4314 075389

FO 004-02

THE WHITE HOUSE

WASHINGTON

August 28, 1989

Dear Mr. Langmore:

Thank you for sending me the communique on Third World debt issued by Parliamentarians Global Action. I agree with you that the 1988 Toronto Summit debt initiative and Treasury Secretary Brady's debt reduction proposals have made a significant contribution to easing the debt burden of developing countries.

As you may know, the U.S. proposals on debt and debt service reduction have won widespread support among major creditor countries and the backing of the management of the IMF and World Bank. The recent agreement between the Mexican government and commercial banks is a concrete example of how such a debt reduction scheme can be applied constructively. Regarding the poorest debtors, which were the focal point of the Toronto initiative, I recently authorized U.S. agencies to begin a process that will provide substantial debt relief to a number of Sub-Saharan African countries beginning October 1, 1989. In particular, we will waive repayment of Development Assistance and Economic Support Fund loans for these countries.

I believe that we have made great progress over the past year in dealing with the international debt problem. These efforts will continue. At the same time, it is vitally important that debtor countries do as much as possible to help themselves by adopting and implementing sound economic policies that will encourage market forces, attract necessary funds for investment from both domestic and foreign sources, and establish the basis for economic growth and development.

I appreciate knowing your views on these critical issues.

Sincerely,

The Honorable John Langmore, M.P.
Chairman, Parliamentarians Global
 Action for Disarmament, Development
 and World Reform
211 East 43rd Street
Suite 1604
New York, New York 10017

THE WHITE HOUSE

WASHINGTON

August 28, 1989

Dear Ms. Herfkens:

Thank you for sending me the communique on Third World debt issued by Parliamentarians Global Action. I agree with you that the 1988 Toronto Summit debt initiative and Treasury Secretary Brady's debt reduction proposals have made a significant contribution to easing the debt burden of developing countries.

As you may know, the U.S. proposals on debt and debt service reduction have won widespread support among major creditor countries and the backing of the management of the IMF and World Bank. The recent agreement between the Mexican government and commercial banks is a concrete example of how such a debt reduction scheme can be applied constructively. Regarding the poorest debtors, which were the focal point of the Toronto initiative, I recently authorized U.S. agencies to begin a process that will provide substantial debt relief to a number of Sub-Saharan African countries beginning October 1, 1989. In particular, we will waive repayment of Development Assistance and Economic Support Fund loans for these countries.

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I appreciate knowing your views on these critical issues.

Sincerely,

The Honorable Eveline Herfkens, M.P.
Convenor, Parliamentarians Global
Action for Disarmament, Development
and World Reform
211 East 43rd Street
Suite 1604
New York, New York 10017

UNCLASSIFIED

CLASSIFICATION

CIRCLE ONE BELOW

IMMEDIATE

PRIORITY

ROUTINE

MODE

SECURE FAX #____

ADMIN FAX #____

PAGES 13

DTG ____

RELEASER ____

FROM/LOCATION

1. G. PHILIP HUGHES / EXEC SEC NSC / WHITE HOUSE / TOR:

TO/LOCATION/TIME OF RECEIPT

1. DIANE EDWARDS FOR ROBERT M. GATES / KENNEBUNKPORT MAINE

2. ____

3. ____

4. ____

5. ____

6. ____

7. ____

INFORMATION ADDEES/LOCATION/TIME OF RECEIPT

1. ____

2. ____

SPECIAL INSTRUCTIONS/REMARKS:

#4314 PROPOSED REPLY TO PARLIAMENTARIANS GLOBAL ACTION GROUP CONCERNING THIRLD WORLD DEBT

UNCLASSIFIED

CLASSIFICATION

4314

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

August 15, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: DEANE E. HOFFMANN DH

FROM: TIMOTHY E. DEAL TD

SUBJECT: Proposed Reply to Parliamentarians Global Action Group Concerning Third World Debt

Attached for your signature at Tab I is a memorandum from you to the President, transmitting a proposed reply to John Langmore and Eveline Herfkens who sent the President (Tab B) a communique issued by Parliamentarians Global Action concerning Third World debt.

State's long overdue response (Tab II) was too lengthy and too detailed for a Presidential letter. The revised version (Tab A) notes the major actions that the Administration has taken to ease the debt burden of developing countries and reminds the authors of the need for developing countries to adopt sound economic policies to promote growth and development.

Concurrences by: Judyt Mandel JM, Douglas Paal DP, David Pacelli DAP

RECOMMENDATION:

That you sign the memorandum to the President at Tab I.

Attachments
Tab I Memo to President
Tab A Draft Reply
Tab B Letter from Langmore/Herfkens
Tab II State Draft Reply

8915178

United States Department of State

Washington, D.C. 20520

4314

August 10, 1989

UNCLASSIFIED

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Letter to President Bush from Parliamentarians Global Action Group Concerning Third World Debt

Attached are proposed identical draft replies from President Bush to John Langmore and Eveline Herfkens of the Parliamentarians Global Action for Disarmament, Development and World Reform group, which thanks them for forwarding a communique on Third World debt prepared by that organization in early April. The detailed communique advocates that the U.S. support debt reduction efforts going beyond the 1988 Toronto Summit terms for official debt and the Brady proposals for commercial debt.

The proposed replies contend that the Toronto Summit official debt initiative, the Brady proposals and other actions already taken by the U.S. and other G-10 nations will make a significant contribution to solving the debt problem.

J. Stapleton Roy

J. Stapleton Roy
Executive Secretary

Attachments: 1. Draft Replies
2. Incoming Correspondence

UNCLASSIFIED

89 AUG 11 A7: 00

WHITE HOUSE

89 AUG 10 PII : 29 89 AUG 11 A 7: 00

SITUATION ROOM

DEPARTMENT OF STATE
DRAFT REPLY

Dear Mr. Langmore:

The communique issued by the Parliamentarians Global Action for Disarmament, Development and World Reform at your April meeting was thought provoking and I appreciate your sending it to me. The United States and other G-7 nations continue to place a high priority on supporting growth in debt-burdened developing countries, and I agree with you that the 1988 Toronto Summit official debt initiative and the debt reduction proposals put forward this year by U.S. Treasury Secretary Nicholas Brady will make a significant contribution to easing the Third World debt problem.

The Parliamentarians' communique, however, over-emphasizes the need for larger resource transfers to developing countries and downplays the need for tough policy decisions that are essential to economic growth and prosperity. Since 1982 the global economy has enjoyed rapid, but uneven, economic growth

The Honorable
John Langmore, M.P.,
Chairman, Parliamentarians Global
Action for Disarmament,
Development and World Reform,
New York, New York.

primarily because many developing countries are still pursuing poor policies. Developing countries with market-oriented policies, in contrast, have benefitted greatly. In that same period, my predecessor and I, as well our G-7 and G-10 colleagues, have taken initiatives not only at the Toronto Summit, but also within the IMF and the IBRD to augment the resources available to support the course of reform. The enhancement of the IMF's Structural Adjustment Facility, the World Bank special program of assistance for the poorest and most indebted countries and the fifth replenishment of the African Development Fund are important measures benefitting the poorest countries.

Most recently, U.S. Treasury Secretary Nicholas Brady proposed broadening the framework for commercial debt negotiations to include new debt and debt service reduction options that can save many debtors significant amounts of money. I have been particularly encouraged by the concrete support for these ideas among the IMF's G-10 nations which comprise the largest shareholders in the Fund. At the G-10 ministerial in Bern on June 2, these nations reiterated their support for Secretary Brady's ideas and approved the use of World Bank and IMF resources for enhancements to support debt and debt service reductions. The recent agreement between Mexico and its creditor banks is an example of how these ideas can be constructively applied. We believe that many other middle-income countries can also benefit from this broadened framework.

Bilaterally, the U.S. has also continued to look for ways to help the poorest debtors going beyond Toronto terms in Paris Club reschedulings. Prior to my departure for the recent Paris Economic Summit, I announced that I had authorized Executive Branch agencies to begin a process that will provide debt relief for a number of Sub-Saharan African countries beginning on October 1, 1989. Under Section 572 of the FY 1989 Foreign Operations Appropriations Act, repayment of Development Assistance and Economic Support Fund loans will be waived. Potential beneficiaries must have in effect an economic adjustment program under the auspices of the International Monetary Fund or the World Bank. In implementing this legislation, the U.S. joins other major creditor countries in extending exceptional assistance to Sub-Saharan African countries.

I firmly believe we are making great strides on the external debt problem and I can assure you that these efforts will continue. I am equally convinced, however, that economic policies in debtor nations are much more important than unconditional resources transfers in resolving the debt crisis. Nonetheless, we remain committed to exploring ways to reduce external net transfers and aid debtor countries on a case-by-case basis when they are pursuing growth-oriented economic policies.

Once again, thank you for your letter.

Sincerely,

George Bush

Drafted:EB/IFD/OMA:JMoran/Mkimble

8/7/89 x7-9498 Wang Id. No. 831

Cleared:EB/IFD:RBogosian, Acting

EB:ALarson

E:FLeMay

DEPARTMENT OF STATE
DRAFT REPLY

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Eveline Herfkens, M.P.,
Convenor, Parliamentarians Global
Action for Disarmament,
Development and World Reform,
New York, New York.

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Once again, thank you for your letter.

Sincerely,

George Bush

NATIONAL SECURITY COUNCIL

ID 8904314

REFERRAL

DATE: 29 JUN 89

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'89 JUN-30 11:08 AM

MEMORANDUM FOR: STATE SECRETARIAT

DEPT OF STATE

DOCUMENT DESCRIPTION: TO: PRESIDENT

SOURCE: LANGMORE, JOHN

DATE: 01 JUN 89

SUBJ: LTR TO PRES FM PARLIAMENTARIAN GLOBAL ACTION RE THIRD WORLD DEBT

REQUIRED ACTION: DRAFT REPLY

DUEDATE: 08 JUL 89

COMMENT:

S. Dahl

FOR GEORGE VAN ERON

DIRECTOR NSC SECRETARIAT

Received in S/S-IRM/RMD
6/30 at 11:09 AM

PARLIAMENTARIANS GLOBAL ACTION
for Disarmament, Development and World Reform

ACCION MUNDIAL DE PARLAMENTARIOS
para el Desarme, el Desarrollo y el Cambio Mundial

ACTION MONDIALE DES PARLEMENTAIRES
pour le Désarmement, le Développement et une Reforme Mondiale

3 May 1989

The Hon President George Bush

Dear President Bush

The enclosed communique on Third World debt was prepared by parliamentarians from most G10 countries who met in Amsterdam at the beginning of April.

The agreements reached at the Toronto Summit and the proposals by Mr Nicholas Brady which are currently being discussed, would, when implemented make a significant contribution to easing the chronic Third World debt crisis. We consider, however, that considerably more will be required before renewed, sustained growth in debtor countries is firmly re-established and the debt crisis ended.

We hope that the proposals outlined in the Amsterdam Appeal will be seriously considered by the G7 leaders during the Paris Summit in July. This meeting could well be more influential in setting conditions for improved living standards in poorer countries than any of the G7 Summits held so far.

211 East 43rd Street, Suite 1604, New York, New York 10017 • Telephone: (212) 687-7755
MCI TLX 650-273-2938/ANSBK 650-273-2938MCI UW • Telex: 4998460PWONY • Fax: (212) 687-8409

We wish you great wisdom in your difficult task.

Yours sincerely

John Langmore MP
Chairman

Eveline Herfkens MP
Convenor

on behalf of:

Hon W Allmand MP, Liberal Party, Canada
Mr B Beumer MEP, Christian Democratic Group, The Netherlands
Mr S Holland MP, Labour Party, United Kingdom
Mr N Lammert MdB, Christian Democratic Party, FRG
Mr J Lester MP, Conservative Party, United Kingdom
Mr J Ramallo Massanet MP, Socialist Party, Spain
Hon W McLean MP, Conservative Party, Canada
Mr B Morrison Congressman, Democratic Party, US
Mr M Pedine Senator, Christian Democratic Party, Italy
Mr W Vergeer MEP, Christian Democratic Group, The Netherlands
Mr B Wells MP, Conservative Party, United Kingdom

PARLIAMENTARIANS GLOBAL ACTION
for Disarmament, Development and World Reform

ACCION MUNDIAL DE PARLAMENTARIOS
para el Desarme, el Desarrollo y el Cambio Mundial

ACTION MONDIALE DES PARLEMENTAIRES
pour le Désarmement, le Développement et une Reforme Mondiale

THE AMSTERDAM APPEAL

1. Parliamentarians from the G10 countries met in Amsterdam on the eve of the spring sessions of the IMF and the World Bank to critically examine the Third World debt crisis and proposals for international financial reform. Legislators from different political parties, senior spokespersons on these issues, participated in this unprecedented two day conference organised by Parliamentarians Global Action. The parliamentarians were addressed by the Dutch Development Cooperation Minister and joined by the President of the African Development Bank and other senior banking officials as well as experts from multi-lateral agencies and the academic research community.

2. We agreed that the recent new debt relief policies - although moving in a more positive direction - are insufficient and need substantial extension. In fact, a new debt strategy requires a "Toronto plus" and a "Brady plus" approach. The debtor countries require both debt reduction and new concessional finance as a precondition though not a substitute for valid and sound domestic economic policies. Funds for debt policies reduction should be additional to those already allocated for aid.

3. The central objective of the strategy for containing the debt crisis so far has been to prevent rupture in creditor-debtor relations. The successes of this strategy have been that an international financial crisis has been averted, banks have strengthened their position and defaults have been contained. The fundamental flaws are that the costs have been borne by debtors, causing general deterioration or stagnation and growing impoverishment for large segments of their populations. After nearly seven years the strategy has failed not only to restore the conditions for development but also because many countries are no nearer having any capacity to repay their debts.

4. A key requirement for easing the crisis is that global interest rates be reduced. The current upward pressure on interest rates must be resisted. This would also contribute to sustaining steady Western economic growth, which is necessary for the increase of trade between the industrialised and developing world. This process must be supported by greater international monetary stability. This would contribute to sustaining investment and growth.

Headquarters: 211 East 43rd Street, Suite 1604, New York, New York, 10017, USA.
Telephone (212) 687-7755 • Telex: 4998460 PWONY • Telefax: (212) 687-8409.
International Office: rue du Marché aux Poulets 30, 1000 Brussels, Belgium, Telephone: (32-2) 217-8225

Goals

5. An obvious minimal goal of a new debt strategy must be elimination of net financial transfers from debtor to creditor countries. While there is a net outflow of funds from developing countries of around $30 billion a year adequate investment for sustained growth is impossible. A second minimal goal must be to relate debt servicing obligations to capacity to pay.

Commercial Debt : Brady Plus

6. The commercial debt crisis is now much less a crisis of risk to the creditor banks and much more a crisis of declining living standards in the debtor countries and lost jobs through lost trade by the creditor countries. Resolving this crisis requires that the debtor countries have available adequate funds for growth-promoting investment, a goal which is inconsistent with the current net negative financial transfer from these countries. The debt strategy should at least eliminate these negative transfers.

7. The Brady initiative endorses the case for acceptance of debt reduction as the prime tool to end the negative resource transfer problem. But a major scale of debt reduction is essential for success. To this end, we recommend 50% as a guideline for the amount of debt stock reduction needed overall, with appropriate variation country-by-country depending on ability to pay as measured by export earnings and volume of debt.

8. The cost of servicing the remaining 50% of debt should be further reduced to eliminate net cash outflow. This should include measures to:

1) reschedule repayments of principal;

2) adjust interest rates to a standard such as the historical real interest rate of 1-2%; and

3) recycle repayments of allowing local currency repayment into reinvestment funds with repatriation constraints (in order to provide investment resources for developing countries as well as limiting outflows).

These steps are appropriate to complement the Brady initiative and should be supported by the necessary regulatory and tax treatment to permit and induce banks to participate and to give priority to participating banks over non-participating ones.

9. Overall management of debt reduction and adjusting the debt service structure cannot be left to the private sector alone. Public sector resources will be required to support guarantees of claims remaining after adequate debt reduction. Coordination is required to ensure that the scale of debt reduction, reduction of resource transfers and accompanying debtor country policies are sufficient to make payments on these guarantees unlikely. Movement towards those goals would be greatly assisted by either the French proposal to use an SDR facility through the IMF, Japanese support for an independent debt management authority or the U.S. Congressional mandate to the Treasury to study and negotiate for such an authority. A facility of the World Bank would be an appropriate vehicle to perform these functions.

10. The Brady initiative relies heavily on appropriate debtor country economic policies to reverse capital flight from debtor countries as a necessary condition for success of the approach. Reduction of capital flight is certainly a substantial potential source of additional investment. But this cannot be achieved until the investment environment in the debtor countries is attractive. Policies to achieve this goal should be part of the economic reforms which accompany debt reduction schemes. When such changes are being implemented by debtor countries it could be appropriate for the industrialised countries to assist the process by cooperative steps including:

- disclosure by tax authorities in the countries concerned;
- disincentives to capital flight such as taxation in the country of inflow; and
- recycling of at least a share of the funds to developing countries.

<u>Official Debt in sub-Saharan and Other Low Income Countries : Toronto Plus</u>

11. Low income African countries face uniquely difficult economic development problems. Their human resources and their frequently fragile physical environments remain in peril. Their development in the near future depends more upon official than upon private external finance, and their external debts are primarily to governments.

12. The Toronto summit set an important precedent by authorizing debt reduction in connection with rescheduling in the Paris club. The need of African and other low income countries for external resource flows and debt reduction has not yet, however, been adequately addressed. For most of these countries recovery has yet to begin.

13. For these countries we therefore recommend:

- a write down of a significant portion of the Paris club debt;
- a moratorium of ten years on all official interest and principal payment obligations;
- the use of International Development Association rescheduled terms of these payments;
- that the budgetary costs of these debt reductions be added to aid donor commitments and not be taken from existing aid allocations;
- that aid donors who have not already done so plan now a program of cancellation of their aid-related debts;
- significant expansion of concessional resource flows;
- the development of improved means of encouraging the restoration of eligibility for those countries in arrears to the IMF; and
- that the IMF consider the sale of a portion of its gold holdings to finance additional multilateral concessional lending to low-income debt-distressed countries.

Conditionality

14. The proposals above require sharply increased resources. As with all financial flows creditor nations and international institutions must continue to exercise appropriate financial management to assure that the funds will contribute to equitable and sustainable growth. Such financial management should form part of an International Development Contract in which the partnership between the industrialised and developing countries is clearly recognized. This must include a more balanced approach to conditionality in which the partners have shared responsibility in both national and international policies. We strongly support the UNICEF strategy of "adjustment with a human face" which aims at appropriately changing productive structures while also emphasizing:

- more expansionary macro-economic policies;
- concentrating sectoral policy on employment and income earning areas including small farming and informal activities;
- greater equity as well as cost effectiveness in incomes policies and social programs;
- compensatory programs to protect health and nutrition of the poor during restructuring;
- closer monitoring of major aspects of living standards, so as to respond more quickly to deprivation;
- ecological responsibility; and
- democratic control of economic policy-making.

15. Many components of these conditions deal with critical policy decisions which will shape the future fabric of the societies in the debtor countries for many years to come. Such decisions should form part of a process of democratic consultations. As parliamentarians we are worried that rigid conditionality will hamper and frustrate the democratic process of decision making. We suggest therefore that parliamentarians of G10 countries in their respective parliaments encourage an investigation into, and seek to influence the functioning of the international financial institutions with respect to the effects of conditionality on democratic policy making. Such national inquiries could well lead to an international inquiry by parliamentarians into the role of the international financial institutions. As long as international economic and monetary issues are seen as only technical and abstract subjects which should be left to officials and bankers, some of the most important economic issues which affect the lives of all people are removed from the area of public debate. Greater political involvement of parliamentarians as well as international coordination of parliamentary action is a high priority in this respect.

16. These specific recommendations should not neglect wider issues of development strategy which must be addressed by the international community. They include:

1) an increase in concessional aid flows so that the ratio of overseas development assistance to GNP moves closer to the UN target of 0.7% of GNP;

2) approval of the World Bank's general capital increase;

3) a major increase in IMF quotas; and

4) similar expansions in the capital base of the regional development banks and of the International Fund for Agricultural Development.

The Japanese Government is already making an important contribution through rapid increases in bilateral aid flows and capital for the interantional financial institutions.

17. The current interim committee and G10 meeting in Washington and the meeting of G7 leaders in Paris in July offer the opportunity for a substantial major step forward. The major Western industrialised countries have the capacity to restore or prevent growth in the developing countries. The developing countries have control of their own internal affairs and through responsible economic policies can create the conditions for sustainable growth. But the most powerful external constraints on them originate in the G7 countries. The living standards of hundreds of millions of people depend on the decisions taken in Washington and Paris. We will advocate the policies outlined in this statement in our parliaments and to our governments and do all that we can to influence the outcome of these and other relevant meetings.

1 April 89

Hon W. Allmand, MP, Liberal Party. Canada

Mr B. Beumer, MEP, Christian Democratic Group. The Netherlands

Mrs E. Herfkens, MP, Labour Party. The Netherlands

Mr S. Holland, MP, Labour Party. United Kingdom

Mr N. Lammert, MdB, Christian Democratic Party. Federal Republic of Germany.

Mr J. Langmore, MP, Labor Party. Australia

Mr J. Lester, MP, Conservative Party. United Kingdom

Mr J. Ramallo Massanet, MP, Socialist Party. Spain

Hon W. McLean, MP, Conservative Party. Canada

Mr B. Morrison, Congressman, Democratic Party. United States

Mr M. Pedini, Senator, Christian Democratic Party. Italy

Mr W. Vergeer, MEP, Christian Democratic Group. The Netherlands

Mr B. Wells, MP, Conservative Party. United Kingdom

ADVISORS

Dr B. N'Diaye, President, African Development Bank

Dr D. Rwegasira, Deputy Director, Development Research and Policy, African Development Bank

Dr L. Emmerij, President, OECD Development Centre, Paris

Mme Chedeville-Murray, Ministere des Affairs Etrangeres, Centre d'Analyse et de Prevision, Paris

Dr S. Griffith-Jones, University of Sussex

Professor G. Helleiner, University of Toronto

Dr R. van der Hoeven, UNICEF

OBSERVER

Mr Yasuaki Mori, First Secretary (Economics), Embassy of Japan, The Hague

PARLIAMENTARIANS GLOBAL ACTION

Mr N. Dunlop, International Director

Dr K. Graham, Secretary-General

PROJECT DIRECTOR

Dr A. Koenders, Dutch Labour Party

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NSC/S PROFILE

RECORD ID: 8904314
RECEIVED: 05 JUN 89 15

TO: LANGMORE, JOHN
HERFKENS, EVELINE

FROM: PRESIDENT

DOC DATE: 28 AUG 89
SOURCE REF:

KEYWORDS: AUSTRALIA INTL FINANCE

PERSONS:

SUBJECT: LTR TO PRES FM PARLIAMENTARIAN GLOBAL ACTION RE THIRD WORLD DEBT

ACTION: PRES SGD LTRS DUE DATE: 14 AUG 89 STATUS: C

STAFF OFFICER: DEAL LOGREF:

FILES: WH NSCIF: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		DEAL
		HOFFMANN
		SCOWCROFT

COMMENTS:

DISPATCHED BY GTD DATE 28 AUG 89 BY HAND W/ATTCH

OPENED BY: NSRSC CLOSED BY: NSGAD DOC 5 OF 5

UNCLASSIFIED

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8904314
RECEIVED: 05 JUN 89 15

SCOWCROFT

FROM: ROY, J

DOC DATE: 10 AUG 89
SOURCE REF: 8915178

KEYWORDS: AUSTRALIA INTL FINANCE

PERSONS:

SUBJECT: LTR TO PRES FM PARLIAMENTARIAN GLOBAL ACTION RE THIRD WORLD DEBT

ACTION: PREPARE MEMO FOR SCOWCROFT DUE DATE: 14 AUG 89 STATUS: S

STAFF OFFICER: STATE LOGREF:

FILES: WH NSCIF: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
DEAL	MANDEL	HOFFMANN
	PAAL — concurs	JACKSON
	PACELLI	

COMMENTS:

DISPATCHED BY DATE BY HAND W/ATTCH

OPENED BY: NSRSC CLOSED BY: DOC 2 OF 2

UNCLASSIFIED

National Security Council
The White House

PROOFED BY: ____________ LOG # 4314

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	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep Exec	1	M	Revise
Philip Hughes			
Bob Gates			
Brent Scowcroft			
Philip Hughes			
Situation Room			
West Wing Desk	2		N
NSC Secretariat	3		D

89 AUG 28 P4:47

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other ____________

Should be seen by: ____________
(Date/Time)

COMMENTS

DATE 8/28/89 ?

National Security Council
The White House

PROOFED BY: ______________ *LOG #* 4314

URGENT NOT PROOFED: ______________ *SYSTEM* PRS NSC INT

BYPASSED WW DESK: ______________ *DOCLOG* GAD *A/O* ______

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep Exec	1	W	A
Philip Hughes	2	PK	
Bob Gates	3		
Brent Scowcroft	4	APNSA Has Seen	
Philip Hughes			
Situation Room	6	8/25 PC	LDX / RMC
West Wing Desk	5	CM 8/16	D
NSC Secretariat			

89 AUG 16 P5: 18

A = Action	! = Information	D = Dispatch	R = Retain	N = No further Action

cc: VP Sununu Other ______________

Should be seen by: ______________
(Date/Time)

COMMENTS Prop'd Reply to Parliamentarians Global Action Group Concerning Third World Debt

RECORD ID: 8904314

ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001	STATE	Z	89060515	DRAFT REPLY FOR WH SIG
002	DEAL	Z	89081108	PREPARE MEMO FOR SCOWCROFT
003	SCOWCROFT	Z	89081618	FWD TO PRES FOR SIG
004	PRESIDENT	Z	89082818	FOR SIGNATURE
005		Z	89082819	PRES SGD LTRS
005	WH STRIPPING DESK	X	89082819	FOR DISPATCH

075389

FO004-02

THE WHITE HOUSE

WASHINGTON

Kennebunkport

August 28, 1989

Dear Mr. Langmore:

Thank you for sending me the communique on Third World debt issued by Parliamentarians Global Action. I agree with you that the 1988 Toronto Summit debt initiative and Treasury Secretary Brady's debt reduction proposals have made a significant contribution to easing the debt burden of developing countries.

As you may know, the U.S. proposals on debt and debt service reduction have won widespread support among major creditor countries and the backing of the management of the IMF and World Bank. The recent agreement between the Mexican government and commercial banks is a concrete example of how such a debt reduction scheme can be applied constructively. Regarding the poorest debtors, which were the focal point of the Toronto initiative, I recently authorized U.S. agencies to begin a process that will provide substantial debt relief to a number of Sub-Saharan African countries beginning October 1, 1989. In particular, we will waive repayment of Development Assistance and Economic Support Fund loans for these countries.

I believe that we have made great progress over the past year in dealing with the international debt problem. These efforts will continue. At the same time, it is vitally important that debtor countries do as much as possible to help themselves by adopting and implementing sound economic policies that will encourage market forces, attract necessary funds for investment from both domestic and foreign sources, and establish the basis for economic growth and development.

I appreciate knowing your views on these critical issues.

Sincerely,

The Honorable John Langmore, M.P.
Chairman, Parliamentarians Global
Action for Disarmament, Development
and World Reform
211 East 43rd Street
Suite 1604
New York, New York 10017

THE WHITE HOUSE

WASHINGTON

Kennebunkport

August 28, 1989

Dear Ms. Herfkens:

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Sincerely,

The Honorable Eveline Herfkens, M.P.
Convenor, Parliamentarians Global
Action for Disarmament, Development
and World Reform
211 East 43rd Street
Suite 1604
New York, New York 10017