Statement by the
Shadow Financial Regulatory Committee
on
The Baker Plan and LDC Lending
February 15, 1986

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

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