 months of this year, oil production was up 5.3% over the same 1987 period and exports are estimated at 500,000 cubic meters. Last year, Argentina was forced to import over $300 million in crude to compensate for a production shortfall.

Mexico

Pemex will be subject to "profound restructuring" under the incoming administration of Carlos Salinas de Gortari. According to a new Pemex study, the next administration will aim to keep domestic prices for petroleum products in line with international prices. Pemex will have to make spending cuts, but the government will also reduce the parastate firm's tax burden in order to make funds available for exploration and production. The study notes that 10 years after the 1980 Energy Program was issued, with the aim of cutting Mexico's petroleum dependence, 90% of the energy consumed still comes from hydrocarbons. The restructuring will have to be accomplished with scarce resources, the report says, noting that Mexico's fiscal crunch has been exacerbated by falling oil prices.

Nicaragua

Growing discontent among private sector labor groups is feeding talk of a major strike. The recent 72% devaluation of the official exchange rate (to C550:$1) and the 27% adjustment of the parallel rate (to C2,100:$1) is expected to shoot inflation for the year up to 60,000%. Labor feels the latest 78% wage increase is totally inadequate. Nicaragua's monthly minimum salary now stands at C15,000 or just over $27.

Venezuela

The nation has received timely help from the US Commodity Credit Corp. which has just granted a $600 million credit line for the import of US agricultural products. The loan allows Venezuela to import such products as wheat, sorghum, soybeans and vegetable oil under a three-year payment term, at a preferential interest rate. It also represents political insurance for the incumbent Acción Democrática government, which [illegible] election date. Also, the credit, which runs through August 1989, may avert the need for stiff price hikes in key food items next year.

A Crucial Meeting for Latin Debtors

Finance Ministers Gather in Rio to Seek Way to Reduce Burden

By Richard House
Special to The Washington Post

RIO DE JANEIRO—Finance ministers of Latin America's seven key borrower nations are meeting here this week to seek ways of reducing the continent's $410 billion debt burden without resorting to the formation of a "debtors' cartel."

Their meeting comes at a time of deepening popular discontent with economic stagnation that has been caused, in part, by crushing debt payments and will surely be the key issue in at least seven of the continent's election campaigns during 1989.

"If governments do not solve the debt problem there are serious risks that those who defend radical solutions will start winning elections," said Brazil's finance minister, Mailson da Nobrega. "If we don't find a new direction, the radicals will seize on the external debt issue."

Unlike the much-publicized 1984 inaugural meeting of 11 debtors in Cartagena, Colombia, which generated widespread concern but few results, the so-called Group of Eight's meeting promises to be more technical and discreet. The group includes Argentina, Brazil, Mexico, Colombia, Uruguay, Peru, Equador and Panama, whose membership is now suspended.

"Don't expect any new initiatives from Rio. If any proposal is adopted, it will be sent upward to the presidents to be announced by them later," said a Brazilian finance ministry official.

Foreign bankers here say they have been told by the government that the group's purpose is not to form a cartel, but to debate proposals for unorthodox ways of reducing the overall Latin debt, which would be discussed with creditor governments and banks.

"Ideas and initiatives should come from the debtors," said one bank executive. "Bankers welcome the idea of reducing the amount of debt—in fact, market forces are already making this happen."

After the humiliating failure of Brazil's 1987 moratorium on interest payments to secure negotiating advantages, the proposals before the ministers in Rio are of a non-confrontational nature, centering on the concept of debt forgiveness floated earlier this year by bankers themselves.

Bankers and ministers approach

THE BIGGEST LATIN DEBTORS
(Current estimates in billions of dollars)

	TOTAL DEBT	COMMERCIAL DEBT	CURRENT ACCOUNT
Brazil	116.9	81.4	−1.5
Mexico	103.0	75.3	4.0
Venezuela	35.0	25.1	−0.2
Peru	15.3	5.0	−1.4
Argentina	56.4	32.5	−4.0

SOURCE: American Express Bank

the discussions knowing that the markets already have written down the expectation of banks ever receiving their loans in full, so the debt will have to be written down, too. The difference between the debt's real value and face value can be compensated for in several ways, but swapping debt for equity interests, or issuing new debt, are the most talked about.

Yet the creditors are cautious about such moves. They argue that debt forgiveness, no matter how elegantly disguised, involves moral hazard because bad debt performers would be forgiven more easily than those that have made effort to service their borrowings.

"Everybody agrees that each debtor has a distinct relation to its creditors, but if this meeting helps debtors return to the market place, then it will be very constructive," said one U.S. banker. But he said if it turned into a political discussion and unilateral actions were taken by debtors to reduce payments, the debtor countries would probably forfeit the possibility of negotiated reductions and refinancings.

"Political rhetoric will scare people off," he said.

With bankers speaking openly about "debt fatigue" after six years of renegotiations and a growing unwillingness to contribute to the "new money approach," the onus is on the debtors to come up with politically viable proposals. Bankers say they support the idea of shifting resources into short-term trade financing, with the burden of long-term project financing to be borne by organizations like the World Bank.

Each country approaches this week's talk with a slightly different agenda. According to Salomon Bros., large U.S. banks reduced their loan portfolios to developing countries by $3.7 billion in the first half of this year. Brazil, for example, which had 700 bank creditors, now has about 300.

With the banks retreating from the continent, each country approaches this week's talk with a slightly different agenda:

- Argentine President Raul Alfonsin is demanding a nonconventional approach to the debt. He said in Uruguay earlier this year that although developed nations had enjoyed six years of prosperity, "this has been a dramatic period for our region, converted into an exporter of capital that has forced us to lose a decade of growth."

Argentina, which is more than $1 billion in arrears on interest payments for its $56 billion debt, reached agreement with the World Bank for a $1.25 billion loan. But it is now seeking $4 billion from banks to help clear arrears.

The Alfonsin government has dramatically reduced inflation, but recent pay awards to public sector workers—plus the run-up to next May's elections—suggest that its economic situation will soon worsen. Carlos Saul Menem, the Peronist candidate and front-runner, favors a five-year interest payment suspension.

- Brazil in September abandoned 18 months of confrontation strategy by returning to an orthodox debt strategy with a $62.5 billion rescheduling plan that includes $5.2 billion in new loans. But, unable to meet IMF performance criteria and experiencing difficulties securing loans from the World Bank, this new debt compliance is unlikely to survive next November's presidential elections.

Brazilian officials say their strategy is to normalize relations with banks before demanding a more political treatment at government level. Ideas include consolidating debts into new U.S. Treasury-backed

See DEBT, K4, Col. 1

Latin Nations Set Crucial Debt Meeting

DEBT, From K3

bonds, and the creation of "debt facilities" that would have the World Bank or IMF buy and resell existing debt.

■ Mexico's new president, Carlos Salinas de Gortari, warned that payments on his country's $103 billion debt would cease to be a priority if the country failed to resume growth. Servicing the debt will cost $9 billion this year, or 6 percent of gross domestic product. Salinas promised immediate talks at a political level with the Bush administration on the issue.

Mexico has said it needs $11 billion over the next tree years to ensure minimum economic growth. Other Latin debtors feel Salinas is playing on the "special relationship" with the United States, which accounts for 26 percent of the Mexican debt, to secure favorable terms. In October the U.S. Treasury agreed to a $3.5 billion bridge loan.

■ Colombia's reputation as an exemplary debtor that has never renegotiated its $16 billion borrowings is jeopardized now by the decline in its oil revenue. The government is now seeking $1.85 billion in refinancing, and the renegotiation of its debt. World Bank President Barber Conable recently praised Colombia as a "model debtor," but said commercial banks had been unduly conservative in their treatment of it.

■ Venezuela's newly elected president, Carlos Andres Perez, has been outspoken about the need for Latins to unite on the debt issue. "We will never commit the folly of saying we will not pay the debt, but we will tell the banks we cannot pay on these conditions," he said.

Perez also believes Latins themselves are in part to blame: "The banks say negotiations must be case by case, and because we are absorbed in absurd egotisms, we accept the idea that my case is different from yours."

Venezuela expects oil revenues to be at least $2 billion lower this year, but will still have to pay out as bank interest more than 65 percent of its hard currency revenues of $8.5 billion. The debt totals $35 billion. This year Venezuela became the first Latin debtor to return to capital markets with a Eurobond issue, a move that looks to be an exception rather than a return to normal conditions.

■ Peruvian President Alan Garcia's unwillingness to take unpopular steps to curb 2,000 percent inflation has raised questions whether his administration can last until 1990. There is a growing lack of confidence in it, and a wave of strikes has paralyzed the country.

Garcia attacks the "norms and theories" of the International Monetary Fund. He once worried bankers with his decision to limit payments on Peru's $15.3 billion debt to a fraction of export revenue. But now it is the government's weakness, not its threats, that disturbs them.

■ Uruguayan President Julio Sanguinetti warned at the meeting of presidents in his country this year that if solutions failed to emerge from the dialogue that would be started at the Rio meeting, "We will all of us pay dearly for this." Uruguay's debt, at $5.6 billion, may not appear to be much of a problem, but the administration has had to impose measures to reduce the internal deficit and cut inflation.


RAUL ALFONSIN
... wants nonconventional approach


CARLOS ANDRES PEREZ
... outspoken on need for unity

MEMORANDUM FOR SENATOR AND MRS. DOLE

FROM: Barbara Norris

DATE: December 13, 1988

SUBJECT: Dinner Guests - December 14, 1988

Al and Sally Shoemaker

Al Shoemaker is now chairman of First Boston and is retiring the first of the year. As you know, Credit Suisse has recently taken over First Boston. Shoemaker chose to leave rather than take less than the top slot. He has business interests with Bill Simon which I believe he will continue to pursue. His son Peter was a volunteer at Dole for President and a terrific young man. Peter ran the New York phone banks for Bush/Quayle and is now working at the Inaugural Committee. Sally Shoemaker is a homemaker with four children. (Shoemaker raised a large amount through J.D. Williams for DFP and continues to be supportive of Campaign America.)

Joe and Millie Williams

Joe Williams is Chairman of Warner-Lambert. His wife Millie is an attorney. Joe Williams pulled together a group of pharmaceutical manufacturers to each raise $20,000 for Dole for President. He continues to be supportive of Campaign America and has offered the use of his plane.

Fred and Betsy Graber

Fred has his own investment business. He was the first to raise his $50,000 for Dole for President and is very supportive of Campaign America. As you know, Betsy was co-host of a fundraiser with Mrs. Dole. Fred is one of the sponsors of the January 18th dinner at the Folger. Both Fred and Betsy are very involved with the Museum of Broadcasting (Hall of Fame for the Broadcasting industry). They invited Mrs. Dole to the testimonial dinner for Walter Cronkite in early December. Fred has been responsible for helping to broaden the financial support beyond the broadcasting industry.

(Resumes for Joe and Millie Williams and Al Shoemaker are attached.)

MRS. JOSEPH D. (MILLIE) WILLIAMS

Mrs. Williams is a native of the Detroit, Michigan area and moved to northern New Jersey with Mr. Williams when the Parke-Davis merger was approved by the Federal Trade Commission in 1976. She is 42 years old.

Mrs. Williams is a Phi Beta Kappa graduate of Rutgers University and received her law degree at Seton Hall University. She served as a member of the law firm Pitney, Harden, Kipp and Szuch in Morristown, New Jersey, specializing in mergers and acquisitions. She went on sabbatical leave in 1987 during Mr. Williams tenure as President of the International Federation of the Pharmaceutical Manufacturers Association (IFPMA).

In 1988, Mrs. Williams joined the law firm of Giblin, Combs, Cooney and Conway where she handles general civil matters, including a substantial amount of trial work.

Mr. and Mrs. Williams reside in Bernardsville, New Jersey, an area west of New York City. Mrs. Williams enjoys exercise and runs 4-5 miles a day.

NAME:	Joseph D. Williams
TITLE:	Chairman and Chief Executive Officer — Warner-Lambert Company
BORN:	August 15, 1926 — Washington, Pennsylvania
FAMILY:	Married
EDUCATION:	BS in Pharmacy, University of Nebraska, 1950
WARNER-LAMBERT CAREER:	Started June, 1950
	Parke-Davis & Company and Warner-Lambert
6/1950	Sales Representative, Kansas City Branch, Parke-Davis
2/1956	Field Manager, Kansas City Branch, Parke-Davis
4/1958	Assistant Manager, Market Research, Parke-Davis
6/1959	Assistant to Director, Sales Research & Development, Parke-Davis
1/1962	Manager, Surgical Dressings Sales, Parke-Davis
2/1967	Director, Medical-Surgical Market Development, Parke-Davis
11/1968	Director, U.S. Marketing, Parke-Davis
4/1970	Group Vice President, Marketing & Sales, Parke-Davis. Upon completion of merger with Warner-Lambert, Warner-Lambert Vice President and a member of the Parke-Davis Board.
11/1971	Executive Vice President & Chief Operating Officer, Parke-Davis
4/1973	Elected to Warner-Lambert Board of Directors
6/1973	President and Chief Executive Officer of Parke-Davis
7/1973	Senior Vice President (Warner-Lambert)
1/1976	Executive Vice President and President, Pharmaceutical Group
7/1977	Senior Executive Vice President, member of the Office of the Chairman, and President, International Group
1/1979	President, Warner-Lambert
1/1980	President and Chief Operating Officer, Warner-Lambert
1/1985	President, Chief Executive Officer and Chief Operating Officer, Warner-Lambert
7/1985	Chairman of the Board and Chief Executive Officer, Warner-Lambert

AFFILIATIONS:

American Telephone & Telegraph Company, *Director*
Exxon Corporation, *Director*
J. C. Penney Company, Inc., *Director*
Warner-Lambert Company, *Director*
Board of Trustees, Columbia University, *Member*
American Foundation for Pharmaceutical Education, *Director*
People to People Health Foundation (Project Hope), *Director, Chairman*
Pharmaceutical Manufacturers Association (Chairman, 1984), *Director*
United Negro College Fund, *Director, Chairman Elect*
Committee for Economic Development, *Trustee*
Executive Committee of the International Labor Council of the National Center on Employment of the Handicapped, *Co-Chairman*
Development Committee, N.J. Science & Technology Center, *Chairman*
The Conference Board, *Trustee*
American Pharmaceutical Association, *Member*
American Pharmaceutical Institute, *Director*
Rho Chi, pharmaceutical honor society, *Member*
Kappa Psi, pharmaceutical fraternity, *Member*
Phi Delta Theta fraternity, *Member*

Joseph D. Williams

PAST AFFILIATIONS:	Manufacturers National Bank and Manufacturers National Corporation, Detroit (1973-1976), *Director* Ex-Cell-O Corporation (1975-1986), *Director* Shell Oil Company (1986-1988), *Director* Medical Surgical Manufacturers Association (1968-1974), *Director* Health Industry Manufacturers Association (1974-1975), *Director* Western Electric (1983), *Director* Fidelity Union Bank and Fidelity Union Bank Corporation (1979-1982), *Director* International Federation of Pharmaceutical Manufacturers Association, (1985-1988) (*President* 1986-1988)
AWARDS:	Honorary Doctor of Pharmacy, University of Nebraska Honorary Doctor of Humane Letters, Albany College of Pharmacy of Union University Honorary Doctor of Science, Philadelphia College of Pharmacy and Science Honorary Doctor of Human Letters, Rutgers University Honorary Doctors of Humane Letters, Long Island University Remington Honor Medal from the American Pharmaceutical Association, 1980, the pharmacy profession's most distinguished award. Hugo H. Schaefer Award, 1987, from the American Pharmaceutical Association. Rutgers University Award, 1982, for dedicated service to the University and for his leadership role in the field of pharmacy.
CLUBS:	Baltusrol Golf Club; Pine Valley Golf Club; Economic Club of New York; the Links Club of New York; and the Mid-Ocean Club of Bermuda.
MILITARY SERVICE:	U.S. Navy Submarine Service, World War II
HOBBIES:	Golf and classic cars
RESIDENCE:	Bernardsville, New Jersey

ALVIN V. SHOEMAKER

Alvin V. Shoemaker, 50, is Chairman of the Board of First Boston, Inc., and of The First Boston Corporation. First Boston, Inc. is the holding company for The First Boston Corporation, an international investment banking firm with headquarters in New York City.

Mr. Shoemaker was named Chairman of the Board in April 1983. Before that, he was Chairman of the Executive Committee of First Boston. He rejoined the firm to assume that position in April 1981 after three years as President and Chief Executive Officer of Blyth Eastman Paine Webber and of its predecessor, Blyth Eastman Dillon & Co.

Mr. Shoemaker graduated from the Wharton School of Finance of the University of Pennsylvania in 1960 and from the University of Michigan Law School in 1963. He was first employed in the U.S. Treasury Department for the Controller of the Currency. From that position, he became Municipal Director of the Investment Bankers Association, a Washington-based organization that represented the interests of the investment banking community, leaving Washington in 1969 to join First Boston as a Vice President.

Mr. Shoemaker is a member of the Bar Association in Washington, D.C. and in Pennsylvania. He is Chairman of the Board of Trustees of the University of Pennsylvania and was formerly Vice Chairman of the Securities Industry Association. He is a member of the Council on Foreign Relations, the Wharton School of Finance Board of Overseers, University of Michigan Law School Visitors' Committee, a Trustee of the United States Ski Educational Foundation, and a member of the Advisory Committee for Trade Negotiations.

Mr. Shoemaker and his wife, Sally, have four children, Peter 25, John 23, Christopher 20, and Julie 16. The family resides in Chatham, New Jersey.

While at Penn, Mr. Shoemaker rowed crew for the University. His three sons played varsity lacrosse at Penn and they are golfers as well. The entire family are avid skiers.

Business International's
Latin American Finance Conference

December 14-15, 1988
Hotel St. Moritz on-the-Park
New York City

Registrants as of December 7, 1988

Alcon Laboratories, Inc.	John Fonvielle Area Controller, Latin America
Algemene Bank Nederland N.V.	Ray Falcon Assistant Vice President
	Paul Koch Vice President & Manager
American Bankers Insurance Group	Christopher J. Bartley Vice President, Marketing
American Cyanamid Co.	Kenneth G. Hay Regional Financial Manager Shulton International Division
	Joseph E. Lynch Controller Latin America Group
	Joseph J. Wallendal Controller, Subsidiary Operations
Baker Hughes Inc.	Douglas C. Doty Assistant Treasurer
Bata Ltd.	A.E. Tamaki Manager of Financial Information
Beech Acceptance Corp., Inc.	Fred H. Slaughter Vice President
Black & Decker	Jeffrey Jankiewicz Regional Controller
Bowater Inc.	Douglas F. Parker Director, Business Planning & Analysis
Bell Canada, International	David Soobrian Director, Financial Analysis & Planning
	Sean Howe Director, Financial Analysis & Planning

Cabot Corporation	Joe Bailey Financial Manager
	Thomas Higgins Assistant Treasurer
	Jim Jiminez Manager of Finance
Cargill Inc.	Charles A. Clogston Assistant Vice President, Controller
	Felix M. Wong Controller
Cervezeria Polar S.A.	Carlos Hurtado General Manager of Strategic Planning
Chiquita Brands	Douglas A. Walker Senior Director Business & Financial Planning
Colgate-Palmolive Co.	S.C. Patrick Financial Director, Latin America
The Coca-Cola Co.	Carolyn Baldwin Assistant Treasurer
Conagra International Inc.	Miles R. Greer Vice President, Finance
Dekalb-Pfizer Genetics	Hans Dorring Finance Director, International Division
Diversey Corporation	John E. Delo Director, Treasury Operations
Du Pont de Venezuela C.A.	Gabor Marton K. Director of Finance and Administration
Erbamont, Inc.	Massimo Fusco Treasurer
Este Asiatic Commerce e Industria Ltda.	Martin Grome President and Chief Executive Officer
Eastman Kodak Co.	Henry Dixon Assistant Treasurer
	Gerald D. Shira Director, Financial Planning Latin American Region
Elizondo, S.A. de C.V.	Jose Canepa Managing Director

	Lorenzo Gonzalez Finance Director
Eveready Battery Co.	T. Joseph Fisher Area Finance Director, Pan America
	Paul Gurtler Area Controller, Pan America
The Gates Corp.	Robert F. Hayes Manager, Foreign Cash and Investments
General Electric	J. Bartholomew Heenan International Analyst
General Mills Inc.	Santiago Isola Controller
The Gillete Company	Edward S. Underwood, Jr. Director, International Finance
W.R. Grace & Co.	Stanley R. Gause Vice President, Interamerican Division
Halliburton Co.	Deborah L. Erickson International Treasury Manager
HCI	Geoffrey E. Bromige Manager of Corporate Treasury
Hoover Worldwide Corp.	Theodore F. Scheffler Director of Financial Services
Honeywell, Inc.	Robert Utz Latin American Controller Director of International Finance Projects
IBM	Norma Lemberger Treasurer IBM World Trade Americas Group
Imperial Chemical Industries	John M. Emberton Finance Manager, Latin America
Johnson & Johnson	Fernando Pezo-Silva Finance Manager
SC Johnson & Son Inc.	Richard E. Posey Vice President-Regional Director, Consumer
	William C. Schaidt Director of International Cash Management

Kraft Inc.	William Scott Director, Finance & Administration Latin America
Loctite Corp.	John M. Skrobat Controller
Manufactureres Hanover Trust Co.	Lori N. Silverberg Vice President
Medtronic Inc.	Stephen G. Burke Director, International Finance
The Mennen Co.	Jerry Ricciardo Director of International Finance Latin America
Miles, Inc.	Frank G. Knapp Director, International Controlling & Coordination
	Jay C. Ritchie Assistant Treasurer
Millipore Corp.	Steven Zukowski Latin American Controller
McDonald's Corp.	Rodolfo Oppenheimer Manager, International Finance
Nalco Chemical Company	Ernesto Reategui Finance Manager, Latin America
National Sea Products Ltd.	R.A. McCulloch Executive Vice President, Finance & Administration
	K.L. Nelson Vice President, Controller
NCH Corporation	Mark McClain Regional Financial Director
Nordberg Inc.	Renee Charvillat Chairman & CEO
	William O'Day Vice President, South America
	Jeff Verberne Vice President, Finance
Otis Elevator Co.	Roger Duquenoy Manager of Finance
Owens-Illinois, Inc.	Harry Silletti Manager, Planning & Analysis

Parker Pen USA Ltd.	Hector Naranjo Controller, Latin American Area
	Joaquin Zuniga Vice President
Pepsi-Cola International	Edward Ruiz Manager, Operations Analysis.
Pfizer Inc.	Veronica Walsh Associate Director, Financial Operations Latin America/Asia/Canada
	John J. Morrison Assistant Treasurer
	Victor J. Quirolo Director of Finance
Potters Industries Inc.	Richard Sherman Manager International Financial Analysis
Raychem Corp.	Enzo Bombardi Regional Finance Officer, Americas International
	Stephen Fairchild Director, Finance & Administration
	C.F. Horne Assistance Finance Officer, Americas
Reynolds International, Inc.	Bruce E. Williams Treasurer
Robertshaw Controls Co.	James R. FitzPatrick Controller
	Franklin L. Gillett General Sales Manager International Operations
Schlumberger Surenco	Roberto Banega Tax Manager, Latin America & Caribbean
	Joseph Kantarjian Controller, Latin America & Caribbean
	William Werdenberg Manager for Venezuela
The Sheraton Corp.	Edward R. Clagett Director, International Taxes
	Hector Salanova Vice President, Controller Latin America

Sonoco de Mexico S.A. de C.V.	David Herrera T. President, Latin America
	Guillermo Turincio P. Finance Director
Smith Kline & French Laboratories	Paul Blackburn Finance Director
Texaco, Inc.	Karen Siminsky Analyst
Tropigas International Corp.	Wallace Ruiz Vice President

TOTAL = 90 Registrants

attend.dec ADMLAR

Need to [illegible] use material
together - Ol. Res.
~~someone~~ ~~[illegible]~~ on ? - on foreign debt

give them info

Speak - copy to Al also

Dec. 14 Wed

Business International Corporation
215 Park Avenue South
New York, N.Y. 10003
Telephone (212) 460-0600
Telex 175567
Facsimile (212) 995-8837

GLOBAL BUSINESS INFORMATION AND

Rich see note

~~12:00~~ ~~12:30~~ Luncheon - 12:45 SPEAK

St. Moritz in NYC

December 1, 1988

The Hon. Robert Dole
United States Senate
c/o Betty Meyer
Hart Senate Office Bldg.
Washington, D.C. 20510

Sky Garden Rm.

OR ... X + Charity

Dear Senator Dole:

On behalf of Business International Corporation, it is my pleasure to invite you to be the guest lunch speaker at our upcoming meeting in New York for senior international executives with operations in Latin America. The date is Wednesday, December 14. The event will be held at the Hotel St. Moritz on-the-park. A brochure describing the meeting accompanies this letter. - Central Park South

approx 100 people

The purpose of the meeting is to help participating executives deal with financial risks that confront multinational business in Latin America. As you know, a significant risk factor is the region's huge foreign debt--a burden which is now threatening Latin America's budding democracies. Here at Business International, we believe foreign debt represents one of the most pressing foreign policy issues confronting the incoming Bush administration. And as a senior and highly respected member of Congress, we would be honored to hear your thoughts on this subject.

Admin. policies re Latin America ... where will Cong & Bush stand re debt

I sincerely regret this short notice. The truth of the matter is that as a result of the tremendous response we have received to the meeting, we have been forced at this late date to revamp the program, in the process opening up a spot for a well-known political figure to address an issue that is of great concern to our client companies.

I do hope you can find the time in your schedule to join us. If so, please contact me at the earliest possible date so that we might finalize our program. I would be happy to discuss an honorarium at that time.

Thank you for your consideration, Senator Dole. We look forward to hearing from you.

Sincerely,

David C. Brezic

or Anna ~~St~~ Szterenfeld - 212/460-0608
or Peter Kennedy 212/460-0607
212/460-0604

David Brezic
Director
Latin American Services

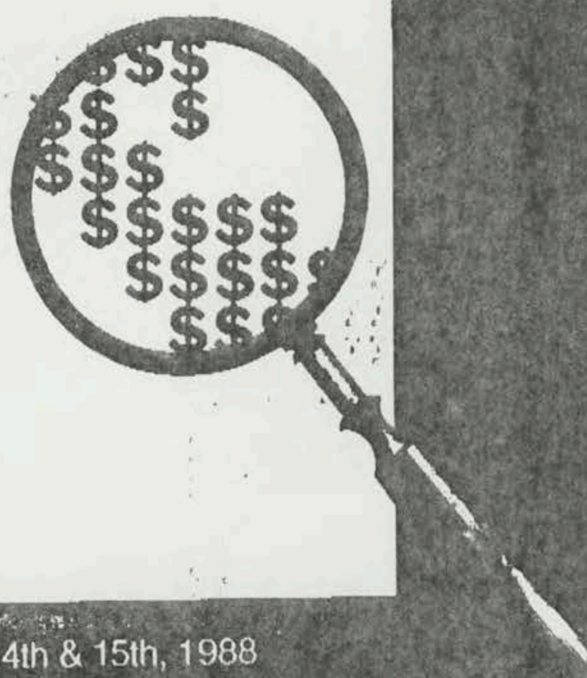
$5,000

A New BI Conference . . .

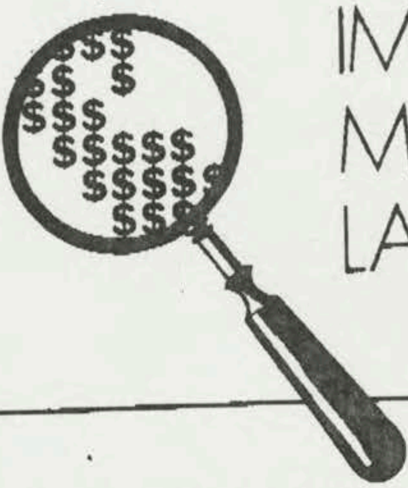
Business International

NEW STRATEGIES FOR IMPROVING FINANCIAL MANAGEMENT IN LATIN AMERICA

A unique forum for Latin Americ[illegible]
with today's financial ch[illegible]



December 14th & 15th, 1988
Hotel St. Moritz on-the-park
New York City



NEW STRATEGIES FOR IMPROVING FINANCIAL MANAGEMENT IN LATIN AMERICA

Profitable operations have recently returned for many companies doing business in Latin America, causing a subtle shift again to longer-term thinking. Firms that have done well in the past few years are focusing on financial management as the key to maximizing and protecting their gains.

On both sides—external and internal—financial managers have new problems to tackle. Major political and policy shifts, including tax reform at both local and home-country levels, are reshaping corporate approaches to the region. And competitive pressures in the global business environment are forcing companies to blend local, short-term financial practices with longer-term and broader strategic decisions concerning sourcing and exporting activities.

Financial managers must respond with innovative solutions and stay on top of the latest techniques for organizing and managing financial operations effectively.

A Meeting with Top Experts to Help You Meet the New Financial Challenges in Latin America

BI's conference, **New Strategies for Improving Financial Management in Latin America**, will provide you with an opportunity to take a hard look at the current thinking and decide on the most effective courses of action for Latin American financial management.

The meeting will give headquarters, regional and country-level executives a chance to review specific techniques, exchange views with country and functional experts, and compare notes with counterparts from other companies doing business in Latin America. Financial, strategic and general managers will want to attend.

Guest financial specialists from leading successful corporations, accounting specialists and expert consultants will reveal successful strategies and approaches to Latin America, focusing on issues such as treasury management in volatile environments, assessment of Latin American subsidiary performance, key implications of the tax reforms, handling of major accounting issues and new financing techniques.

The environmental outlook for the region will be examined as well as the critical role of the finance function in contributing to the success of business operations in Latin America.

Specific conclusions will be useful to managers seeking successful financial management practices in Latin America, such as reorganizing Latin treasury operations, tightening subsidiary reporting requirements, changing local capital structure, or moving ahead in other ways to respond to new financial risks and opportunities in the region.

This conference, through a combination of plenary sessions and workshops, will help you take advantage of the experiences of firms that have learned to deal successfully with Latin America's endemic problems, and manage for profit in Latin America.

A Unique Program Based on New BI Research Findings

The conference will take place following the release of a new in-depth study from Business International concerning successful financial management practices in Latin America. Based on over 100 interviews and case examples, the report clearly demonstrates how companies are maximizing gains and integrating local and corporatewide goals.

The conference program is designed to serve as a forum for constructive discussion and interchange on the most promising areas revealed in this study. A 40% discount off the study fee is available to attendees of the conference.

AGENDA

DAY ONE

8:00–8:30 **Registration and Welcome**

8:45–10:15 **Session 1**

1. Business and Financial Outlook for Latin America

The session will highlight key regional issues for the next few years, and discuss crucial economic and financial trends affecting business operations in the major markets. Discussion will include:

- Outlook for economic recovery, balance-of-payments stability and inflation.
- Political transitions and what they mean for business conditions.
- Foreign debt and liquidity problems: How will they be resolved? How will they affect availability and cost of money?
- Trends in investment, trade, tax and foreign exchange regulations.
- Critical challenges and opportunities for foreign companies.

10:15–10:30 **Coffee Break**

10:30–11:45 **Session 2**

2. Establishing Business Goals, Profitability Measurement and Functional Accountability for Latin America

- Setting financial objectives for volatile environments: Factoring in high inflation, and unstable interest rates and currencies.
- Are Latin American operations really profitable? Accounting for the effects of inflation and currency translation.
- Should pricing strategy be driven by competition, inflation or the US dollar?
- Systems and criteria for performance measurement: Parent company or local point of view; before or after taxes.

12:00–1:30 **Lunch and Guest Speaker**

1:30–3:15 **Concurrent Workshops**

3. New Financing Techniques: Debt-Equity Swaps

- Debt-equity swap programs: Current status and future outlook.
- How can debt swaps benefit you? When do they make economic sense, and how do you evaluate them?
- Key tax consequences of debt-equity investments.

4. Organizing the Finance Function for Latin America

- Building and managing an effective finance team: Defining needs, organizing and staffing.
- Centralization vs decentralization: Pros and cons.
- Creating a balance between operations and finance management: How much influence should finance have?

3:30–5:15 **Concurrent Workshops**

5. Tax Considerations for Major Latin Markets

- US tax reform and its implications for Latin operations.
- Minimizing taxes and maximizing cash flow through effective tax planning.
- Impact of tax conditions in the major countries.

6. Key Accounting Issues

- Local vs US balance sheet management.
- FAS 52: Inflation adjustment vs dollar-based reporting, functional currency issues.

5:30 **Cocktails**

DAY TWO

8:30–9:45 **Session 7**

7. Financing Latin American Operations

- Setting regional and country objectives: Establishing a flexible financing structure.
- Finding the proper mix: Trade-off between dollar and local currency funding.
- Managing the bottom-line impact of the financing mix: Impact of interest and exchange rates.
- Cross-border funding: Intercompany accounts vs external sources.

9:45–10:00 **Coffee Break**

10:00–11:15 **Session 8**

8. Currency Management in Volatile Environments

- Successful approaches to monitoring and forecasting currencies.
- Protecting your bottom line from currency fluctuation: Best hedges to minimize risks and losses.

11:15–12:30 **Session 9**

9. Cash and Blocked Funds Management

- Building the optimal cash management structure: Innovative solutions by well-managed companies.
- Keys to successful bank relations.
- Best ways to maximize internal use of funds and track cash.
- Cash gathering/concentration/disbursement.
- Liquidity management: Controls, financing and investing.
- Dealing with blocked funds.

12:30–2:30 **Lunch and Concluding Address**

10. The Mission of the Finance Function in Latin America

- The finance function's contribution to successful business operations.

Business International's
Latin American Finance Conference

December 14-15, 1988
Hotel St. Moritz on-the-Park
New York City

Registrants as of December 5, 1988

Alcon Laboratories, Inc.	John Fonvielle Area Controller, Latin America
Algemene Bank Nederland N.V.	Ray Falcon Assistant Vice President
	Paul Koch Vice President & Manager
American Bankers Insurance Group	Christopher J. Bartley Vice President, Marketing
American Cyanamid Co.	Kenneth G. Hay Regional Financial Manager Shulton International Division
	Joseph E. Lynch Controller Latin America Group
	Joseph J. Wallendal Controller, Subsidiary Operations
Baker Hughes Inc.	Douglas C. Doty Assistant Treasurer
Bata Ltd.	A.E. Tamaki Manager of Financial Information
Beech Acceptance Corp., Inc.	Fred H. Slaughter Vice President
Black & Decker	Jeffrey Jankiewicz Regional Controller
Bowater Inc.	Douglas F. Parker Director, Business Planning & Analysis
Bell Canada, International	David Soorbrian Director, Financial Analysis & Planning
	Sean Howe Director, Financial Analysis & Planning

Cabot Corporation	Joe Bailey Financial Manager
	Thomas Higgins Assistant Treasurer
	Jim Jiminez Manager of Finance
Cargill Inc.	Charles A. Clogston Assistant Vice President, Controller
	Felix M. Wong Controller
Cervezeria Polar S.A.	Carlos Hurtado General Manager of Strategic Planning
Chiquita Brands	Douglas A. Walker Senior Director Business & Financial Planning
Colgate-Palmolive Co.	S.C. Patrick Financial Director, Latin America
Conagra International Inc.	Miles R. Greer Vice President, Finance
Dekalb-Pfizer Genetics	Hans Dorring Finance Director, International Division
Diversey Corporation	John E. Dalo Director, Treasury Operations
Du Pont de Venezuela C.A.	Gabor Marton K. Director of Finance and Administration
Erbamont, Inc.	Massimo Fusco Treasurer
Este Asiatic Commerce e Industria Ltda.	Martin Grome President and Chief Executive Officer
Eastman Kodak Co.	Gerald D. Shira Director, Financial Planning Latin American Region
Elizondo, S.A. de C.V.	Jose Canepa Managing Director
	Lorenzo Gonzalez Finance Director
Eveready Battery Co.	T. Joseph Fisher Area Finance Director, Pan America
	Paul Gurtler Area Controller, Pan America

The Gates Corp.	Robert F. Hayes Manager, Foreign Cash and Investments
General Electric	J. Bartholomew Heenan International Analyst
General Mills Inc.	Santiago Isola Controller
The Gillete Company	Edward S. Underwood, Jr. Director, International Finance
W.R. Grace & Co.	Stanley R. Gause Vice President, Interamerican Division
Halliburton Co.	Deborah L. Erickson International Treasury Manager
HCI	Geoffrey E. Bromige Manager of Corporate Treasury
Hoover Worldwide Corp.	Theodore F. Scheffler Director of Financial Services
Honeywell, Inc.	Robert Utz Latin American Controller Director of International Finance Projects
IBM	Norma Lemberger Treasurer IBM World Trade Americas Group
Imperial Chemical Industries	John M. Emberton Finance Manager, Latin America
Johnson & Johnson	Fernando Pezo-Silva Finance Manager
SC Johnson & Son Inc.	Richard E. Posey Vice President-Regional Director, Consu[illegible]
	William C. Schaidt Director of International Cash Managem[illegible]
Kraft Inc.	William Scott Director, Finance & Administration Latin America
Loctite Corp.	John M. Skrobat Controller
Manufactureres Hanover Trust Co.	Lori N. Silverberg Vice President
Medtronic Inc.	Stephen G. Burke Director, International Finance
The Mennen Co.	Peter G. Amendolair

	Jerry Ricciardo Director of International Finance Latin America
Miles, Inc.	Frank G. Knapp Director, International Controlling & Coordination
	Jay C. Ritchie Assistant Treasurer
McDonald's Corp.	Rodolfo Oppenheimer Manager, International Finance
Nalco Chemical Company	Ernesto Reategui Finance Manager, Latin America
National Sea Products Ltd.	R.A. McCulloch Executive Vice President, Finance & Administration
	K.L. Nelson Vice President, Controller
NCH Corporation	Mark McClain Regional Financial Director
Nordberg Inc.	Renee Charvillat Chairman & CEO
	William O'Day Vice President, South America
	Jeff Verberne Vice President, Finance
Otis Elevator Co.	Roger Duquenoy Manager of Finance
Owens-Illinois, Inc.	Harry Silletti Manager, Planning & Analysis
Parker Pen USA Ltd.	Hector Naranjo Controller, Latin American Area
	Joaquin Zuniga Vice President
Pepsi-Cola International	Edward Ruiz Manager, Operations Analysis
Pfizer Inc.	Veronica Walsh Associate Director, Financial Operations Latin America/Asia/Canada
	John J. Morrison Assistant Treasurer

	Victor J. Quirolo Director of Finance
Potters Industries Inc.	Richard Sherman Manager International Financial Analysis
Raychem Corp.	Enzo Bombardi Regional Finance Officer, Americas International
	Stephen Fairchild Director, Finance & Administration
	C.F. Horne Assistance Finance Officer, Americas
Reynolds International, Inc.	Bruce E. Williams Treasurer
Robertshaw Controls Co.	James R. FitzPatrick Controller
	Franklin L. Gillett General Sales Manager International Operations
Schlumberger Surenco	Roberto Banega Tax Manager, Latin America & Caribbean
	Joseph Kantarjian Controller, Latin America & Caribbean
	William Werdenberg Manager for Venezuela
The Sheraton Corp.	Edward R. Clagett Director, International Taxes
	Hector Salanova Vice President, Controller Latin America
Sonoco de Mexico S.A. de C.V.	David Herrera T. President, Latin America
	Guillermo Turincio P. Finance Director
Texaco, Inc.	Karen Siminsky Analyst
Tropigas International Corp.	Wallace Ruiz Vice President

TOTAL = 87 Registrants

THE 91ST CONGRESS IS FACED WITH THREE POSSIBLE COURSES OF ACTION... IT CAN SPLIT ALONG PARTY LINES...FORM A BI-PARTISAN COALITION... OR BECOME THE OBJECT OF A LEVERAGED BUYOUT.

I LOVE THIS TIME OF YEAR...WHEN OUR THOUGHTS TURN TO THE THREE WISE MEN...KHOLBERG KRAVIS ROBERTS.

FIRMS LIKE KKR HAVE UNLIMITED POWER. IF SOMETHING ISN'T DONE... ONE DAY IT MAY BE...USA---NABISCO.

REMEMBER WHEN RONALD REAGAN CALLED THE USSR "AN EVIL EMPIRE". SOME FEEL THE SAME ABOUT KKR.

THE ECONOMIC COMMUNITY HAS NEVER BEEN FACED WITH SO MANY COMPLEX PROBLEMS...THIRD WORLD DEBT...CORPORATE DEBT...AND THE LARGEST OF ALL...CHRISTMAS DEBT. (HO HO HO)

THE LEVERAGED BUYOUTS HAVE BECOME A LITTLE FRIGHTENING. TODAY... WHEN THE CORPORATE WORLD STANDS UNDER THE MISTLETOE...THEY MAY GET MORE THAN KISSED.

A REPORTER ASKED IF I WAS AFRAID OF THE VIOLENCE IN NEW YORK. ONLY IF I'M INVITED TO THE SAME PARTY AS ED KOCH AND DONALD TRUMP.

* IT'S MY HONEST BELIEF THAT DONALD TRUMP WOULD BUY THIRD WORLD DEBT...IF WE LET HIM PUT HIS NAME ON IT.

HOW DO COUNTRIES GET SO DEEP INTO DEBT. SIMPLE...THEY LIVE LIKE DONALD TRUMP...BUT ON MY SALARY.

LAST WEEK NEW YORK WAS THE SIGHT OF A POWER LUNCHEON BETWEEN GORBACHEV...REAGAN...AND BUSH. THIS WEEK IT'S JUST ME AND CHICKEN SALAD.

* I REMEMBER A FEW YEARS AGO WHEN NEW YORK HAD THE FAMOUS BLACKOUT. GEORGE BUSH COULD HAVE MADE A FORTUNE SELLING HIS THOUSAND POINTS OF LIGHT.

BEING IN NEW YORK REMINDS ME THAT YASSER ARAFAT DIDN'T MAKE IT TO THE U.N...BUT THEN...NEITHER DID ELIZABETH.

I'VE ALWAYS BELIEVED THAT POLITICIANS SHOULD LAUGH AT THEMSELVES ...BEFORE THE VOTERS GET A CHANCE TO.

THIS HOLIDAY SEASON FINDS CAPITOL HILL PREOCCUPIED WITH THREE PROBLEMS...THE DEFICIT...DEFENSE...AND A CONGRESSIONAL PAY RAISE... AND NOT NECESSARILY IN THAT ORDER.

(IF SENATOR DOLE IS GETTING PAID FOR THIS SPEECH HE COULD SAY) THERE'S TALK THAT A PAY RAISE WILL RESULT IN THE LOSS OF HONORARIA... IN THAT CASE...(STARTS TO WALK OFF) I' LL BE SEEING YOU.

DAN QUAYLE MET WITH RICHARD NIXON. I BELIEVE QUAYLE IS A DISCIPLE OF NIXON'S...AFTER ALL...QUAYLE HAS BEEN BUGGING THE PRESS SINCE OUR CONVENTION.

A REPORTER ASKED IF I WOULD HAVE MET WITH ALL THE FORMER VICE PRESIDENTS LIKE DAN QUAYLE DID. MEET WITH THEM...I CAN'T EVEN REMEMBER THEM.

POLITICS CAN BE A LONELY BUSINESS. ONCE DURING THE PRIMARIES I FELT SO LONELY...I CALLED MY FRIEND AT CHASE MANHATTAN...AND HE PUT ME ON HOLD.

BOB DOLE...DEC. 13, 1988...PAGE FOUR

I JUST FLEW IN FROM WASHINGTON...SO I WON'T BORE YOU WITH A LONG SPEECH...MY REINDEER ARE DOUBLE PARKED.

IT SEEMS LIKE THE MOST POPULAR TOYS THIS CHRISTMAS WILL BE THE CABBAGE PATCH DOLL...G.I.JOE...AND THE STEALTH BOMBER.

THE STEALTH BOMBER IS DESIGNED TO EVADE ENEMY RADAR. TOO BAD IT CAN'T EVADE OUR TREASURY.

I CAN NOW DISCLOSE THE REAL REASON JOHN TOWER HASN'T BEEN NAMED SECRETARY OF DEFENSE...HE'S ONE OF SANTA'S HELPERS...HOWARD BAKER COULDN'T MAKE IT.

IF CONGRESS WAS JUST PAID A COMMISSION ON THE PROBLEMS THEY SOLVED ...THEN YOU'D REALLY BE TALKING ABOUT THE HOMELESS.

I DON'T KNOW WHICH IS THE MOST DIFFICULT FOR ME TO UNDERSTAND... READING ABOUT LEVERAGED BUYOUTS...OR A BASEBALL PLAYER BATTING .200...WHO JUST SIGNED A MILLION DOLLAR CONTRACT.

WHEN PRESIDENT AND MRS. REAGAN WANTED TO LOOK AT THEIR NEW HOME WITHOUT THE PRESS...MRS. REAGAN DROVE THE CAR WITH THE PRESIDENT CROUCHED DOWN IN THE BACK SEAT. HECK...THAT'S THE SAME WAY I LEFT NEW HAMPSHIRE.

December 9, 1988

TO: SENATOR DOLE

FROM: DAVID TAYLOR

SUBJECT: BAKER AND BRADLEY PLANS FOR INTERNATIONAL DEBT, A COMPARISON

The Baker Plan, A Brief Summary:

Unveiled on October 8, 1985, the Baker Plan has been adopted by the Reagan Administration as its policy for addressing the international debt problem. At the most basic level, the Plan offers increased lending -- from the World Bank, regional development banks and commercial lenders -- to 15 developing countries (the "Baker Fifteen") as an incentive for internal economic reforms.

The Plan's goal is to foster sustained economic growth as a way to solve the Third World debt problem. Trade and investment liberalization, tax reform, privatization and the development of domestic capital markets are suggested as means to this end.

As incentives for these reforms, the Baker Plan calls for increased lending on behalf of the World Bank and development banks ($9 billion over a 3 year period). Commercial banks were expected to increase their lending to developing countries by $20 billion over the same period.

Problems:

o The increased lending on the part of commercial banks which was offered as the major incentive for reform has not occurred.

The plan has met with limited success. For a number of reasons, the "Baker Fifteen" have, to a large extent, failed to undertake the kinds of reforms called for in the plan. In addition to the internal problems facing these governments, commercial banks have not increased their lending as anticipated. The exposure of U.S. banks in these countries has actually declined.

Led by Citibank in the second quarter of 1987, U.S. banks have begun to increase their loan loss reserves and actually write down the value of their loans. The impetus for these actions appears to be the realization that loans to third world debtors are not worth face value and may not be collectible. The prosepects for negotiating future loans appear dim under the circumstances.

The Bradley Plan, A Brief Summary:

Senator Bradley's "Proposal for Third World Debt Management" is similar to the Baker Plan in that it focuses on long-term internal economic reforms as the only viable means of achieving a real reduction in the debt burden facing developing countries. But, the two proposals differ sharply on the incentives used to promote economic reform.

While the Baker Plan relies on increased lending as an incentive for domestic economic reforms, the Bradley Proposal focuses on debt relief for developing countries. Under the Bradley Proposal, all outstanding commercial and bilateral government loans would be renegotiated annually for three years. Bradley suggests that the interest rates on these loans decrease by 3% per year and that the principal underlying the loans be written-down by 3% per year.

Senator Bradley unveiled his proposal almost a full year after the Baker Plan was announced. The proposal recognizes that most developing countries are facing a net capital outflow. An unsustainable position in the long-term. It also recognizes that commercial banks have not increased their loans to developing countries as expected. Senator Bradley argues that the actual debt burden facing these countries must be reduced before the governments of developing countries can be expected to respond with meaningful reforms.

Problems:

o In effect, the Bradley proposal would seize property from commercial banks by mandating reduced interest rates and write-downs on existing loans.

Debt relief may be the only incentive substantial enough to foster reform. Increased loans can obviously increase a developing nation's debt burden. In Senator Bradley's view, the Baker Plan misses the point. It deals with a symptom, not a cause of the problem.

But mandated interest relief and mandated write-downs on outstanding loans is effectively seizure of property from the lenders. Full participation by Latin American countries could result in $42 billion in debt relief at the expense of the lenders. While many of these loans may not be worth face value, it is difficult to argue that the Government should force private corporations to alter their existing loan contracts.

Interest reductions of this magnitude would result in loan rates below the cost of funds for most lenders and a 3% write-down on the outstanding $280.3 billion commercial bank debt of the Baker Plan Fifteen would generate in a $25 billion loss, an $8 billion loss for U.S. banks.

The combined effect of "debt relief" will put an added strain on an industry that has faced a number of problems domestically. In addition, a write-down of this magnitude could also affect Treasury receipts because bank income will likely decline.

"Coffee" with
Senator Robert Dole (R-Kansas)
Thursday, December 15, 1988
10:00 a.m. - Room 632

Guest List

John J. Phelan, Jr.,	Chairman and Chief Chief Executive Officer	New York Stock Exchange, Inc.
Richarad R. Shinn	Executive Vice Chairman	New York Stock Exchange, Inc.
Donald Stone	Vice Chairman Senior Partner	New York Stock Exchange, Inc. Lasker, Stone & Stern
Richard A. Grasso	President and Chief Operating Officer	New York Stock Exchange, Inc.
Rand V. Araskog	Chairman and Chief Executive Officer	ITT Corporation
Sheila D. Bair	Counsel Legislative Affairs	New York Stock Exchange, Inc.
Peter T. Buchanan	President and Chief Executive Officer	The First Boston Corporation
Silas S. Cathcart	Chairman	Kidder, Peabody & Co. Incorporated
John S. Chalsty	President and Chief Executive Officer	Donaldson, Lufkin & Jenrette, Inc.
Gerald F. Clark	Senior Vice President	New York Stock Exchange, Inc.
James Cochrane	Senior Vice President and Chief Economist	New York Stock Exchange, Inc.
Peter A. Cohen	Chairman and Chief Executive Officer	Shearson Lehman Hutton Inc.
J. Gregory Gavin	Partner	Gavin & Co.

James A. Jacobson	Partner	Benjamin Jacobson & Sons
George S. Johnston	Chairman and Chief Executive Officer	Scudder, Stevens & Clark, Inc.
David P. Lambert	Senior Vice President	New York Stock Exchange, Inc.
Robert E. Linton	Chairman	Drexel Burnham Lambert Incorporated
John K. Lyden	Managing Partner	Nick, Lyden & Co.
Martha Twitchell Muse	Chairman of the Board and President	The Tinker Foundation Incorporated
Stephen J. Paradise	Senior Vice President	New York Stock Exchange, Inc.
Philip J. Purcell	Chairman & Chief Executive Officer	Dean Witter Reynolds Inc.
David V. Shields	Managing Director	Shields & Company

December 12, 1988

M E M O R A N D U M

TO: SENATOR DOLE

FROM: RICH BELAS

SUBJECT: BUSINESS INTERNATIONAL SPEECH

Jack [illegible]
3/12
364-6385

When I spoke with the people from Business International, they told me that they were interested in your general perceptions about how the policies of the Bush administration toward Latin America will differ from those of the Reagan administration, not just the narrow issue of third world debt.

Their perception is that the Reagan administration was so concerned about the Contras that they ignored South America.

Al has prepared some general talking points which are followed by some points I prepared on the debt problem.

David prepared the attached memo on the Baker and Bradley debt plans.

Finally, a post-election pamphlet from Business International is attached, along with an article from Sunday's Washington Post.

[illegible]

O I HAPPEN TO BELIEVE THE ADMINISTRATION WAS RIGHT -- BOTH IN SEEING THE IMPORTANCE OF THE SECURITY STAKES IN CENTRAL AMERICA, AND IN SEEING CONTRA AID AS AN ESSENTIAL PART OF THE SOLUTION TO A REAL PROBLEM.

O BUT THE FACT IS, WE'VE NEVER BEEN ABLE TO MUSTER MORE THAN A PRECARIOUS MAJORITY WHO SHARED THAT VIEW; AND RECENTLY NOT EVEN THAT. CANDIDLY, ONE OF THE REASONS WE COULDN'T WAS THAT THE ADMINISTRATION NEVER MADE ITS GOALS AND THE CASE FOR ITS POLICIES CLEAR ENOUGH, SPECIFIC ENOUGH OR PERSUASIVE ENOUGH. TOO MANY PEOPLE THOUGHT THE ADMINISTRATION VIEWED CONTRA AID NOT AS A MEANS TO ACHIEVE POLICY ENDS; BUT AS A POLICY IN ITSELF.

O THE PREDICTABLE RESULT WAS A CONTRA AID "PROGRAM ON A PENDULUM" -- NOW YOU SEE IT, NOW YOU DON'T; AND, AS I SAID, A DANGEROUS "POLICY VACUUM."

O IT IS NOT JUST IN GEORGE BUSH'S INTEREST, BUT IN THE INTEREST OF JIM WRIGHT AND GEORGE MITCHELL AND THE REST OF THE DEMOCRATIC MAJORITIES IN BOTH HOUSES -- AND MOST IMPORTANT OF ALL, IN AMERICA'S INTEREST -- THAT WE FILL IN THAT VACUUM WITH A WELL-THOUGHT-OUT, UNDERSTANDABLE, WORKABLE POLICY. IT IS IN EVERYONE'S POLITICAL INTEREST, AND AMERICA'S NATIONAL SECURITY INTEREST, THAT WE MUTE OUR PARTISANSHIP, LOWER OUR RHETORICAL VOLUME, AND SEE IF

THERE IS NOT SOME COMMON GROUND FOR A NEW TRY AT PURSUING OUR LEGITIMATE INTERESTS IN THE REGION.

O THERE SHOULD BE LOTS OF IDEAS TO KICK AROUND. IN MY VIEW ANY EFFECTIVE POLICY MUST CONTAIN BOTH "STICKS" AND "CARROTS," FOR BOTH FOE AND FRIEND IN CENTRAL AMERICA. THE ONLY SUSTAINABLE POLICY MUST HAVE CLEARLY ARTICULATED GOALS, AND LAY OUT A BROAD-BASED STRATEGY -- PRESERVING ALL OF OUR MILITARY AND POLITICAL OPTIONS, WHILE UTILIZING ALL OF OUR DIPLOMATIC LEVERAGE.

O THE MOST IMPORTANT THING, ABOVE ALL, THOUGH, IS THAT WE START TO TALK SERIOUSLY ABOUT THIS MATTER, ACROSS PARTY AND IDEOLOGICAL LINES, TO AVOID A REPETITION OF THE KIND OF STALEMATE WE HAVE NOW.

O MOREOVER, AS I SAID, WE HAVE BEEN DOUBLE LOSERS -- NOT JUST IN CENTRAL AMERICA, BUT MORE WIDELY IN THE HEMISPHERE. OUR PREOCCUPATION WITH CENTRAL AMERICA HAS BEEN SO INTENSE, AND OUR POLITICAL WRANGLING SO FIERCE, THAT WE HAVE SIMPLY PAID TOO LITTLE ATTENTION TO THE REST OF LATIN AMERICA -- WHERE THE LONG-TERM STAKES ARE EVEN HIGHER.

- A FEW OF US CAN STILL REMEMBER THOSE UNSAVORY ARGUMENTS IN THE EARLY '50'S ABOUT "WHO LOST CHINA." I HOPE WE WILL NOT BE IN A SITUATION IN THE 1990'S WHERE DEMAGOGUES OF ANY STRIPE WILL BE RAILING ABOUT "WHO LOST LATIN AMERICA."

- IT IS TIME WE ALL STARTED PAYING SOME REAL ATTENTION TO WHAT IS GOING ON SOUTH OF OUR BORDERS -- NOT JUST IN CENTRAL AMERICA, BUT THROUGHOUT THE HEMISPHERE; AND NOT JUST A FEW IN THE ADMINISTRATION AND CONGRESS, BUT ALL AMERICANS -- POLITICAL LEADERS, BUSINESS LEADERS, ACADEMIC LEADERS.

- "GORBY WATCHING," OR "CHINA WATCHING," OR "MIDDLE EAST WATCHING" -- THEY ALL ENJOY THEIR MOMENTS IN VOGUE, AND THEY ARE ALL VERY, VERY IMPORTANT. BUT, IN THE LONG RUN, WHAT HAPPENS HERE IN OUR BACKYARD IS JUST AS IMPORTANT; JUST AS IMPORTANT IN SECURITY AND POLITICAL TERMS, AND JUST AS IMPORTANT IN ECONOMIC TERMS.

- HAPPILY FOR US -- AND HAPPILY, TOO, FOR THE PEOPLE OF THE REGION -- MOST OF THE SECURITY AND POLITICAL TRENDS OF THE PAST DECADE HAVE BEEN POSITIVE. EXCEPTING IN CENTRAL AMERICA, THE MOVEMENT TOWARD THE SETTLEMENT OF REGIONAL DISPUTES HAS BEEN HEARTENING. THE IDEA THAT CUBA, OR NICARAGUA, CAN SERVE AS A MODEL FOR THE REGION IS TOTALLY

DISCREDITED -- IN FAVOR OF THE MODEL OF DEMOCRATIC POLITICS, AND MORE MARKET-ORIENTED ECONOMIES. OVERALL, FREEDOM OF CHOICE, AND THE COMMITMENT TO HUMAN RIGHTS, HAS BEEN ON THE RISE.

O PRESIDENT REAGAN AND HIS ADMINISTRATION DESERVE CREDIT FOR MAINTAINING A STEADY POLITICAL HAND IN RELATIONS WITH THE NATIONS OF SOUTH AMERICA. WE HAVE NOT SHIED AWAY FROM ARTICULATING OUR OWN VIEWS OR STANDING UP FOR OUR LEGITIMATE INTERESTS. BUT WE HAVE TAKEN CARE TO STAY ON THE "RIGHT SIDE" OF ISSUES, NOT ONLY IN TERMS OF OUR OWN LONG-TERM SECURITY INTERESTS, BUT OUR TRADITIONAL COMMITMENT TO FREEDOM AND JUSTICE. THE FACT IS, THE FEAR OF "YANKEE INTERVENTION" HAS LARGELY DISAPPEARED, EXCEPT ON THE EXTREME FRINGES OF THE POLITICAL SPECTRUMS OF MOST COUNTRIES.

O BUT LET US BE FRANK. THE IMPRESSION IS THERE THAT MOST OF OUR POLICIES HAVE BEEN AD HOC, REACTIVE -- FORMULATED WHEN A CRISIS APPEARED READY TO "POP," AND IN THE TIME LEFT OVER FROM OUR INTENSE PREOCCUPATION WITH THE WARS OF CENTRAL AMERICA.

O IT IS TIME TO LEAVE BEHIND WHATEVER TRUTH THERE MIGHT BE IN THAT PERCEPTION; AND, EQUALLY IMPORTANT, TO WIPE OUT THAT IMPRESSION EVEN IF IT IS MISTAKEN. WE CANNOT AFFORD EITHER TO IGNORE LATIN AMERICA, OR TO BE SEEN TO IGNORE LATIN AMERICA.

O I HOPE THAT PRESIDENT BUSH WILL STRONGLY CONSIDER MAKING HIS FIRST MAJOR FOREIGN TRIP TO KEY COUNTRIES IN THIS HEMISPHERE. IT WILL SEND A STRONG MESSAGE OF THE IMPORTANCE WE ATTACH TO OUR TIES WITH OUR NEIGHBORS.

O AND, OF COURSE, I HOPE -- AND FULLY EXPECT -- THAT HE, AND SECRETARY BAKER AND SECRETARY BRADY AND SECRETARY MOSBACHER, AND ALL THE OTHERS WHO WILL FILL IMPORTANT ECONOMIC POLICY-MAKING JOBS -- I HOPE THEY WILL ALL GIVE URGENT ATTENTION TO THE MOST IMPORTANT SINGLE PROBLEM THE NATIONS OF THAT REGION FACE: THE PROBLEM OF MANAGING THEIR DEBT BURDEN IN WAYS THAT WILL MEET THEIR RESPONSIBILITIES, BUT STILL PERMIT THEM TO GROW AND PRESERVE STABILITY AT HOME.

TALKING POINTS ON THIRD WORLD DEBT

O THERE IS NO QUESTION THAT THE MAGNITUDE OF THE OUTSTANDING DEBT OF LATIN AMERICAN COUNTRIES WILL BE A MAJOR ISSUE OVER THE NEXT FEW YEARS.

O THE FINANCIAL PRESS TENDS TO LOOK AT THIRD WORLD DEBT MOSTLY AS A PROBLEM FOR OUR MAJOR MONEY CENTER BANKS THAT HAVE MADE SUBSTANTIAL LOANS AND ARE NOW WONDERING ABOUT HOW MUCH THEY ARE GOING TO GET BACK.

O BUT IT IS NOT JUST A FINANCIAL PROBLEM FOR A FEW LARGE BANKS. THE FINANCIAL CONDITION OF THESE INDEBTED NATIONS AFFECTS THEIR ABILITY TO BUY OUR GOODS AND SERVICES, AS WELL AS TO PAY BACK THE DEBTS THEY OWE. YOU CAN'T EXPECT HEAVILY INDEBTED COUNTRIES TO GROW ENOUGH TO PAY OFF THEIR DEBTS AND BUY MORE AMERICAN GOODS AT THE SAME TIME.

O AND, IF THEY ARE STRUGGLING TO PAY BACK DEBT, HOW CAN THEY MAKE ADEQUATE INVESTMENTS FOR FUTURE ECONOMIC GROWTH. MEXICO'S NEW PRESIDENT, CARLOS SALINAS DE GORTARI MADE ESSENTIALLY THAT POINT IN HIS INAUGURAL ADDRESS WHEN HE SAID THAT HIS COUNTRY'S $103 BILLION DEBT

WOULD CEASE TO BE A PRIORITY IF HIS COUNTRY DID NOT RESUME ECONOMIC GROWTH.

- YOU HAVE TO WONDER, "WHAT DID THESE COUNTRIES DO WITH THE FUNDS THEY BORROWED?" MAYBE THEY DID NOT INVEST WISELY, MAYBE THEY SHOULD HAVE ANTICIPATED CHANGES IN WORLD OIL PRICES. YOU CAN COME UP WITH ANY NUMBER OF GOOD QUESTIONS ABOUT THEIR FINANCIAL WISDOM. BUT NONE OF THIS HELPS US MUCH NOW.

BALANCING ADDITIONAL HELP WITH PRESSURE FOR REFORM

- WE HAVE TO BE REALISTIC. WE WILL HAVE TO COME UP WITH WAYS TO RESTRUCTURE SOME OF THIS DEBT. AND THESE COUNTRIES WILL NEED ADDITIONAL EXTERNAL AID IF THEY ARE GOING TO SERVICE THEIR DEBT AND FINANCE INTERNAL GROWTH. THE WORLD BANK ESTIMATES THAT THE 17 MOST INDEBTED COUNTRIES WILL NEED $16 BILLION TO $17 BILLION A YEAR IN EXTERNAL FINANCING. I'M NOT CERTAIN THAT IS A REALISTIC NUMBER, BUT IT IS ONE THAT SHOULD GIVE US ALL REASON TO BE CONCERNED.

- BUT THAT DOES NOT MEAN THAT THE FEDERAL GOVERNMENT SHOULD IGNORE THE NEED FOR ADDITIONAL REFORMS BY THE INDEBTED COUNTRIES AS A CONDITION FOR OUR CONTINUED HELP.

O WE MUST BE CAREFUL THAT WE DON'T CREATE A SITUATION WHERE INTERNAL POLITICAL PRESSURES IN THE INDEBTED COUNTRIES MAKE REPAYMENT EVEN LESS LIKELY. JUST AS IT DOES NO GOOD TO LOAN MORE MONEY OR PROVIDE ADDITIONAL AID IF THERE IS NO REAL HOPE TO TURN THEIR ECONOMIES AROUND, IT ALSO DOES NO GOOD TO FORCE GOVERNMENTS INTO SUCH DRASTIC MEASURES AS TO LOSE THE SUPPORT OF THEIR CITIZENS. WE WILL HAVE TO REVIEW EACH SITUATION CAREFULLY AND SEPARATELY.

THE BANKS

O THE MONEY CENTER BANKS HAVE BEEN TAKING THE BRUNT OF THIS PROBLEM IN THE U. S. THIS IS PROBABLY FAIR. THEY WERE THE ONES WHO MADE THE BUSINESS DECISIONS TO LOAN THE MONEY AND TOOK THE RISKS INVOLVED.

O ALTHOUGH SOME HAVE SUGGESTED THAT THE GOVERNMENT SHOULD FORCE THE BANKS TO WRITE DOWN THEIR DEBTS AND, AT LEAST TEMPORARILY, REDUCE THEIR INTEREST RATES, IT IS VERY UNLIKELY THAT THE GOVERNMENT WOULD MANDATE CHANGES OF THIS NATURE.

O BUT WE ALSO HAVE TO KEEP IN MIND THAT THE BANKS WILL NOT BE LOOKING AT OUR NATIONAL INTEREST. THEY WILL BE TRYING TO MAXIMIZE EARNINGS, OR AT LEAST MINIMIZE THEIR LOSSES.

O IF WE HAVE NATIONAL INTERESTS AT STAKE, SUCH AS STABILITY OF GOVERNMENTS IN THE DEBTOR NATIONS, WE SHOULD NOT RELY ON COMMERCIAL BANKS TO PROTECT THOSE INTERESTS. IT IS NOT THEIR ROLE TO DETERMINE OR IMPLEMENT OUR FOREIGN POLICY.

THE ROLE OF OUR GOVERNMENT

O I WOULD NOT EXPECT MAJOR CHANGES FROM THE BUSH ADMINISTRATION. BUT, WITH JIM BAKER AT STATE, THE DEBT PROBLEM SHOULD GET SUBSTANTIAL ATTENTION.

O MOST OFTEN, WHEN PEOPLE TALK ABOUT THE ROLE OF THE U. S. GOVERNMENT, THEY MEAN MORE FOREIGN AID OR INCENTIVES TO OUR BANKS TO CONTINUE LENDING.

O BUT WE SHOULD ALSO LOOK TO THE GOVERNMENT TO SET AN EXAMPLE. IT'S DIFFICULT TO TELL OTHER COUNTRIES THAT THEY HAVE TO TIGHTEN THEIR BELTS AND GET THEIR ECONOMY IN SOUND CONDITION WHEN WE RUN GIANT DEFICITS OURSELVES.

O CERTAINLY OUR INTEREST ON THE DEBT IS A MUCH SMALLER PERCENTAGE OF GNP THAN IN MANY OTHER COUNTRIES. BUT WE CERTAINLY HAVEN'T SEEN MUCH WILLINGNESS TO REDUCE THE TOTAL DEBT OUTSTANDING.

THE ROLE OF OTHER GOVERNMENTS

O FINALLY, WE SHOULD EXERT WHATEVER POWERS OF PERSUASION WE HAVE TO CONVINCE OTHER COUNTRIES SUCH AS JAPAN AND GERMANY TO BE MORE ACTIVE IN COMING TO THE AID OF THE DEBTOR NATIONS. WE SHOULD NOT HAVE TO GO IT ALONE.

O AND IT SHOULD BE OBVIOUS TO EVERYONE THAT, UNLESS THERE ARE OTHER MARKETS FOR LATIN AMERICAN GOODS, REJUVENATED ECONOMIES WILL DO NOTHING TO IMPROVE OUR TRADE DEFICIT.

O JAPAN HAS INDICATED A WILLINGNESS TO WRITE DOWN SOME OF THEIR LOANS. THIS IS A POSITIVE SIGN. MR. GORBACHEV EXPRESSED SIMILAR VIEW IN HIS U.N. SPEECH, BUT, IN ACTUALITY, THE SOVIET UNION HAS LITTLE DEBT AT STAKE IN LATIN AMERICA.

O BUT WE NEED A CONCERTED MULTINATIONAL EFFORT IF THE COUNTRIES OF LATIN AMERICA ARE TO MANAGE THEIR DEBT BURDENS AND BUILD STABLE ECONOMIES FOR THE FUTURE.