

## Statement No. 1

# The Baker Plan and LDC Lending

February 15, 1986

Treasury Secretary Baker's recent proposal calls upon banks in the United States to lend an additional \$29 billion to debtors in 15 countries with recent debt-servicing problems. This proposal interposes the government as a party in the negotiations and a proponent of additional bank lending.

- We oppose the Baker Plan. The plan shows a lack of political discipline. The international debt problem is one for the banks to work out with the principal debtors. The Baker plan shifts onto the taxpayer, in an indirect and roundabout way, costs arising from prospective losses that should be borne by bank owners and managers.

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