

Originally Processed With FOIA(s):

S

FOIA Number:

S

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.**

---

**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

---

**OA/ID Number:** 13541  
**Folder ID Number:** 13541-007

---

**Folder Title:**  
1990 IMF/World Bank Annual Meeting 9/25/90 [OA 5377][1]

---

| Stack:   | Row:      | Section:  | Shelf:   | Position: |
|----------|-----------|-----------|----------|-----------|
| <b>G</b> | <b>26</b> | <b>16</b> | <b>4</b> | <b>5</b>  |

---

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 09/24/90 ACTION/CONCURRENCE/COMMENT DUE BY: -----

SUBJECT: PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
(09/21 draft five)

|                | ACTION FYI               |                                     |                  | ACTION                              | FYI                                 |
|----------------|--------------------------|-------------------------------------|------------------|-------------------------------------|-------------------------------------|
| VICE PRESIDENT | <input type="checkbox"/> | <input checked="" type="checkbox"/> | MCCLURE          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| SUNUNU         | <input type="checkbox"/> | <input type="checkbox"/>            | NEWMAN           | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input type="checkbox"/> | <input checked="" type="checkbox"/> | PORTER           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| DARMAN         | <input type="checkbox"/> | <input checked="" type="checkbox"/> | ROGICH           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CARD           | <input type="checkbox"/> | <input checked="" type="checkbox"/> | UNTERMAYER       | <input type="checkbox"/>            | <input type="checkbox"/>            |
| CICCONI        | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>ROGERS</u>    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| DEMAREST       | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PINKERTON</u> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| FITZWATER      | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>WINSTON</u>   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| GRAY           | <input type="checkbox"/> | <input type="checkbox"/>            | <u>BOSKIN</u>    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| HAGIN          | <input type="checkbox"/> | <input type="checkbox"/>            | _____            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HOLIDAY        | <input type="checkbox"/> | <input checked="" type="checkbox"/> | _____            | <input type="checkbox"/>            | <input type="checkbox"/>            |

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

James W. Cicconi  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

THE WHITE HOUSE  
WASHINGTON

September 21, 1990

30 SEP 21 P6:57

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *W*  
FROM:               EDWARD E. McNALLY *EM*  
SUBJECT:           REMARKS TO WORLD BANK/IMF ANNUAL MEETING

I.   SUMMARY

On Tuesday, Sept. 25, at 3:00 p.m., you will address the annual meeting of the World Bank and International Monetary Fund at the Sheraton Washington on Connecticut Avenue. The audience will consist of about 3,500 bankers and government finance officials from around the world. You spoke at this same event one year ago.

II.   DISCUSSION

The remarks (14 minutes, on teleprompter) were prepared in accordance with guidance from World Bank President Barber Conable, the Treasury Department, the U.S. Trade Representative, Stephen Farrar of Roger Porter's office and Meg Lundsager of the NSC.

Two sections may be of particular interest to the public: a call for the World Bank and IMF to match the political leadership of the U.N. with economic leadership; and tough language recommended by USTR on the Uruguay Round of the GATT.

McNally/Simon  
September 21, 1990  
Draft Five (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [si-TOE-tee]. Mr. Camdessus [KAHN-deh-soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the new members from Bulgaria, Czechoslovakia, and Namibia, and, of course, the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year are producing a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces

to meet the needs of their people. Of course, change has not come easily. But as I said last year, at this same meeting:

"The jury is no longer out. History has decided." \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to make choices, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man. \\\

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to achieve and sustain broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making governmental decision-making more rational.

That process takes time. Economic adjustment is often difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened, Kuwait's newest refugees

brought fresh tales of the cruelty and horror inflicted on the Kuwaiti people and foreign nationals by the occupying forces of Saddam Hussein.

And today, many other countries -- already facing painful economic and political transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is certainly not forgotten, and never will be.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this situation by providing a combination of policy advice and financial assistance. \\ The political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World

Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market-oriented economic systems.

Let me continue, more broadly, with a vision of the role of the United States -- and of a world economy we can all share.

First, we believe that the United States should contribute to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit must be brought under control and reduced.

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Central and Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, where debt overhang impedes progress, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, to reduce debt owed to the United States government, and to provide funds for needed local environmental projects. In Eastern Europe, where massive restructuring is needed, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, where underdevelopment hangs on so stubbornly, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, the United States is committed to the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if countries carry through on their responsibilities. And that means deregulatory reform and privatization, sound macro-economic and structural policies, and open borders for trade and investment.

This is why your work here in Washington this week is so important. For almost fifty years, the Fund and the Bank have been quietly enlisting the talents and the energies of the developed and developing world in a global struggle against poverty. And today, in a world where ideology no longer confronts, and big-power blocs no longer divide, the Bank and the Fund have become paradigms of international cooperation. Indeed, we especially appreciate your efforts in carrying out a study of the Soviet economy that is unprecedented in its scope. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. And I pledge the continued support of the United States for a World Bank and IMF which so clearly advance our common struggle to improve the quality of life for all people everywhere.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to intensify their focus

on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. \\  
Second, eradicating poverty must continue to be a central mission of the Bank. \\  
And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in another important international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. These negotiations are one of the world's greatest economic opportunities of the decade. But much remains to be done.

The Round is not just a trade issue, it is a growth issue. And it's not just an exercise for bureaucrats in Geneva. The trade talks are the "last train leaving the station," and countries throughout the world must jump aboard. It can be the engine of economic growth that carries us into the 21st century.

The Round promises to remove barriers in four crucial areas, areas untouched in previous rounds: services, investment, intellectual property and agriculture. As a matter of fact, agricultural reform remains a major stumbling block. Indeed, it

threatens to bring down the rest of the Round.

We must let farmers compete with farmers, instead of farmers competing with the deep pockets of government treasuries. We need a successful resolution of the agricultural issues if we are to have an agreement.

If countries around the globe don't muster the political courage to face these tough issues in the time remaining, we will forfeit new markets for our businesses, impose higher prices on our consumers, and forgo new jobs and higher incomes for workers in all countries. \\\

Worst of all, we will endanger a vital, proven framework of international cooperation. A collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford as we forge a new partnership of nations against aggression in the Persian Gulf. \\\

I urge you to work actively within your governments to ensure success. And I urge my counterparts around the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring all the components of the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, President Eisenhower first appeared at an IMF/World Bank meeting. He spoke of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

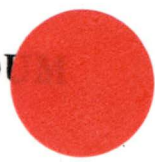
"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly remarkable. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

WHITE HOUSE STAFFING MEMORANDUM



DATE: 09/18/90

ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 A.M. 09/20<sup>19</sup>

SUBJECT: PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
(09/18 draft four)

|                | ACTION FYI                          |                                     |            | ACTION                              | FYI                                 |
|----------------|-------------------------------------|-------------------------------------|------------|-------------------------------------|-------------------------------------|
| VICE PRESIDENT | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU         | <input type="checkbox"/>            | <input type="checkbox"/>            | NEWMAN     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | PORTER     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGICH     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| CARD           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | UNTERMAYER | <input type="checkbox"/>            | <input type="checkbox"/>            |
| CICCONI        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | ROGERS     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| DEMAREST       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | PINKERTON  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | WINSTON    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| GRAY           | <input type="checkbox"/>            | <input type="checkbox"/>            | BOSKIN     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| HAGIN          | <input type="checkbox"/>            | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HOLIDAY        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |

REMARKS:

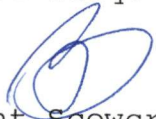
Please provide any comments/recommendations directly to Chriss Winston by 9:00 a.m. on Thursday, 09/20<sup>19</sup>, with a copy to my office. Thanks.

RESPONSE:

TO: CHRISS WINSTON

September 22, 1990

The NSC concurs with the attached draft speech with changes as indicated. The revisions at the bottom of page 2, regarding the characterization of Iraq's aggression against Kuwait, are particularly important in that we distinguish the actions of Saddam Hussein and his ruling clique from those of the people of Iraq.

  
Brent Scowcroft

James W. Cicconi  
Assistant to the President  
and Deputy to the Chief of Staff  
Ext. 2702

cc: Jim Cicconi

McNally/Simon  
September 18, 1990  
Draft Four (B:IMF)

90 SEP 18 PM 6:55

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti. Mr. Camdessus. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year <sup>are</sup> have <sup>ing</sup> produced a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order. \\\

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces to meet the needs of their people. Change has not come easily. And many other approaches have been tried. But as I said last

year, at this same meeting:

**"The jury is no longer out. History has decided."** \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

**Governments by themselves cannot deliver prosperity.** \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man.

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to <sup>achieve and sustain</sup> see broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making decision-making more rational. ✓

That process takes time. Economic adjustment is always difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened last week, Kuwait's newest refugees brought fresh tales of the cruelty and horror inflicted by the <sup>occupying</sup> barbarous forces. <sup>of</sup> unleashed by Saddam Hussein. ✓

on the Kuwaiti people  
and foreign nationals ✓

And today, many other countries -- already facing painful <sup>economic and political</sup> transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees. ✓

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, your hardships are not being ignored.

**This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.**

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this crisis by providing a combination of policy advice and financial assistance. \\ **Because in this crisis, the political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank.** \\\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. **But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems.** \\\

Let me continue, more broadly, with my vision of the role of the United States -- and of a world economy we can all share.

**First**, we are committed to a United States which contributes to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. **Our budget deficit will be brought under control and reduced.** [[Last week's agreement ...]]

**Second**, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, and by reducing debt owed to the United States government. In Eastern Europe, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

**Third**, all these areas of progress have one important element in common -- the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if the **beneficiary countries** carry through on their responsibilities. And that means **deregulation**,<sup>privatization</sup> sound **macro-economic policies**, and **open borders** for trade and investment. ✓

This is why your work here in Washington this week is so

important. The international community looks to you to provide three-dimensional responses to a changing world. And for good reason. Your two institutions have evolved into powerful forces for promoting free markets.

The Fund and the Bank have been indispensable players in the economic transformation sweeping Eastern Europe, Latin America and other regions, through their support for economic reforms and their role in the debt strategy. **We also appreciate your efforts in carrying out the unprecedented study of the Soviet economy. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.**

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. The Fund and the Bank must be in a strong position to continue their encouragement of economic reforms and adjustment efforts.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to focus on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. \\  
Second, poverty alleviation must continue to be a central mission

of the Bank. \ \ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in the other great post-war international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. But much remains to be

done. **Agricultural reform remains a major stumbling block.**

*Lasting reform is essential for developed and developing countries alike. It is the key to a successful Round which establishes new rules and opportunities for all countries.*

**Indeed, it threatens to bring down the rest of the Round.**

The Round is not just a trade issue, it is a growth issue.

**It can be the engine of economic growth that carries us into the 21st century.** It promises to remove barriers in three crucial areas, areas untouched in previous rounds: services, investment, and intellectual property. **But if we fail to achieve an agreement, we will forfeit new markets for our businesses, force higher prices for our consumers, and block new jobs and higher incomes for [our] workers.** \ \ \ \ in all our countries.

Worst of all, we will endanger a vital, proven framework of international cooperation. The collapse of the Round will inevitably encourage increased protectionist pressure and political instability. **That is something we can ill afford at a time when we are trying to forge a new partnership of nations, and when we are engaged in a great struggle against aggression in the Persian Gulf.** \ \ \

Therefore, I urge you [who] to work actively within your governments to ensure success. **And I urge my counterparts around**

the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, he spoke about one of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly astounding. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

THE WHITE HOUSE  
WASHINGTON

September 21, 1990

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH:           CHRISS WINSTON *W*  
FROM:               EDWARD E. McNALLY *EMM*  
SUBJECT:            REMARKS TO WORLD BANK/IMF ANNUAL MEETING

I.    SUMMARY

On Tuesday, Sept. 25, at 3:00 p.m., you will address the annual meeting of the World Bank and International Monetary Fund at the Sheraton Washington on Connecticut Avenue. The audience will consist of about 3,500 bankers and government finance officials from around the world. You spoke at this same event one year ago.

II.   DISCUSSION

The remarks (14 minutes, on teleprompter) were prepared in accordance with guidance from World Bank President Barber Conable, the Treasury Department, the U.S. Trade Representative, Stephen Farrar of Roger Porter's office and Meg Lundsager of the NSC.

Two sections may be of particular interest to the public: a call for the World Bank and IMF to match the political leadership of the U.N. with economic leadership; and tough language recommended by USTR on the Uruguay Round of the GATT.

McNally/Simon  
September 21, 1990  
Draft Five (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [si-TOE-tee]. Mr. Camdessus [KAHN-deh-soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the new members from Bulgaria, Czechoslovakia, and Namibia, and, of course, the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year are producing a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces

to meet the needs of their people. Of course, change has not come easily. But as I said last year, at this same meeting:

"The jury is no longer out. History has decided." \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to make choices, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man. \\\

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to achieve and sustain broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making governmental decision-making more rational.

That process takes time. Economic adjustment is often difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened, Kuwait's newest refugees

brought fresh tales of the cruelty and horror inflicted on the Kuwaiti people and foreign nationals by the occupying forces, of ~~Saddam Hussein.~~

And today, many other countries -- already facing painful economic and political transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is certainly not forgotten, and never will be.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this situation by providing a combination of policy advice and financial assistance. \\ The political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World

Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market-oriented economic systems.

Let me continue, more broadly, with a vision of the role of the United States -- and of a world economy we can all share.

First, we believe that the United States should contribute to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit must be brought under control and reduced.

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Central and Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, where debt overhang impedes progress, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, to reduce debt owed to the United States government, and to provide funds for needed local environmental projects. In Eastern Europe, where massive restructuring is needed, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, where underdevelopment hangs on so stubbornly, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, the United States is committed to the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if countries carry through on their responsibilities. And that means deregulatory reform and privatization, sound macro-economic and structural policies, and open borders for trade and investment.

This is why your work here in Washington this week is so important. For almost fifty years, the Fund and the Bank have been quietly enlisting the talents and the energies of the developed and developing world in a global struggle against poverty. And today, in a world where ideology no longer confronts, and big-power blocs no longer divide, the Bank and the Fund have become paradigms of international cooperation. Indeed, we especially appreciate your efforts in carrying out a study of the Soviet economy that is unprecedented in its scope. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. And I pledge the continued support of the United States for a World Bank and IMF which so clearly advance our common struggle to improve the quality of life for all people everywhere.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to intensify their focus

on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. \\ Second, eradicating poverty must continue to be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in another important international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. These negotiations are one of the world's greatest economic opportunities of the decade. But much remains to be done.

The Round is not just a trade issue, it is a growth issue. And it's not just an exercise for bureaucrats in Geneva. The trade talks are the "last train leaving the station," and countries throughout the world must jump aboard. It can be the engine of economic growth that carries us into the 21st century.

The Round promises to remove barriers in four crucial areas, areas untouched in previous rounds: services, investment, intellectual property and agriculture. As a matter of fact, agricultural reform remains a major stumbling block. Indeed, it

threatens to bring down the rest of the Round.

We must let farmers compete with farmers, instead of farmers competing with the deep pockets of government treasuries. We need a successful resolution of the agricultural issues if we are to have an agreement.

If countries around the globe don't muster the political courage to face these tough issues in the time remaining, we will forfeit new markets for our businesses, impose higher prices on our consumers, and forgo new jobs and higher incomes for workers in all countries. \\\

Worst of all, we will endanger a vital, proven framework of international cooperation. A collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford as we forge a new partnership of nations against aggression in the Persian Gulf. \\\

I urge you to work actively within your governments to ensure success. And I urge my counterparts around the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring all the components of the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, President Eisenhower first appeared at an IMF/World Bank meeting. He spoke of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly remarkable. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

CHRISS - THIS IS AN ADVANCE, 3:00 9/17

BOOTLEG COPY

NATIONAL SECURITY COUNCIL

TIME STAMP

EXECUTIVE SECRETARIAT STAFFING DOCUMENT

FROM NSC.

RECEIVED

90 SEP 19 A 7: 42

SYSTEM LOG NUMBER:

7419

ACTION OFFICER:

Lundsager

DUE:

3 PM Today 9/19

Prepare Memo For Scowcroft/Gates

Appropriate Action

Prepare Memo For Cicconi

Prepare Memo for Sittmann

Prepare Memo Scowcroft

to Chriss Winston cc: Cicconi

CONCURRENCES/COMMENTS\*

PHONE\* to action officer at ext. \_\_\_\_\_

FYI

FYI

FYI

Barth

Johnson

Pryce

Basora

Kaeuper

Rademaker

Beers

Kanter

Rice

Blackwill

Kitchen

Rodman

Broome

LaMagna

Rostow

Burns

Lampley

Salvetti

Chamberlin

Levin

Tilley

Charles

Lundsager

Tobey

Coulson

Mandel

Van Eron

Davis

Melby

Watson

Deal

Menan

Welch

Dorminey

Merchant

Whitley

Dyke

Miller

Wilson

Fry

Needels

Working

Gaughan

O'Leary

Zelikow

Gordon

Ordway

\_\_\_\_\_

Haass

Paal

\_\_\_\_\_

Hayden

Pacelli

\_\_\_\_\_

Hutchings

Pilling

\_\_\_\_\_

Jackson

Popadiuk

\_\_\_\_\_

INFORMATION

Sittmann

Deputy Exec. Sec.

Exec. Sec. Desk

Scowcroft (advance)

Gates (advance)

Secretariat

COMMENTS

CRW#:

Logged By DAD

Return to Secretariat

**WHITE HOUSE STAFFING MEMORANDUM**

DATE: 09/18/90 ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 A.M. 09/20

SUBJECT: PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
(09/18 draft four)

|                      | ACTION FYI                          |                                     |            | ACTION                              | FYI                                 |
|----------------------|-------------------------------------|-------------------------------------|------------|-------------------------------------|-------------------------------------|
| VICE PRESIDENT       | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU               | <input type="checkbox"/>            | <input type="checkbox"/>            | NEWMAN     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <del>SCOWCROFT</del> | <input type="checkbox"/>            | <input type="checkbox"/>            | PORTER     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGICH     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| CARD                 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | UNTERMAYER | <input type="checkbox"/>            | <input type="checkbox"/>            |
| CICCONI              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | ROGERS     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| DEMAREST             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | PINKERTON  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | WINSTON    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| GRAY                 | <input type="checkbox"/>            | <input type="checkbox"/>            | BOSKIN     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| HAGIN                | <input type="checkbox"/>            | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HOLIDAY              | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |

**REMARKS:**

Please provide any comments/recommendations directly to Chriss Winston by 9:00 a.m. on Thursday, 09/20, with a copy to my office. Thanks.

**RESPONSE:**

James W. Cicconi  
Assistant to the President  
and Deputy to the Chief of Staff  
Ext. 2702

90 SEP 18 PM 6:55

McNally/Simon  
September 18, 1990  
Draft Four (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti. Mr. Camdessus. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year <sup>are</sup> have produced <sup>ing</sup> a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order. \\\

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces to meet the needs of their people. Change has not come easily. And many other approaches have been tried. But as I said last

year, at this same meeting:

**"The jury is no longer out. History has decided."** \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

**Governments by themselves cannot deliver prosperity.** \\\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man.

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to *achieve and sustain* [see] broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making decision-making more rational.

That process takes time. Economic adjustment is always difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened last week, Kuwait's newest refugees brought fresh tales of the cruelty and horror inflicted by the <sup>occupying</sup> [barbarous] forces <sup>of</sup> [unleashed by] Saddam Hussein.

on the Kuwaiti people  
and foreign nationals

*economic and political* And today, many other countries -- already facing painful transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees. ✓

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, your hardships are not being ignored.

**This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.**

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this crisis by providing a combination of policy advice and financial assistance. \\ **Because in this crisis, the political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\\**

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. **But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems.** \\\

Let me continue, more broadly, with my vision of the role of the United States -- and of a world economy we can all share.

First, we are committed to a United States which contributes to economic stability and growth. **And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit will be brought under control and reduced.** [[Last week's agreement ...]]

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, and by reducing debt owed to the United States government. In Eastern Europe, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, all these areas of progress have one important element in common -- the central role of the IMF and World Bank in helping bring about economic reforms. **Reform efforts can only be successful if the beneficiary countries carry through on their responsibilities. And that means deregulation,<sup>privatization</sup> sound macro-economic policies, and open borders for trade and investment.** ✓

This is why your work here in Washington this week is so

important. The international community looks to you to provide three-dimensional responses to a changing world. And for good reason. Your two institutions have evolved into powerful forces for promoting free markets.

The Fund and the Bank have been indispensable players in the economic transformation sweeping Eastern Europe, Latin America and other regions, through their support for economic reforms and their role in the debt strategy. **We also appreciate your efforts in carrying out the unprecedented study of the Soviet economy. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.**

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. The Fund and the Bank must be in a strong position to continue their encouragement of economic reforms and adjustment efforts.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to focus on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: **Environmental destruction knows no borders.** \\  
Second, poverty alleviation must continue to be a central mission

of the Bank. \ \ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in the other great post-war international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. But much remains to be

done. **Agricultural reform remains a major stumbling block.**

*Lasting reform is essential for developed and developing countries alike. It is the key*  
**Indeed, it threatens to bring down the rest of the Round.**

*to a successful Round which establishes new rules and opportunities for all countries.*

The Round is not just a trade issue, it is a growth issue.

It can be the engine of economic growth that carries us into the 21st century. It promises to remove barriers in three crucial areas, areas untouched in previous rounds: services, investment, and intellectual property. But if we fail to achieve an agreement, we will forfeit new markets for our businesses, force higher prices for our consumers, and block new jobs and higher incomes for our workers. \ \ \ in all our countries.

Worst of all, we will endanger a vital, proven framework of international cooperation. The collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford at a time when we are trying to forge a new partnership of nations, and when we are engaged in a great struggle against aggression in the Persian Gulf. \ \ \

Therefore, I urge you who to work actively within your governments to ensure success. And I urge my counterparts around

the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, he spoke about one of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly astounding. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPTEMBER 25, 1990  
3:00 P. M.

THANK YOU ALL VERY MUCH. AND THANKS ESPECIALLY TO  
MY GOOD FRIEND NICK BRADY -- FOR THOSE KIND WORDS --  
AND FOR THE OUTSTANDING JOB YOU'RE DOING AS OUR  
SECRETARY OF THE TREASURY.

CHAIRMAN SAITOTI [SI-TOE-TEE]. MR. CAMDESSUS  
[KAHM-DEH-SOO]. MY OLD FRIEND BARBER CONABLE. IT  
REALLY IS A PLEASURE TO BE BACK WITH YOU THIS YEAR, TO  
WELCOME YOU ALL TO WASHINGTON FOR THIS IMPORTANT WORK.

AND IT IS A PARTICULAR PLEASURE TODAY TO WELCOME  
THE NEW MEMBERS FROM BULGARIA, THE CZECH AND SLOVAK  
REPUBLIC, AND NAMIBIA, AND, OF COURSE, THE SPECIAL  
INVITEES FROM THE SOVIET UNION. YOUR PRESENCE HERE  
REMINDS US ALL OF HOW EVENTS OF THE PAST YEAR ARE  
PRODUCING A NEW PARTNERSHIP OF NATIONS -- A  
FUNDAMENTAL, INDEED INSPIRING CHANGE IN THE WORLD'S  
POLITICAL AND ECONOMIC ORDER.

THE MOVEMENT TOWARD DEMOCRATIC RULE -- ALREADY STRONG THROUGHOUT THE 1980'S -- ACCELERATED DURING WHAT I CALL THE REVOLUTION OF '89. THE RIGHTS OF THE INDIVIDUAL HAVE BEEN REAFFIRMED, WITH GREATER ADHERENCE TO THE RULE OF LAW.

THE FREEDOM TO CHOOSE POLITICAL LEADERS -- AND EVEN POLITICAL SYSTEMS -- HAS TRIUMPHED IN COUNTRIES THAT ONLY A YEAR AGO WERE RULED BY SINGLE-PARTY REGIMES. AND HAND-IN-HAND, NEW ECONOMIC FREEDOM HAS BEGUN TO EMERGE AS WELL.

TODAY, LEADERS AROUND THE WORLD ARE TURNING TO MARKET FORCES TO MEET THE NEEDS OF THEIR PEOPLE. OF COURSE, CHANGE HAS NOT COME EASILY. BUT AS I SAID LAST YEAR, AT THIS SAME MEETING:

"THE JURY IS NO LONGER OUT. HISTORY HAS DECIDED."

\\

AND TODAY, THE RESULTS OF THAT GLOBAL EXPERIMENT ARE UNMISTAKABLE. TODAY, THE CONSENSUS IS THIS:

**GOVERNMENTS BY THEMSELVES CANNOT DELIVER**  
**PROSPERITY. \\\**

RATHER, THE KEY TO ECONOMIC GROWTH IS SETTING INDIVIDUALS FREE -- FREE TO TAKE RISKS, FREE TO MAKE CHOICES, FREE TO USE THEIR INITIATIVE AND ABILITIES IN THE MARKETPLACE. WE ARE SEEING THIS, FOR EXAMPLE, IN THE RESTORATION OF PRIVATE OWNERSHIP IN COUNTRIES WHERE THE STATE ONCE CONTROLLED EVERY ASPECT OF ECONOMIC LIFE. AND FOR EFFICIENT PRODUCTION -- PRIVATE OWNERSHIP IS STILL THE MOST POWERFUL INCENTIVE KNOWN TO MAN. \\\

MATCHED BY THE REJUVENATION OF MARKETS, THE ABILITY TO MAKE INDIVIDUAL ECONOMIC CHOICES IS THE FASTEST, MOST EFFECTIVE WAY TO ACHIEVE AND SUSTAIN BROAD-BASED ECONOMIC GROWTH. AND THAT IS WHY LEADERS EVERYWHERE ARE UNDERTAKING DIFFICULT ECONOMIC REFORMS, BUILDING STRONGER, MORE VERSATILE PRIVATE SECTORS, IMPROVING EFFICIENCY, AND MAKING GOVERNMENTAL DECISION-MAKING MORE RATIONAL.

**THAT PROCESS TAKES TIME. ECONOMIC ADJUSTMENT IS OFTEN DIFFICULT. AND IN RECENT MONTHS, A NEW CHALLENGE HAS ARISEN WHICH COULD HINDER THIS PROCESS OF CHANGE: IRAQ'S ILLEGAL AND UNPROVOKED AGGRESSION AGAINST THE SOVEREIGN NATION OF KUWAIT.**

**CLEARLY, THE GREATEST HARM IS TO KUWAIT AND ITS PEOPLE. AND WHEN THE SAUDI BORDER WAS OPENED, KUWAIT'S NEWEST REFUGEES BROUGHT FRESH TALES OF THE CRUELTY AND HORROR INFLICTED ON THE KUWAITI PEOPLE AND FOREIGN NATIONALS BY THE OCCUPYING FORCES OF SADDAM HUSSEIN.**

**AND TODAY, OTHER COUNTRIES -- ALREADY FACING PAINFUL ECONOMIC AND POLITICAL TRANSFORMATIONS -- MUST NOW DEAL WITH ADDED HARDSHIPS. SERIOUS CHALLENGES HAVE EMERGED FOR COUNTRIES ROCKED BY UNPREDICTABLE TIDES IN THE FLOW OF OIL, TRADE, DISPLACED WORKERS, AND REFUGEES.**

THIS STAGGERING BURDEN, WHICH IS PRESSING UPON THESE MOST SERIOUSLY AFFECTED COUNTRIES, CALLS FOR A GENEROUS RESPONSE FROM THE WORLD COMMUNITY. TOWARD THAT END, WE HAVE ALREADY BEGUN TO MOBILIZE FINANCIAL RESOURCES FOR THE FRONT-LINE STATES AND TO ENSURE RESPONSIBLE SHARING AMONG CREDITORS. THE INITIAL RESPONSE TO THAT EFFORT HAS BEEN IMPRESSIVE. NOW, IN ORDER TO TRANSFORM COMMITMENTS INTO CONCRETE CONTRIBUTIONS, I AM PLEASED TO ANNOUNCE THE FORMATION OF A GULF CRISIS FINANCIAL COORDINATION GROUP, UNDER THE CHAIRMANSHIP OF TREASURY SECRETARY BRADY, WITH THE AIM OF ACHIEVING EFFECTIVE, TIMELY AND SUSTAINED FINANCIAL SUPPORT TO THESE MOST SERIOUSLY AFFECTED COUNTRIES.

BUT LET US NOT FORGET AN EVEN LARGER GROUP OF COUNTRIES REPRESENTED HERE WILL SUFFER FROM HIGHER OIL PRICES AND OTHER ECONOMIC DISLOCATIONS.

WHILE WORLD ATTENTION HAS RIGHTLY FOCUSED ON THOSE COUNTRIES CLOSEST TO THE SITUATION AND BEARING THE HEAVIEST ECONOMIC BURDEN, I CAN TELL YOU THAT THE REST OF THE WORLD IS CERTAINLY NOT FORGOTTEN, AND NEVER WILL BE.

**THIS GATHERING OF WORLD FINANCIAL LEADERS GIVES US AN OPPORTUNITY TO DISCUSS HOW WE CAN WORK TOGETHER TO ADDRESS THE SPECIAL FINANCIAL BURDEN OF THIS CRISIS -- AND DO SO IN A WAY THAT WILL SUSTAIN THE DRAMATIC, WORLDWIDE TRANSITION TO FREE MARKETS.**

**THE I.M.F. AND WORLD BANK -- GIVEN THEIR CENTRAL ROLE IN THE WORLD ECONOMY -- ARE KEY TO HELPING ALL OF US THROUGH THIS SITUATION BY PROVIDING A COMBINATION OF POLICY ADVICE AND FINANCIAL ASSISTANCE. \\ THE POLITICAL LEADERSHIP OF THE U.N. MUST BE MATCHED BY THE ECONOMIC LEADERSHIP OF THE I.M.F. AND THE WORLD BANK.**

**\\ \\ \\**

**SECRETARY BRADY WILL BE MAKING SOME SPECIFIC SUGGESTIONS IN HIS REMARKS FOR POSSIBLE MEANS OF UTILIZING CURRENT I.M.F. AND WORLD BANK PROGRAMS MORE EFFECTIVELY. BUT LET ME SAY IT AGAIN: WE ARE DETERMINED NOT TO ALLOW THE BRUTAL BEHAVIOR OF ONE AGGRESSOR TO UNDERMINE THE HISTORIC PROCESS OF DEMOCRATIC CHANGE -- OR TO DERAIL THE MOVEMENT TOWARDS MARKET-ORIENTED ECONOMIC SYSTEMS.**

LET ME CONTINUE, MORE BROADLY, WITH A VISION OF THE ROLE OF THE UNITED STATES -- AND OF A WORLD ECONOMY WE CAN ALL SHARE.

FIRST, WE BELIEVE THAT THE UNITED STATES SHOULD CONTRIBUTES TO ECONOMIC STABILITY AND GROWTH. AND PERHAPS THE GREATEST CONTRIBUTION THE UNITED STATES CAN MAKE TO THE HEALTH OF THE INTERNATIONAL ECONOMY IS TO GET OUR OWN HOUSE IN ORDER. OUR BUDGET DEFICIT MUST BE BROUGHT UNDER CONTROL AND REDUCED.

SECOND, THE UNITED STATES IS STRONGLY COMMITTED TO PROMOTING DEVELOPMENT AND GROWTH IN THE NEWLY EMERGING DEMOCRACIES OF LATIN AMERICA, CENTRAL AND EASTERN EUROPE, AFRICA AND ASIA. WE'RE WORKING IN ALL FOUR REGIONS TO EASE DEBT BURDENS UNDER THE BRADY PLAN. IN THIS HEMISPHERE, WHERE DEBT OVERHANG IMPEDES PROGRESS, WE ANNOUNCED THE ENTERPRISE FOR THE AMERICAS INITIATIVE TO PROMOTE ECONOMIC GROWTH BY EXPANDING TRADE AND INVESTMENT, TO REDUCE DEBT OWED TO THE UNITED STATES GOVERNMENT, AND TO PROVIDE FUNDS FOR NEEDED LOCAL ENVIRONMENTAL PROJECTS. IN EASTERN EUROPE, WHERE MASSIVE RESTRUCTURING IS NEEDED, WE ARE WORKING WITH OTHER NATIONS TO PROVIDE BILLIONS OF DOLLARS IN ASSISTANCE TO THE NEWLY EMERGING DEMOCRACIES. AND IN AFRICA, WHERE UNDERDEVELOPMENT HANGS ON SO STUBBORNLY, MANY OF THE LOWEST-INCOME COUNTRIES HAVE ALREADY BENEFITTED FROM REDUCTIONS IN DEBT OWED TO THE U.S.

///

**THIRD, THE UNITED STATES IS COMMITTED TO THE CENTRAL ROLE OF THE I.M.F. AND WORLD BANK IN HELPING BRING ABOUT ECONOMIC REFORMS. REFORM EFFORTS CAN ONLY BE SUCCESSFUL IF COUNTRIES CARRY THROUGH ON THEIR RESPONSIBILITIES. AND THAT MEANS REFORM AND PRIVATIZATION, SOUND MACRO-ECONOMIC AND STRUCTURAL POLICIES, AND OPEN BORDERS FOR TRADE AND INVESTMENT.**

THIS IS WHY YOUR WORK HERE IN WASHINGTON THIS WEEK IS SO IMPORTANT. FOR MORE THAN 40 YEARS, THE FUND AND THE BANK HAVE BEEN QUIETLY ENLISTING THE TALENTS AND THE ENERGIES OF THE DEVELOPED AND DEVELOPING WORLD IN A GLOBAL STRUGGLE AGAINST POVERTY. AND TODAY, IN A WORLD WHERE IDEOLOGY NO LONGER CONFRONTS, AND BIG-POWER BLOCS NO LONGER DIVIDE, THE BANK AND THE FUND HAVE BECOME PARADIGMS OF INTERNATIONAL COOPERATION. INDEED, WE ESPECIALLY APPRECIATE YOUR EFFORTS IN CARRYING OUT A STUDY OF THE SOVIET ECONOMY THAT IS UNPRECEDENTED IN ITS SCOPE. THIS STUDY WILL PRODUCE RECOMMENDATIONS FOR ECONOMIC, FINANCIAL, AND STRUCTURAL REFORM.

AS THE COMING WEEK UNFOLDS, PART OF YOUR TASK WILL ALSO BE TO PLAN FOR THE FUTURE OF YOUR TWO GREAT INSTITUTIONS. AND I PLEDGE THE CONTINUED SUPPORT OF THE UNITED STATES FOR A WORLD BANK AND I.M.F. WHICH SO CLEARLY ADVANCE OUR COMMON STRUGGLE TO IMPROVE THE QUALITY OF LIFE FOR ALL PEOPLE EVERYWHERE.

FOR THIS REASON, WE STRONGLY SUPPORT THE I.M.F. QUOTA INCREASE AND THE STRENGTHENING OF THE I.M.F. ARREARS POLICY. AND WE WOULD ALSO LIKE TO CHALLENGE BOTH INSTITUTIONS TO INTENSIFY THEIR FOCUS ON BUILDING DYNAMIC PRIVATE SECTORS IN MEMBER COUNTRIES -- ONE OF THE MOST IMPORTANT STIMULANTS FOR ENERGIZING THESE NEW MARKET ECONOMIES.

AND WE WOULD ALSO ASK THE WORLD BANK TO PLACE A HIGH PRIORITY ON THREE OTHER ISSUES VITAL TO SOUND AND SUSTAINED GROWTH. FIRST IS PROTECTING THE ENVIRONMENT. AS I SAID HERE LAST YEAR: ENVIRONMENTAL DESTRUCTION KNOWS NO BORDERS. \ \ SECOND, ERADICATING POVERTY MUST CONTINUE TO BE A CENTRAL MISSION OF THE BANK. \ \ AND THIRD, WE STRONGLY SUPPORT GREATER EFFORTS TO INTEGRATE WOMEN INTO THE DEVELOPMENTAL PROCESS.

WASHINGTON  
FINALLY, AS WE PLAN FOR THE FUTURE, WE MUST WORK  
TOGETHER FOR SUCCESS IN ANOTHER IMPORTANT INTERNATIONAL  
ECONOMIC INSTITUTION -- THE GATT.

AS WE MEET TODAY, LESS THAN 70 DAYS REMAIN IN THE  
FOUR-YEAR URUGUAY ROUND OF GLOBAL TRADE TALKS. LASTING  
REFORM IS ESSENTIAL FOR DEVELOPED AND DEVELOPING  
COUNTRIES ALIKE. IT IS THE KEY TO A SUCCESSFUL ROUND  
WHICH ESTABLISHES NEW RULES AND OPPORTUNITIES FOR ALL  
COUNTRIES. THESE NEGOTIATIONS ARE ONE OF THE WORLD'S  
GREATEST ECONOMIC OPPORTUNITIES OF THE DECADE. BUT  
MUCH REMAINS TO BE DONE.

THE ROUND IS NOT JUST A TRADE ISSUE, IT IS A  
GROWTH ISSUE. AND IT'S NOT JUST AN EXERCISE FOR  
BUREAUCRATS IN GENEVA. THE TRADE TALKS ARE THE "LAST  
TRAIN LEAVING THE STATION," AND COUNTRIES THROUGHOUT  
THE WORLD MUST JUMP ABOARD. IT CAN BE THE ENGINE OF  
ECONOMIC GROWTH THAT CARRIES US INTO THE 21ST CENTURY.

McNally/Simon  
September 21, 1990  
Draft Five (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [si-TOE-tee]. Mr. Camdessus [KAHM-deh-soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the new members from Bulgaria, the Czech and Slovak Republic, and Namibia, and, of course, the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year are producing a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces

to meet the needs of their people. Of course, change has not come easily. But as I said last year, at this same meeting:

**"The jury is no longer out. History has decided."** \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

**Governments by themselves cannot deliver prosperity.** \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to make choices, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man. \\\

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to achieve and sustain broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making governmental decision-making more rational.

That process takes time. Economic adjustment is often difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened, Kuwait's newest refugees

brought fresh tales of the cruelty and horror inflicted on the Kuwaiti people and foreign nationals by the occupying forces of Saddam Hussein.

And today, other countries -- already facing painful economic and political transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees.

This staggering burden, which is pressing upon these most seriously affected countries, calls for a generous response from the world community. Toward that end, we have already begun to mobilize financial resources for the front-line states and to ensure responsible sharing among creditors. The initial response to that effort has been impressive. Now, in order to transform commitments into concrete contributions, I am pleased to announce the formation of a Gulf Crisis Financial Coordination Group, which will meet tomorrow under U.S. Chairmanship with the aim of achieving effective, timely and sustained financial support to these most seriously affected countries.

But let us not forget an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the world is certainly not forgotten, and never will be.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The I.M.F. and World Bank -- given their central role in the world economy -- are key to helping all of us through this situation by providing a combination of policy advice and financial assistance. \\ The political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current I.M.F. and World Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market-oriented economic systems.

Let me continue, more broadly, with a vision of the role of the United States -- and of a world economy we can all share.

First, we believe that the United States should contribute to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit must be brought under control and reduced.

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin

America, Central and Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, where debt overhang impedes progress, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, to reduce debt owed to the United States government, and to provide funds for needed local environmental projects. In Eastern Europe, where massive restructuring is needed, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, where underdevelopment hangs on so stubbornly, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, the United States is committed to the central role of the I.M.F. and World Bank in helping bring about economic reforms. Reform efforts can only be successful if countries carry through on their responsibilities. And that means deregulatory reform and privatization, sound macro-economic and structural policies, and open borders for trade and investment.

This is why your work here in Washington this week is so important. For more than 40 years, the Fund and the Bank have been quietly enlisting the talents and the energies of the developed and developing world in a global struggle against poverty. And today, in a world where ideology no longer confronts, and big-power blocs no longer divide, the Bank and the Fund have become paradigms of international cooperation. Indeed,

we especially appreciate your efforts in carrying out a study of the Soviet economy that is unprecedented in its scope. This study will produce recommendations for economic, financial, and structural reform.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. And I pledge the continued support of the United States for a World Bank and I.M.F. which so clearly advance our common struggle to improve the quality of life for all people everywhere.

For this reason, we strongly support the I.M.F. quota increase and the strengthening of the I.M.F. arrears policy. And we would also like to challenge both institutions to intensify their focus on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. \\ Second, eradicating poverty must continue to be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in another important international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. Lasting reform is essential for developed and developing countries alike. It is the key to a successful Round which establishes new rules and opportunities for all countries. These negotiations are one of the world's greatest economic opportunities of the decade. But much remains to be done.

The Round is not just a trade issue, it is a growth issue. And it's not just an exercise for bureaucrats in Geneva. The trade talks are the "last train leaving the station," and countries throughout the world must jump aboard. It can be the engine of economic growth that carries us into the 21st century.

The Round promises to remove barriers in four crucial areas, areas untouched in previous rounds: services, investment, intellectual property and agriculture. As a matter of fact, agricultural reform remains a major stumbling block. Indeed, it threatens to bring down the rest of the Round.

We must let farmers compete with farmers, instead of farmers competing with the deep pockets of government treasuries. We need a successful resolution of the agricultural issues if we are to have an agreement.

If countries around the globe don't muster the political courage to face these tough issues in the time remaining, we will forfeit new markets for our businesses, impose higher prices on

*NSC comments from Meg Lundsager  
after POTUS approval*

McNally/Simon  
September 21, 1990  
Draft Five (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M. *2:45pm*

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [si-TOE-tee]. Mr. Camdessus [KAHN<sup>M</sup>-deh-soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work. *the Czech and slovak Republic*

And it is a particular pleasure today to welcome the new members from Bulgaria, *Czech and slovak Republic* [Czechoslovakia] and Namibia, and, of

*9-0242  
old Bank* course, the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year are producing a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces

to meet the needs of their people. Of course, change has not come easily. But as I said last year, at this same meeting:

"The jury is no longer out. History has decided." \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to make choices, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man. \\\

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to achieve and sustain broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making governmental decision-making more rational.

That process takes time. Economic adjustment is often difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened, Kuwait's newest refugees

Insert on page three, after first full paragraph ending with "refugees":

Insert (A)

This staggering burden, which is pressing upon these most seriously affected countries, calls for a generous response from the world community. Toward that end, we have already begun to mobilize financial resources for the front-line states and to ensure responsible sharing among creditors. The initial response to that effort has been impressive. Now, in order to transform commitments into concrete contributions, I am pleased to announce the formation of a Gulf Crisis Financial Coordination Group, which will meet tomorrow under U.S. Chairmanship with the aim of achieving effective, timely and sustained financial support to these most seriously affected countries.

But, let us not forget that an even larger . . .

Scowcroft - not seen

David Mulford  
Undersecretary  
of the  
Treasury

who will  
announce  
chair (i.e.)  
Nick Brady?  
(?)

EMM notes:  
Can we

brought fresh tales of the cruelty and horror inflicted on the Kuwaiti people and foreign nationals by the occupying forces of Saddam Hussein.

And today, ~~many~~ other countries -- already facing painful economic and political transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees. X INSERT (A)

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is certainly not forgotten, and never will be.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this situation by providing a combination of policy advice and financial assistance. \\ The political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World

Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market-oriented economic systems.

Let me continue, more broadly, with a vision of the role of the United States -- and of a world economy we can all share.

First, we believe that the United States should contribute to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit must be brought under control and reduced.

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Central and Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, where debt overhang impedes progress, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, to reduce debt owed to the United States government, and to provide funds for needed local environmental projects. In Eastern Europe, where massive restructuring is needed, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, where underdevelopment hangs on so stubbornly, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, the United States is committed to the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if countries carry through on their responsibilities. And that means deregulatory reform and privatization, sound macro-economic and structural policies, and open borders for trade and investment.

This is why your work here in Washington this week is so important. For <sup>more than forty</sup> ~~almost fifty~~ years, the Fund and the Bank have been quietly enlisting the talents and the energies of the developed and developing world in a global struggle against poverty. And today, in a world where ideology no longer confronts, and big-power blocs no longer divide, the Bank and the Fund have become paradigms of international cooperation. Indeed, we especially appreciate your efforts in carrying out a study of the Soviet economy that is unprecedented in its scope. This study will produce recommendations for economic, financial, and structural reform, [and will establish criteria under which Western assistance could support such reform.]

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. And I pledge the continued support of the United States for a World Bank and IMF which so clearly advance our common struggle to improve the quality of life for all people everywhere.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to intensify their focus

on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. \\ Second, eradicating poverty must continue to be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in another important international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. These negotiations are one of the world's greatest economic opportunities of the decade. But much remains to be done.

The Round is not just a trade issue, it is a growth issue. And it's not just an exercise for bureaucrats in Geneva. The trade talks are the "last train leaving the station," and countries throughout the world must jump aboard. It can be the engine of economic growth that carries us into the 21st century.

The Round promises to remove barriers in four crucial areas, areas untouched in previous rounds: services, investment, intellectual property and agriculture. As a matter of fact, agricultural reform remains a major stumbling block. Indeed, it

threatens to bring down the rest of the Round.

We must let farmers compete with farmers, instead of farmers competing with the deep pockets of government treasuries. We need a successful resolution of the agricultural issues if we are to have an agreement.

If countries around the globe don't muster the political courage to face these tough issues in the time remaining, we will forfeit new markets for our businesses, impose higher prices on our consumers, and forgo new jobs and higher incomes for workers in all countries. \\\

Worst of all, we will endanger a vital, proven framework of international cooperation. A collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford as we forge a new partnership of nations against aggression in the Persian Gulf. \\\

I urge you to work actively within your governments to ensure success. And I urge my counterparts around the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring all the components of the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, President Eisenhower first appeared at an IMF/World Bank meeting. He spoke of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly remarkable. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

THE WHITE HOUSE  
WASHINGTON

September 21, 1990

INFORMATION

NATIONAL SECURITY COUNCIL



September 24, 1990

TO: ED MCNALLY  
FROM: MEG LUNDSAGER

See attached comments on IMF/World Bank  
speech.

MEETING

I will address  
International  
Connecticut  
3,500 bankers  
the world. You

we were prepared  
resident Barber  
de  
's office and

to the  
atch the  
leadership;  
rugay Round

McNally/Simon  
September 21, 1990  
Draft Five (B:IMF)

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti [si-TOE-tee]. Mr. Camdessus [KAHN-deh-soo]. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work. *the Czech and slovak Republic*

And it is a particular pleasure today to welcome the new members from Bulgaria, *Czech and slovak Republic* [Czechoslovakia], and Namibia, and, of

*59-0242*  
*World Bank*  
course, the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year are producing a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order.

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces

to meet the needs of their people. Of course, change has not come easily. But as I said last year, at this same meeting:

"The jury is no longer out. History has decided." \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to make choices, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man. \\\

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to achieve and sustain broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making governmental decision-making more rational.

That process takes time. Economic adjustment is often difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened, Kuwait's newest refugees

Insert on page three, after first full paragraph ending with "refugees":

This staggering burden, which is pressing upon these most seriously affected countries, calls for a generous response from the world community. Toward that end, we have already begun to mobilize financial resources for the front-line states and to ensure responsible sharing among creditors. The initial response to that effort has been impressive. Now, in order to transform commitments into concrete contributions, I am pleased to announce the formation of a Gulf Crisis Financial Coordination Group, which will meet tomorrow under U.S. Chairmanship with the aim of achieving effective, timely and sustained financial support to these most seriously affected countries.

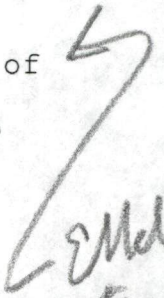
But, let us not forget that an even larger . . .

*Scowcroft - not seen*

*David Mulford  
Undersecretary  
of the  
Treasury*

*announce  
who  
chair (i.e.)  
Nick Brady?  
(?)*

*EMH  
notes:  
Can we*



brought fresh tales of the cruelty and horror inflicted on the Kuwaiti people and foreign nationals by the occupying forces of Saddam Hussein.

And today, ~~many~~ other countries -- already facing painful economic and political transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees. X

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the ~~developing~~ world is certainly not forgotten, and never will be.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this situation by providing a combination of policy advice and financial assistance. \\ The political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World

Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market-oriented economic systems.

Let me continue, more broadly, with a vision of the role of the United States -- and of a world economy we can all share.

First, we believe that the United States should contribute to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit must be brought under control and reduced.

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Central and Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, where debt overhang impedes progress, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, to reduce debt owed to the United States government, and to provide funds for needed local environmental projects. In Eastern Europe, where massive restructuring is needed, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, where underdevelopment hangs on so stubbornly, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, the United States is committed to the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if countries carry through on their responsibilities. And that means deregulatory reform and privatization, sound macro-economic and structural policies, and open borders for trade and investment.

This is why your work here in Washington this week is so important. For <sup>more than forty</sup> ~~almost fifty~~ years, the Fund and the Bank have been quietly enlisting the talents and the energies of the developed and developing world in a global struggle against poverty. And today, in a world where ideology no longer confronts, and big-power blocs no longer divide, the Bank and the Fund have become paradigms of international cooperation. Indeed, we especially appreciate your efforts in carrying out a study of the Soviet economy that is unprecedented in its scope. This study will produce recommendations for economic, financial, and structural reform, [and will establish criteria under which Western assistance could support such reform.]

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. And I pledge the continued support of the United States for a World Bank and IMF which so clearly advance our common struggle to improve the quality of life for all people everywhere.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to intensify their focus

on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. \\ Second, eradicating poverty must continue to be a central mission of the Bank. \\ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in another important international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. These negotiations are one of the world's greatest economic opportunities of the decade. But much remains to be done.

The Round is not just a trade issue, it is a growth issue. And it's not just an exercise for bureaucrats in Geneva. The trade talks are the "last train leaving the station," and countries throughout the world must jump aboard. It can be the engine of economic growth that carries us into the 21st century.

The Round promises to remove barriers in four crucial areas, areas untouched in previous rounds: services, investment, intellectual property and agriculture. As a matter of fact, agricultural reform remains a major stumbling block. Indeed, it

threatens to bring down the rest of the Round.

We must let farmers compete with farmers, instead of farmers competing with the deep pockets of government treasuries. We need a successful resolution of the agricultural issues if we are to have an agreement.

If countries around the globe don't muster the political courage to face these tough issues in the time remaining, we will forfeit new markets for our businesses, impose higher prices on our consumers, and forgo new jobs and higher incomes for workers in all countries. \\\

Worst of all, we will endanger a vital, proven framework of international cooperation. A collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford as we forge a new partnership of nations against aggression in the Persian Gulf. \\\

I urge you to work actively within your governments to ensure success. And I urge my counterparts around the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring all the components of the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, President Eisenhower first appeared at an IMF/World Bank meeting. He spoke of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly remarkable. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 09/18/90 ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 A.M. 09/20

SUBJECT: PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
(09/18 draft four)

|                    | ACTION FYI                          |                                     |                             | ACTION                              | FYI                                 |
|--------------------|-------------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| VICE PRESIDENT     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU             | <input type="checkbox"/>            | <input type="checkbox"/>            | NEWMAN                      | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | PORTER                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGICH                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| CARD               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | UNTERMAYER                  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| CICCONI            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>ROGERS</u>               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| DEMAREST           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <u>PINKERTON</u>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>WINSTON</u>              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| GRAY               | <input type="checkbox"/>            | <input type="checkbox"/>            | <u>BOSKIN</u>               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| HAGIN              | <input type="checkbox"/>            | <input type="checkbox"/>            | <u>                    </u> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <del>HOLIDAY</del> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <u>                    </u> | <input type="checkbox"/>            | <input type="checkbox"/>            |

**REMARKS:**

Please provide any comments/recommendations directly to Chriss Winston by 9:00 a.m. on Thursday, 09/20, with a copy to my office. Thanks.

**RESPONSE:**

*See Comments. Thanks.  
 Holly Williamson  
 9-20-90*

**James W. Cicconi**  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

McNally/Simon  
September 18, 1990  
Draft Four (B:IMF)

90 SEP 18 PM 6:55

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti. Mr. Camdessus. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

✓ (Treasury)  
You should welcome new members: Czech + Slovak Federal Republic, Bulgaria + Namibia. (They may not actually be members yet, but will be very shortly.)

And it is a particular pleasure today to welcome the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year have produced a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order. \\\

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces to meet the needs of their people. Change has not come easily. And many other approaches have been tried. But as I said last

year, at this same meeting:

**"The jury is no longer out. History has decided."** \\\

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

**Governments by themselves cannot deliver prosperity.** \\\

Rather, the key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership is still the most powerful incentive known to Man.

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to see broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making decision-making more rational.

That process takes time. Economic adjustment is <sup>often</sup> ~~always~~ <sup>(Commerce)</sup> difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened ~~last week~~, <sup>(Treasury)</sup> Kuwait's newest refugees brought fresh tales of the cruelty and horror inflicted by the barbarous forces unleashed by Saddam Hussein.

And today, many other countries -- already facing painful transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, your hardships are not being ignored.

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this crisis by providing a combination of policy advice and financial assistance. \\ Because in this crisis, the political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. \\\

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems. \\\

Let me continue, more broadly, with my vision of the role of the United States -- and of a world economy we can all share.

**First**, we are committed to a United States which contributes to economic stability and growth. **And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit will be brought under control and reduced.** [[Last week's agreement ...]]

**Second**, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, ~~and by reducing~~ <sup>to reduce</sup> debt owed to the United States government. In Eastern Europe, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. |||

**Third**, ~~all these areas of progress have one important element in common~~ <sup>the United States is committed to</sup> the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if ~~the beneficiary countries~~ <sup>and structural</sup> carry through on their responsibilities. And that means deregulation, sound macro-economic policies, and open borders for trade and investment.

This is why your work here in Washington this week is so

McLobby:  
But don't we  
want to give  
some credit  
to IMF/WB

COCA

✓ (Treasury + OCA)  
\* See insert below.

✓ (Treasury)  
This is bilateral  
+ lingo.  
✓ (Treasury)

\* insert: and to provide funds for needed local environmental projects. (If not appropriate here, (This could be moved to the environmental plug on page 5.)

important. The international community looks to you to provide three-dimensional responses to a changing world. And for good reason. Your two institutions have evolved into powerful forces for promoting free markets.

✓  
Treasury & Commerce)  
? confusing term.  
Suggested language by Commerce: "appropriate policy..."

The Fund and the Bank have been indispensable players in the economic transformation sweeping Eastern Europe, Latin America and other regions, through their support for economic reforms and their role in the debt strategy. We also appreciate your efforts in carrying out the unprecedented study of the Soviet economy. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.

✓  
(OCA)

~~As the coming week unfolds,~~ <sup>this week's</sup> part of your task ~~will~~ also be to plan for the future of your two great institutions. The Fund and the Bank must be in a strong position to continue their encouragement of economic reforms and adjustment efforts.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to <sup>intensify their</sup> focus on building <sup>(Treasury)</sup> dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: (Environmental destruction knows no borders.) ||

How? We've repeated this line dozens of times! -Muller

Second, poverty alleviation must continue to be a central mission

*this will need to be revised (or struck possibly) depending on several factors that should be resolved by Friday. Please call me before anything is finalized. We will get information to you ASAP. Thanks*

✓  
(OCA)

✓ (Treasury)  
The IMF must also play a  
role in addressing environmental concerns  
& mitigating the effects of poverty.

6

of the Bank. || And third, we strongly support greater efforts  
to integrate women into the developmental process.

Finally, as we plan for the future, we must work together  
for success in the other great post-war international economic  
institution -- the GATT.

As we meet today, less than 70 days remain in the four-year  
Uruguay Round of global trade talks. But much remains to be  
done. Agricultural reform remains a major stumbling block.  
Indeed, it threatens to bring down the rest of the Round.

The Round is not just a trade issue, it is a growth issue.  
It can be the engine of economic growth that carries us into the  
21st century. It promises to remove barriers in three crucial  
areas, areas untouched in previous rounds: services, investment,  
and intellectual property. But if we fail to achieve an  
agreement, we will forfeit new markets for our businesses,  
force higher prices for our consumers, and block new jobs and  
higher incomes for our workers. |||

Worst of all, we will endanger a vital, proven framework of  
international cooperation. The collapse of the Round will  
inevitably encourage increased protectionist pressure and  
political instability. That is something we can ill afford at a  
time when we are trying to forge a new partnership of nations,  
and when we are engaged in a great struggle against aggression in  
the Persian Gulf. |||

Therefore, I urge you ~~who~~ to work actively within your  
governments to ensure success. And I urge my counterparts around

✓ (Agriculture)  
See suggested  
changes on  
next page.  
OCA recommends  
Ag's insert.

the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, he spoke about one of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly astounding. And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

# # #

Document No. 175549

### WHITE HOUSE STAFFING MEMORANDUM

DATE: 09/18/90 ACTION/CONCURRENCE/COMMENT DUE BY: 9:00 A.M. 09/20

SUBJECT: PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
(09/18 draft four)

|                | ACTION FYI                          |                                     |                  | ACTION FYI                          |                                     |
|----------------|-------------------------------------|-------------------------------------|------------------|-------------------------------------|-------------------------------------|
| VICE PRESIDENT | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU         | <input type="checkbox"/>            | <input type="checkbox"/>            | NEWMAN           | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | PORTER           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGICH           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| CARD           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | UNTERMAYER       | <input type="checkbox"/>            | <input type="checkbox"/>            |
| CICCONI        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | ROGERS           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| DEMAREST       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <u>PINKERTON</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>WINSTON</u>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| GRAY           | <input type="checkbox"/>            | <input type="checkbox"/>            | <u>BOSKIN</u>    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| HAGIN          | <input type="checkbox"/>            | <input type="checkbox"/>            | _____            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HOLIDAY        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | _____            | <input type="checkbox"/>            | <input type="checkbox"/>            |

REMARKS:

Please provide any comments/recommendations directly to Chriss Winston by 9:00 a.m. on Thursday, 09/20, with a copy to my office. Thanks.

RESPONSE:

*See comments*

James W. Cicconi  
Assistant to the President  
and Deputy to the Chief of Staff  
Ext. 2702

McNally/Simon  
September 18, 1990  
Draft Four (B:IMF)

90 SEP 18 PM 6:55

PRESIDENTIAL REMARKS: 1990 IMF/WORLD BANK ANNUAL MEETING  
SHERATON WASHINGTON HOTEL  
TUESDAY, SEPT. 25, 1990, 9:30 A.M.

Thank you all very much. And thanks especially to my good friend Nick Brady -- for those kind words -- and for the outstanding job you're doing as our Secretary of the Treasury.

Chairman Saitoti. Mr. Camdessus. My old friend Barber Conable. It really is a pleasure to be back with you this year, to welcome you all to Washington for this important work.

And it is a particular pleasure today to welcome the special invitees from the Soviet Union. Your presence here reminds us all of how events of the past year have produced a new partnership of nations -- a fundamental, indeed inspiring change in the world's political and economic order. |||

The movement toward democratic rule -- already strong throughout the 1980's -- accelerated during what I call the Revolution of '89. The rights of the individual have been reaffirmed, with greater adherence to the rule of law.

The freedom to choose political leaders -- and even political systems -- has triumphed in countries that only a year ago were ruled by single-party regimes. And hand-in-hand, new economic freedom has begun to emerge as well.

Today, leaders around the world are turning to market forces to meet the needs of their people. <sup>Of course,</sup> Change has not come easily.

~~And many other approaches have been tried.~~ But as I said last

2

year, at this same meeting:

"The jury is no longer out. History has decided." |||

And today, the results of that global experiment are unmistakable. Today, the consensus is this:

Governments by themselves cannot deliver prosperity. ||||

Rather, the key to economic growth is setting individuals free -- free to take risks, free to use their initiative and abilities in the marketplace. We are seeing this, for example, in the restoration of private ownership in countries where the state once controlled every aspect of economic life. And for efficient production -- private ownership <sup>and personal individual initiative</sup> is still the most powerful incentive known to Man.

Matched by the rejuvenation of markets, the ability to make individual economic choices is the fastest, most effective way to see broad-based economic growth. And that is why leaders everywhere are undertaking difficult economic reforms, building stronger, more versatile private sectors, improving efficiency, and making decision-making more rational.

That process takes time. Economic adjustment is always difficult. And in recent months, a new challenge has arisen which could hinder this process of change: Iraq's illegal and unprovoked aggression against the sovereign nation of Kuwait.

Clearly, the greatest harm is to Kuwait and its people. And when the Saudi border was opened last week, Kuwait's newest refugees brought fresh tales of the cruelty and horror inflicted by the <sup>occupation army</sup> ~~barbarous forces~~ unleashed by Saddam Hussein.

3

And today, many other countries -- already facing painful transformations -- must now deal with added hardships. Serious challenges have emerged for countries rocked by unpredictable tides in the flow of oil, trade, displaced workers, and refugees.

And an even larger group of countries represented here will suffer from higher oil prices and other economic dislocations.

While world attention has rightly focused on those countries closest to the situation and bearing the heaviest economic burden, I can tell you that the rest of the developing world is not forgotten, ~~and never will be~~ ~~your hardships are not being ignored.~~

This gathering of world financial leaders gives us an opportunity to discuss how we can work together to address the special financial burden of this crisis -- and do so in a way that will sustain the dramatic, worldwide transition to free markets.

The IMF and World Bank -- given their central role in the world economy -- are key to helping all of us through this crisis by providing a combination of policy advice and financial assistance. // Because in this crisis, the political leadership of the U.N. must be matched by the economic leadership of the I.M.F. and the World Bank. ////

Secretary Brady will be making some specific suggestions in his remarks for possible means of utilizing current IMF and World Bank programs more effectively. But let me say it again: We are determined not to allow the brutal behavior of one aggressor to undermine the historic process of democratic change -- or to derail the movement towards market economic systems. ///

*we are using the word too much*

4

Let me continue, more broadly, with <sup>a</sup> ~~my~~ vision of the role of the United States -- and of a world economy we can all share.

First, we ~~are committed to a~~ <sup>believe that we</sup> United States <sup>should</sup> which contribute to economic stability and growth. And perhaps the greatest contribution the United States can make to the health of the international economy is to get our own house in order. Our budget deficit will be brought under control and reduced. [[Last week's agreement ...]]

Second, the United States is strongly committed to promoting development and growth in the newly emerging democracies of Latin America, Eastern Europe, Africa and Asia. We're working in all four regions to ease debt burdens under the Brady Plan. In this hemisphere, we announced the Enterprise for the Americas Initiative to promote economic growth by expanding trade and investment, and by reducing debt owed to the United States government. In Eastern Europe, we are working with other nations to provide billions of dollars in assistance to the newly emerging democracies. And in Africa, many of the lowest-income countries have already benefitted from reductions in debt owed to the U.S. \\\

Third, all these areas of progress have one important element in common -- the central role of the IMF and World Bank in helping bring about economic reforms. Reform efforts can only be successful if the beneficiary countries carry through on their responsibilities. And that means ~~deregulation~~ <sup>reform,</sup> sound macro-economic policies, and open borders for trade and investment.

This is why your work here in Washington this week is so

5

important. The international community looks to you to provide three-dimensional responses to a changing world. And for good reason. Your two institutions have evolved into powerful forces for promoting free markets.

The Fund and the Bank have been indispensable players in the economic transformation sweeping Eastern Europe, Latin America and other regions, through their support for economic reforms and their role in the debt strategy. We also appreciate your efforts in carrying out the unprecedented study of the Soviet economy. This study will produce recommendations for economic, financial, and structural reform, and will establish criteria under which Western assistance could support such reform.

As the coming week unfolds, part of your task will also be to plan for the future of your two great institutions. The Fund and the Bank must be in a strong position to continue their encouragement of economic reforms and adjustment efforts.

For this reason, we strongly support the IMF quota increase and the strengthening of the IMF arrears policy. And we would also like to challenge both institutions to focus on building dynamic private sectors in member countries -- one of the most important stimulants for energizing these new market economies.

And we would also ask the World Bank to place a high priority on three other issues vital to sound and sustained growth. First is protecting the environment. As I said here last year: Environmental destruction knows no borders. //  
Second, ~~poverty alleviation~~ <sup>eradication</sup> must continue to be a central mission

6

of the Bank. \ \ And third, we strongly support greater efforts to integrate women into the developmental process.

Finally, as we plan for the future, we must work together for success in ~~the other great~~ <sup>another important</sup> post-war international economic institution -- the GATT.

As we meet today, less than 70 days remain in the four-year Uruguay Round of global trade talks. But much remains to be done. Agricultural reform remains a major stumbling block. Indeed, it threatens to bring down the rest of the Round.

The Round is not just a trade issue, it is a growth issue. It can be the engine of economic growth that carries us into the 21st century. It promises to remove barriers in three crucial areas, areas untouched in previous rounds: services, investment, and intellectual property. But if we fail to achieve an agreement, we will forfeit new markets for our businesses, <sup>imposed</sup> higher prices for our consumers, and <sup>lose</sup> new jobs and higher incomes for our workers. \ \ \

Worst of all, we will endanger a vital, proven framework of international cooperation. <sup>A</sup> The collapse of the Round will inevitably encourage increased protectionist pressure and political instability. That is something we can ill afford <sup>as we</sup> ~~at a~~ time when we are trying to forge a new partnership of nations, and when <sup>as we stand</sup> ~~we are engaged in a~~ great struggle against aggression in the Persian Gulf. \ \ \

~~Therefore~~, I urge you who to work actively within your governments to ensure success. And I urge my counterparts around

7

the world -- as we did at the Houston Economic Summit -- to instruct your negotiators to bring the Uruguay Round to a successful conclusion by December. \\\

In all these efforts, there is much at stake. Almost 35 years ago, when President Eisenhower first appeared at an IMF/World Bank meeting, ~~he~~ spoke ~~about one~~ of the lessons he learned while waging a war that brought together so many different soldiers from so many different lands.

Ike noted, as I do now, that there were people in the audience who were our allies in that grand effort. He said:

"We early found one thing: Without the heart, without the enthusiasm for the cause in which we were working, no cooperation was possible. With that enthusiasm -- subordinating all else to the advancement of the cause -- cooperation was easy." \\\

As the unity of the United Nations has demonstrated in the past two months, the worldwide enthusiasm for today's noble "cause" -- the cause I've described as a "new partnership of nations" -- is not only unprecedented, but truly astounding. <sup>remarkable</sup> And I urge you to seize that enthusiasm in your meetings this week, to forge the new levels of cooperation needed to succeed.

Thank you for coming to Washington. Good luck this week in the meetings ahead. And Godspeed you in your travels home.

\* \* \*

