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December 23, 1985

To: Members of the Executive Board

From: The Secretary

Subject: Debt Strategy - Statement by U.S. Commercial Banks

The following press release issued on December 11, 1985 by the U.S. Consultative Group has been received in the Fund:

United States banks today declared their support for the international debt program proposed by U.S. Treasury Secretary James A. Baker, III to foster sustained growth in the developing countries.

"Banks representing more than 95 percent of loans to the 15 countries have responded to date and have indicated that they welcome Secretary Baker's initiative as a positive and constructive development," stated letters to the Secretary of the Treasury, the International Monetary Fund and the World Bank from the U.S. Consultative Group, which was formed to coordinate the response of U.S. banks to the Baker proposal.

The letters, signed by Lewis T. Preston, chairman of Morgan Guaranty Trust Company, in his capacity as chairman of the group, said: "We are in contact with U.S. banks that have loans to one or more of the countries noted in the proposal, and they confirm their willingness to play their part on a case-by-case basis, provided that all other parties, governmental, institutional, and banking, do the same."

The letters also said: "We believe that the response reflects the willingness of the U.S. banking community to work closely with you and others who will be involved in this important cooperative effort."

The U.S. Consultative Group said it is continuing to discuss the program with other banks and expects further indications of support.

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