ability to raw materials prices are difficult to control.

On the other hand, interest rates have fallen considerably in recent months, and this is already saving billions in interest payments from what had been projected. . . .

We do not believe in a general rule that expanding government expenditures is going in the right direction. . . . In general, Latin America must reduce the dominance of the public sector and must improve the investment climate for the private sector. . . .

The United States is seriously concerned about the severity of economic problems in the region. Because of our concern, we have since the onset of the debt crisis in 1982:

- supported adjustment efforts by debtor nations;
- sought, through growth in our domestic economy and the maintenance of open markets, to encourage exports from the region, as long as such exports are not encouraged by unfair trading practices;
- supported the strengthening of existing institutions such as the International Monetary Fund and the World Bank, and better donor coordination;
- encouraged prudent and flexible lending and scheduling by commercial banks; and
- provided emergency infusions of liquidity when necessary such as in bridge loans to IMF disbursements.

. . . Recognizing that these countries must return to a long-term growth path, . . . many believe that we have reached a new stage in which debt management should have a greater emphasis on economic growth. This is the view of the United States government and, as announced by Secretary of Treasury Baker in Seoul yesterday, the U.S. will promote a strategy which might be called "growth with adjustment." It includes the following points:

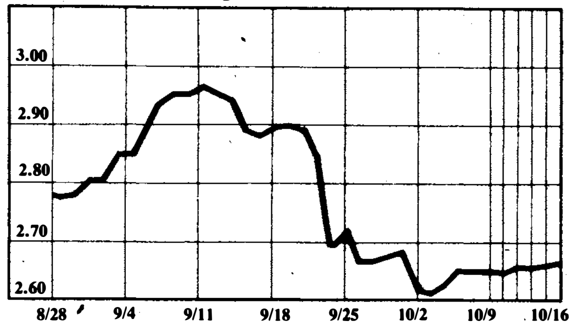
- greater use of World Bank Structural Adjustment and Sector Adjustment loans. These are fast-disbursing and long-term, and, also, conditioned on fundamental structural reforms in the recipient country. . .;
- use of World Bank co-financing arrangements to encourage new loans by the commercial banks;
- renewed efforts by the industrialized countries to keep their markets open, sustain their economic growth to the extent possible, and consider increased capital needs of the international financial instructions [*sic*] as this strategy is put into operation;
- generally greater resource transfers from the industrialized countries to developing countries, especially in the form of foreign direct investment. . . .

With or without the IMF, debtor nations would still face the same problems, and without its financial and technical assistance, countries would have to adjust more abruptly under even more adverse circumstances. . . .

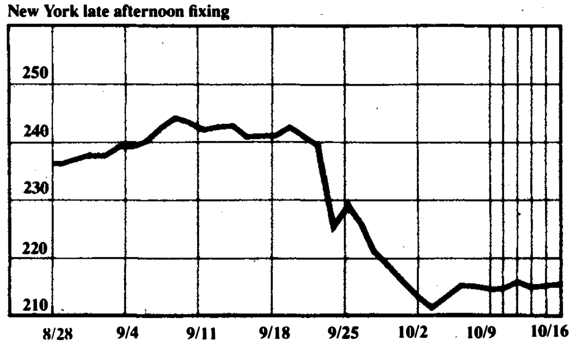
We support the IMF and the World Bank in their vital role in assisting nations to implement stabilization and adjustment programs. . . .

Currency Rates

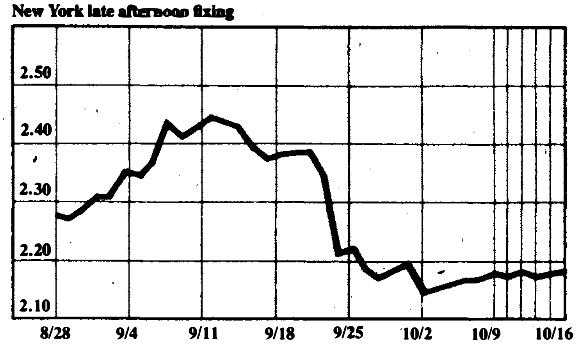
The dollar in deutschemarks
New York late afternoon fixing



The dollar in yen
New York late afternoon fixing



The dollar in Swiss francs
New York late afternoon fixing



The British pound in dollars
New York late afternoon fixing