



February 24, 1993

President Patricio Aylwin  
Office of the President  
Palacio de la Moneda  
Santiago  
CHILE

Dear President Aylwin:

The World Economic Development Congress, the premier meeting where the world's power elite set the standard for competing and investing in today's dynamic global marketplace, will convene on September 23-25, 1993 in Washington, D.C. International business leaders - CEOs of major multinational corporations, leaders of rapidly growing companies and influential institutional investors - join delegates from the IMF/World Bank Group Annual Meetings in a forum designed specifically to foster networking and new business and trade relationships.

In September 1992, the first annual World Congress was convened in Washington, D.C. The 2500 participants included CEOs, Ministers of Finance, Ambassadors, and senior level executives. This Congress allowed the world's corporate decision makers to meet and exchange ideas on global development issues. Among the distinguished plenary keynotes were: The Rt. Hon. Baroness Margaret Thatcher, Prime Minister Václav Klaus, Dr. Henry Kissinger, Mr. John Macomber, and Secretary of the Treasury Nicholas Brady.

*We would like to take this opportunity to invite you to give a special plenary Keynote Address at the opening ceremonies of the Congress on Friday, September 24.*

The World Congress is divided into five tracks:

- The CEO Summit, an exclusive program for Chief Executive Officers and Chairmen of the world's leading multinational corporations, explores the issues facing borderless companies.
- The Economic Policy Summit discusses the changing rules and regulations that effect trade policy and development.
- The Institutional Investor Summit provides insight into emerging markets and forecasts specific economic and investment environments and opportunities.
- The Growing Companies Summit discusses realistic strategies for financing global expansion, identifying strategic partnerships and creating niche markets.
- The Executive Seminars, half-day vertical market workshops, dissect specific industry issues and provide solutions to critical problems.

Our goal in inviting you to participate in the World Congress is to have speakers who exemplify leadership and innovation and who will leave the audience with thought-provoking ideas on the crucial issues facing business and trade in the 90's and beyond.

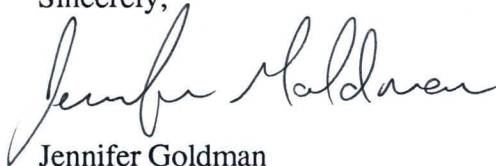
One of the many benefits of giving a keynote address at the World Congress is overlap of delegates from the World Bank Annual Meeting. The IMF/World Bank attendees include the official delegates who are finance ministers, governors of central banks and staff; special guests who are the chairman of the banks and funds investing in the World Bank; and visitors who are global investors, financiers and their advisors. The World Congress distributes transcripts of the keynote addresses and summary proceedings to these delegates.

Another tangible benefit of the speaking at the World Congress is the concentration of over 2,000 media representatives covering the IMF/World Bank Meeting and their overlap with our meeting. For example, Lady Thatcher's keynote address was broadcast worldwide and received front page coverage in 10 metropolitan newspapers.

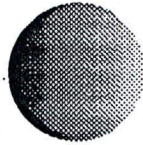
Perhaps the most important aspect of the World Congress is its audience. Our attendees - chairmen and CEOs of the largest multinational corporations as well as institutional investors, entrepreneurs, and CEOs of rapidly growing companies - come to the World Congress to learn about the opportunities available in the global marketplace.

Enclosed are more specific details on the World Congress. Please feel free to telephone Laura Simms at (617) 487-0179 for further information. We will be happy to accommodate your needs in scheduling the special address. We sincerely hope that you will not only honor us with your presence, but honor the entrepreneurial spirit exemplified by our audience at the 1993 Congress.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jennifer Goldman".

Jennifer Goldman  
Conference Director



## World Economic Development Congress

**In 1992 over 2,500 CEO's, Speakers, Media Leaders, Association Leaders, Government Leaders, other Attendees, and Representatives of Underwriters and Exhibitors joined us at a first time event.**

*Here, in their own words, is what they had to say after the event.*

### **From the Honorary Chairperson**

"May I begin by warmly congratulating whoever decided to schedule an Economic and Financial Conference at the end of this past week. It showed foresight of an almost astrological order — maybe some country should ask him to be its Finance Minister!"

*The RT Hon Baroness Thatcher OM FRS  
Great Britain*

### **Quotes Providing an Overview**

"Useful, informative, the schedule is packed."

*James Unruh  
Chairman & CEO  
Unisys Corp.*

"First opportunity to see Kissinger and Thatcher live offering their candid observations rather than politically holding the line. Rostow was very interesting, regarding development theory—addressing the problems of the 90's, and taking older theories and applying them today."

*Richard McDonald  
International Trade and Investment Policy  
U.S. Chamber of Commerce*

"This was the broadest focus conference I have ever attended, yet of interest to everyone in the business community because of its global emphasis and the diversity of topics covered."

*Reba Beeson  
Senior Vice President  
Paribas Capital Markets Group*

"Another great benefit to the Congress is the networking with people. It would take some 3-6 months of running around to meet the same people, and they are all here in one location. All are very receptive here, whereas if you met them on their own turf, you would not get the same sincere desire to know your interests and concerns and whether they can be a partner with you. Here there appears to be a truly sincere interest to communicate on the part of all parties."

*Newton D. McCullar  
CEO  
First America Rental Center*

"We have just completed the series of meetings called 'CZECHOSLOVAKIA: INTO A NEW ERA - Business and Investment Opportunities,' and we are pleased to say that the World Economic Development Congress was the best opening in the USA. The trade representatives and entrepreneurs who met with our delegation headed by Prime Minister Klaus brought lot of opportunities for matchmaking contacts and new ideas for the development of mutual trade. Thank you very much for making this participation possible."

*Ladislav Kopecky  
Commercial Attache  
Embassy of the Czech and Slovak Federal Republic*

"Any CEO with a future needs to have a global perspective and I can think of no better way of gaining that perspective than attending the World Economic Development Congress. I have spoken at hundreds of meetings, and this was by far the richest offering of speakers and attendees."

*Doug Mellinger  
Founder, Chairman and CEO  
PRT Corporation of America*

**Bay Colony Corporate Center • 1000 Winter Street, Suite 4350  
Waltham, Massachusetts USA 02154 • 617.487.7900 fax 617.487.7937**

"For forty years I have advised and assisted in organizing many national and international conferences on business, economics, energy, technology, health, the environment and many other major topics. The World Economic Development Congress is by far the most promising effort to lay a practical foundation for real long term global economic development. Congratulations."

*Herbert Hill Fockler*  
Chairman, Board of Trustees  
World Technology Foundation

"You have brought together — for the benefit of the leaders of the world and your fellow Americans — the essence of the pioneer spirit that has made America strong and rich — and that in turn will renew America and the world. This conference — and your entire organization — embodied a 'can do' optimism, creativity, competitiveness, and bold, positive, solution oriented thinking and action. We have only begun to realize the impact and importance of your meeting series. The atmosphere is great — Thatcher, Kissinger and a meeting under the Spirit of St. Louis. Sensational. I love it."

*Dr. Björn Johansson*  
President  
Carré Orban & Paul Ray International (Switzerland)

### **From Underwriters**

"From an underwriter's perspective we've made more high level contacts in a shorter period of time than at any other meetings we attend."

*Judson Vaughn*  
Director of Special Events  
Sprint International

"Federal Express does a lot of sponsorship. This is right for us. I am very impressed."

*Thomas Diederich*  
Manager, Global Sales  
Federal Express

"An exciting experience that has brought the whole world together to do business."

*Thomas Donnelly, P.*  
President  
Pagonis and Donnelly

"We were thrilled to be associated with the World Economic Development Congress and have received some very positive responses from your CEOs already, regarding the fleet of '93 cars we provided."

*Steve Gaut*  
Public Relations Staff Assistant  
Cadillac

"We were happy that we could coordinate our international research efforts with the World Economic Development Congress to provide a useful and timely international directory which was circulated to decision-makers around the world."

*John Carroll*  
Project Marketing Director  
DRI/McGraw - Hill

"We participate in a lot of international meetings and conferences year 'round and this was the most interesting, effective and useful we've been associated with in a long time. Congratulations."

*Linda Evans*  
Program Manager, Special Events  
Xerox Business Services

"The CNN World Economic Development Congress was truly one of the most impressive gatherings of international leaders. It was only fitting that Parker would be a part of this historic event."

*Robert Walker*  
Director of Marketing  
Parker Pen USA Limited

### **From CEO Attendees**

"Good conference, rare opportunity to interact with peers on the international level. Valuable exposure in a broad range of industries."

*George Bragg*  
Chairman  
Western Digital Corp.

"Everything was wonderful, very organized, staff was exceptional, and I look forward to attending the upcoming international Regional Congresses. Lots of business transactions to follow. Outstanding program and a strong line-up of speakers."

*Stanley O. McNaughton*  
Chairman and President  
Pemco Mutual Insurance

"Extremely good presentations and interesting parts of Congress. Overwhelmed by the multitude of speakers. Excellent organization. Enjoyed the dinner. Enjoyed Dr. Kissinger. A good start for future meetings of this nature."

*Dr. Klaus O. Fleck*  
Chairman of the Board  
Sudzucker AG Mannheim/Ochsenfurt (Germany)

"The summit and the workshops provided great opportunities to meet and discuss with top corporate executives concerning joint-venture prospects in our areas of expertise notably telecommunications, engineering, and information systems management. Promising and strategic channels of communication have been opened with several companies."

*Abey O. Odunmbaku, Ph.D.*  
President/CEO  
Abod Corporation

"Although I approached the meeting with a bit of skepticism, I am pleased that I attended, and grateful for having had the opportunity to listen to many well-considered and thought-provoking opinions. As CEO's, we are expected to be the agent of change in our organizations. It is important to reflect upon the directions we are taking and to renew our enthusiasm for solving the problems that are ahead. This conference gave us the opportunity to do both."

*Franklin S. Barry, Jr.*  
President  
ISK Enterprises Corporation

"The Congress was a visionary, as well as an ambitious, undertaking. It succeeded beyond expectations. Thatcher, Kissinger and Vaclav Klaus were particularly impressive."

*C. Russell Luigs*  
Chairman, President & CEO  
Global Marine Inc.

"Excellent speakers, excellent content."

*M. Hasjim Djojohadikusumo*  
CEO  
Cibinong Cement Co. (Indonesia)

"Excellent concept. Great speakers."

*Baron Paul-Emmanuel Janssen*  
Chairman  
Generale Bank (Belgium)

"Very enlightening. Well-organized. Good speakers, topics. Friendly, informal atmosphere. Nonpolitical nature of conference led to freer, more open exchange among attendees."

*John Kazzorra*  
Chairman  
British American Tobacco Uganda

"Refreshing and different. Need more time to interact with other CEOs."

*Ernesto R. Asbun*  
President  
Cerverceria Taquina S.A. (Bolivia)

"The World Economic Development Congress was very educational and impressive. The arrangements made by your organization were excellent. The personal care that was taken individually was unbelievable. I had the unique opportunity of meeting many senior chief executives of the world and learned a lot."

*M. L. Mittal*  
Chairman  
ISPAT Group (India)

"I wish I had taken my wife with me — had heard that spouse program was great."

*Southwood J. Morcott*  
Chairman, President & CEO  
Dana Corporation

"Very good organization. Great staff."

*Barry M. Bowen*  
President  
Bowen & Bowen Inc.

"Learned a lot. Met many interesting people, which was one of the reasons I came. The speech by Margaret Thatcher was fantastic — it alone was worth the trip from Argentina."

*Gustavo Andrés Deutsch*  
Chairman  
TIA S.A. (Argentina)

"Outstanding. The timing was perfect. One of the best things was the opportunity to meet with colleagues on an equal par. This year the summit discussed defining the problem, next year they need to discuss the solutions."

*Robert Alvine*  
Chairman of the Board & CEO  
C&D Chanter Power Systems, Inc.

"Well worth attending. Enjoyed meeting the speakers."

*Lionel Goetz*  
Chairman & CEO  
Pan Atlantic, Inc.

"Excellent conference. Well organized. Provided the opportunity to network with CEOs throughout the world. I look forward to future conferences."

*Richard Allen*  
Chairman of the Board and CEO  
Ladd Furniture, Inc.

"A Congress whose time has come. The timing was impeccable."

*Richard Steinberger*  
Vice Chairman  
Nord Resources Corporation

"Absolutely first class, triple A rated. Congratulations on a superb meeting."

*Hernán Barreto*  
Chairman  
Empresa Minera Del Centro Del Peru S.A. (Peru)

"Excellent opportunity for cross-border exchange. Turner's speech was one of a kind!"

*Mayer Attie*  
President  
Tejidos Y Confecciones, S.A. (Panama)

"Keep at it. It's worthwhile. Where else can CEOs interact with policy makers who wear bow ties and hush puppies?"

*Joseph Famalette*  
President  
American Crystal Sugar Co.

"Overall, a good solid program."

*Gordon Harnett*  
Chairman, President & CEO  
Brush Wellman

"This is the first time we have been invited to something like this. It has been two interesting days. The programs were fantastic."

*Rosi Schwartzman*  
CEO Summit Spouse  
Credit UR (Peru)

"Thank you for a very enjoyable opportunity to meet a broad cross-section of people with similar interests to mine. You certainly had a very interesting roster of speakers. Thanks again for your kind hospitality."

*Charles E. Tingley*  
President and CEO  
Transamerica Leasing

"Excellent...incisive, penetrating. The coverage has been balanced and thorough. I am anxious to get the summary and plan to attend next year."

*Michael Chi*  
CEO  
Chi Associates, Inc.

"It is a rarity to attend such a worthwhile, class-act program as you and your people orchestrated in Washington. We congratulate you on a superb job which we feel has already made an impact on the corporate society globally. You should be congratulated."

*Henry W. Nozko, Sr.*  
President  
ACMAT Corporation

"Turner, Thatcher, and Kissinger were terrific. World event, economic, political, and business topics were all of interest."

*Thomas J. Rattigan*  
CEO  
G. Heileman Brewing Co.

"My guest and I very much enjoyed the CEO Summit, and we both plan to attend the 1993 meeting, should we once more have the privilege of being invited."

*Gustave Andres Deutsch*  
President  
Tia S.A.

"The WEDC was timely, the individual presentations were appropriate, representation was excellent and the format was very good. It was timely in view of the IMF and currency crisis. I would give it extremely high marks and would happily attend another event in Washington."

*Raymond Langton*  
CEO  
SKF Bearing Industries

"The Congress was very interesting, particularly on the international expansion side. Speakers were very focused and gave a lot of information. I also enjoyed the special speakers Thatcher and Kissinger."

*Richard Heckmann*  
CEO  
United States Filter Corporation

"Great! Very valuable. Excellent speakers and presenters. Stimulating. First class arrangements and I would attend again."

*Kerry Clayton*  
President & CEO  
Fortis Benefits Insurance Company

"It was an excellent conference with outstanding speakers, and some very useful work sessions."

*Harold Wagner*  
CEO  
Air Products and Chemicals, Inc.

"I found the conference to be fascinating, very worthwhile."

*Michael H. Walsh*  
Chairman and CEO  
Tenneco

### **From Exhibitors**

"What I have heard from people has been great."

*Kara Kent*  
Publisher  
The U.S. Mexico Trade Pages

"Council of Growing Companies representatives from eleven states were able to attend the Washington, D.C. conference. Without exception, they believe the Congress was a great success and provided valuable information and contacts to assist in the growth of their companies. We want to expand our involvement in future programs."

*Mark L. Reffner*  
National Coordinator  
The Council of Growing Companies

"Well done. Agendas were good. Got an inordinate amount of information. Count on us next year for a display space and an ad."

*Steve Albee Sr.*  
Vice President  
Beacon Council

### **From Speakers**

"This has been a significant international financial event. The audience at the session I spoke at was sophisticated and posed challenging questions. I would be pleased to participate at future Congresses."

*Robert Pietrzak*  
Partner  
Brown & Wood

"I am writing to you to express my thanks and appreciation for being able to participate in your conference. It was a most instructive and enlightening event, so perfectly organized as it is certainly expected from you and your staff."

*Gyorgy Ivanyi*  
Executive Chairman  
Inter-Europa Bank Rt. (Hungary)

"The World Economic Development Congress was a great success."

*Lloyd N. Cutler*  
Counsel  
Wilmer, Cutler & Pickering

"I just wanted to send a note of compliment for the great success of the World Economic Development Congress. Clearly, you had outstanding speakers and a very exciting and pleased group of attendees."

*Lawrence W. Leighton*  
President and Chief Executive Officer  
UI USA, Inc.

### **From Media Leaders**

"I think it's a really well run, well organized conference that has attracted the real important leaders in business. Every comment for two days has been positive."

*Stuart Varney*  
Financial Anchor  
CNN Business News

"Conference: Strong, intense, comprehensive."

*J. P. Donlon*  
Editor  
Chief Executive Magazine

"The sessions I attended were fantastic. There was a lot of interaction between the panelists and the audience."

*Grant Stockdale*  
Publisher  
The Cooperative Technology RD&D Report

"The organization of the conference has been great. The program was well thought out. The logistics were well executed. I'm very impressed."

*Ted Iwere*  
Publisher  
Business-Nigeria's Business Magazine

### **From Association Leaders**

"Exciting opportunity, especially the environmental emphasis. The fact that environmental issues are a significant issue at the conference is a major step in the right direction."

*Lester Brown*  
President  
Worldwatch Institute

"Six or seven members have introduced themselves already. This is good for us. We plan to participate next year."

*Susan Darwin*  
Senior Manager  
Price Waterhouse

"Congratulations once again on a monumental success for the first World Economic Development Congress. Everyone I met was most impressed with the organization, the program and the networking possibilities. One of the best executions I've seen at conferences—and I've been to hundreds. The Congress was certainly a success for NASBITE and we will gladly look forward to being a supporting association for the 1993 Congress."

*John W. Otis*  
Executive Director  
National Association of Small Business International Trade Educators

"Our association and membership benefitted greatly from participating in the Congress, and we look forward to being a part of all your future meetings."

*Mohamed Fathelbab*  
Executive Director  
Young Entrepreneurs Organization

"Very impressed."

*Carl Wangman*  
Executive Director  
Association for Corporate Growth

"Keep up the good work."

*Denis Lamb*  
Head, Washington Center  
Organization for Economic Cooperation and Development

"Speakers were great. Very relevant to business, world events — make sure you keep it very international."

*Scott Moore*  
Vice President, International Division  
Foxmark International

"The conference provided great breadth and depth of coverage of key topics. It is most appropriate at this time when the world economic and financial system is at so many crossroads."

*Richard Scott-Ram*  
Chief Portfolio Strategist & Economist  
World Gold Council

### **From Government Related Organizations**

"This is a good way to make contacts."

*Karlis Goppers*  
Economic Advisor  
The Latvian Government

"Amazingly well organized conference. A wonderful source for information and international business contacts."

*Diana S. Witter*  
Export Policy Analyst  
Bureau of Export Administration  
U.S. Department of Commerce

"Very good program from an economic development perspective. In Barbados, import substitution and other concepts of government intervention have not worked very well and I am here looking for new ideas and other experiences."

*Calvin Springer*  
Governor  
Central Bank of Barbados (West Indies)

"Our congratulations on providing a unique forum for the world's corporate decision makers to meet and exchange views on global development issues. The Congress afforded our delegation the opportunity of promoting Bahrain as the Middle East's strategic investment location."

*Tony O. Riordan*  
Advisor  
Bahrain Marketing and Promotions Office

"A timely assembly of the leading thinkers in international economic development."

*Albert Angulo*  
Regional Director, Latin America  
US Trade and Development Program

"Both business and public leaders know there is no substitute for meeting face to face if we are to find new and effective ways to get the world economy growing for all people in every country of the world."

*William H. Draper III*  
Administrator  
United Nations Development Programme

### **From Attendees**

"The Congress provides a great opportunity to learn about the integrated global economy."

*David C. Williams*  
Trust Officer/CPA  
The Riggs National Bank of Washington DC

"Extremely useful, particularly in terms of expanding a network with some true experts in the telecommunications field."

*Susan Whitman*  
Manager of Purchasing and Transportation  
AT&T

"Great, informative and practical sessions. The sessions offered business people new strategies for their firms — that reflects a successful conference."

*Barbara E. St. Amand*  
Economic Business Consultant

"Excellent! This is overwhelmingly impressive!"

*Jon Hass, Sr.*  
Vice President / Partner  
Kennedy Associates

"I found the sessions to be among the most informative and well-structured seminars I've ever attended."

*Philip M. Chen*  
President  
Weston International

"I found the Infrastructure speakers were very informative. The main address was very well presented. Sessions were very well organized. Staff is so helpful in every respect. Have attended a lot of conferences and your staff was great! It really brings the international business community together — best opportunity to meet face to face with the foreign people you need to meet. It's a great place to make business contacts."

*Mani Patel*  
President  
M-TEL Corp.

"I have found the presentations to be very thought provoking and have learned a lot."

*Thomas Davis*  
Senior Manager, Corporate Trust  
The Bank of Bermuda Ltd.

"I am pleased to know that this was the first of what I hope will be many more such conferences, although I am at a loss to imagine how next year's speakers could be more impressive or timely. I hope to have a chance to come back and find out."

*Anne-Marie Gagnon*  
XL Investments

"Congratulations on a superb conference. Everyone I talked to feels the same way. Extremely well-organized and I am looking forward to the next one."

*Harley Cook*  
President  
Harley D. Cook and Associates

"Excellent concept — I came because of the words global and economics — today's concepts. Waste management is an important topic and should be given more attention in the future."

*Robert Aten*  
Vice President & Chief Economist,  
Manufacturers Alliance for Productivity and Innovation

"It was a great conference. How you manage the logistics, I don't know. You did the whole world and you did it well."

*Vivian Anderson*  
President  
Anderson & Fore International, Ltd.

"It was great. It was really well done. You ought to be congratulated."

*Ellen Lamagna*  
Market Relations Manager  
EDS

"Your Congress is well-positioned for the development of the new world order."

*Alexander Watts*  
President  
Gold Coast Consulting Group

"I felt the Congress was a terrific success and am sure it will get even better in future years."

*Sylvia Eisenburger*  
CEO Summit Guest

"Monumental. Tremendous job of putting together an amazing conference."

*Brian Barnett*  
Senior Consultant  
Enterprise Development International

"Extremely impressed with the session topics and the organization of the event. I came here from Brazil and it's been worth the trip. Everyone I've spoken with in the past few days shares this view. This has been a tremendous success."

*John Shackelford*  
President  
Global Communication Concepts

"I've organized conferences in the past myself, and this is simply a marvel for a first year conference. It's incredible."

*Joel Cartun*  
President  
Comvestrix

"Congratulations on the outstanding success of the Congress. It was well organized and well executed, indeed with a strong sense of business precision. As an international economist, I was able to reinforce and attune my thinking on today's global outlook."

*Maurice Gracias*  
President  
Gracias and Associates

"One of the most thoroughly professional programs I have ever seen, and I congratulate you on pulling it together in so short a time. The program in which I participated, the Franchising panel, was well attended and full of people with good questions, posed both during and after the program. If it was any example of what happened elsewhere, you have a real success on your hands. I was able to sit in from time to time on certain of the other sections, and was equally impressed."

*Philip F. Zeidman*  
Senior Partner  
Brownstein Zeidman and Lore



"Very good program, useful for the economic development professional."

*Judie Scalise*  
*Principal*  
ESI Corporation

"Congratulations on the successful completion of the World Economic Development Congress in Washington. I found the conference very rewarding and worthwhile."

*Lynn Forester*  
*President*  
Firstmark Holdings

"Your employees were outstanding. I wish that they could run some of the trade shows we display in during the year. Without exception, they were always courteous and knowledgeable."

*Ron Bird*  
*President*  
Fit All Sportswear, Inc.

"Congratulations on an outstanding first World Economic Development Congress. You put together an excellent program, and I am certain that the thousands of people who attended were impressed."

*Stephen D. Harlan*  
*Managing Director*  
Group Atlantic, Ltd.

"You are to be congratulated on an excellent conference you put on in D.C. this past weekend. The news in the corridors was that most of the participants found the utility of the conference far exceeded their expectations."

*Alison Sander*  
Cambridge Transnational Associates, Inc.

"The handouts were the most important part of the conference."

*Dr. Mario Rietti*  
*Director*  
Asociacion Nacional de Industriales (Honduras)

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## MONITORING REPORT

### WORLD ECONOMIC DEVELOPMENT CONGRESS NATIONAL COVERAGE

(SEPTEMBER 17-21, 1992)

<u>Program</u>	<u>Station/City</u>	<u>Date</u>	<u>Time</u>	<u>Summary/Length</u>
World Economic Development Congress	C-SPAN 2 Cable-TV	9/18	10:30 PM	Discussion with Margaret Thatcher on economic development policies. 1-1/2 hrs
World Economic Development Congress	C-SPAN 2 Cable-TV	9/18	5:45 AM	Discussion with Henry Kissinger on tax policies that foster economic development. 4 hrs
First Business	USA-Cable	9/18	6:30 AM	Henry Kissinger and Margaret Thatcher are among others at World Economic Development Conference. :30
Morning Edition	NPR Network	9/18	6:00 AM	Top stories include Bosnian peace talks, H. Kohl in Italy, D. Cheney in London, M. Thatcher in Washington, Scotland meeting of environmental ministers and R. Sandburg's birthday. 1:00
All Things Considered	NPR Network	9/19	6:00 PM	M. Thatcher says the pound should not be readmitted into the exchange system. 1:00
Newscenter Four	KRON-TV San Francisco	9/19	5:00 PM	World leaders meet in Washington, D.C. to discuss economic development. :20

Channel 7 News	KGO-TV San Francisco	9/19	6:30 PM	World leaders hold meeting on ending the economic crisis in Europe. I- N. Brady, Treasury Secretary :55
			11:00 PM	I- M. Thatcher I- N. Brady, Treasury Secretary 1:49
News Eleven Weekend	KNTV-TV San Jose	9/19	6:00 PM	World leaders meet in Washington, D.C. to discuss economic crisis in Europe. :30
			11:00 PM	:20
The Ten O'Clock News	WTTG-TV Washington, D.C.	9/19	10:00 PM	While attending Economic Development Conference, Margaret Thatcher criticizes unification and ERM treaty. S- M. Thatcher :45
KOMO News at 6:00	KOMO-TV Seattle	9/19	6:00 PM	M. Thatcher is one one of the speakers at World Economic Development Congress today. :15
Channel 3 News	WEAR-TV Pensacola	9/19	10:00 PM	M. Thatcher is among speakers at World Economic Development Congress. V- M. Thatcher :25
The Ten O'Clock News	KTVU-TV Oakland	9/19	10:00 PM	Washington, D.C. is host to economic leaders in town to discuss Europe money market. I- N. Brady, Treasury Secretary 1:30
Newscenter 4	KRON-TV San Francisco	9/20	9:00 AM	The French vote on economic referendum. I- N. Brady, Treasury Secretary 1:20

*'It may be embarrassing to go back on a pledge to defend this exchange rate come hell or high water.'*

MARGARET THATCHER

# As Europe faces money woes, Thatcher says, 'I told you so'

By Tom Mashberg  
SPECIAL TO THE GLOBE

WASHINGTON — Two years after her fall from power, Margaret Thatcher stepped from the shadows yesterday and literally said, "I told you so," about the economic crisis gripping Europe.

In a speech before hundreds of applauding international officials, the former British prime minister gave a complex economic lesson that boiled down to a simple thought: Forcing 12 competing nations to adopt the same currency is a bad idea.

She derided the ruptured European currency system as a "transfer mechanism for economic trouble." And she said efforts to align the continent's far-flung denominations is a pie-in-the-sky scheme best left to "irresponsible Eurobureaucrats."

The occasion was the World Economic Development Congress, a meeting called to foster economic cooperation. With the French threatening to turn up their noses at European economic unity, and with finance ministers meeting in Washington, to badger Germany to lower its interest rates, Thatcher applauded organizers for "foresight of astrological order."

Then she got down to Thatcherism. She spoke of the "rigid stability" of fixed exchange rates — efforts to keep currencies representing many different economies worth approximately the same amount.

Thatcher said it might seem like a good idea to let Europeans buy computers with an equivalent amount of Deutschmarks or lira. But she said quality and the free market should prompt the decision, not desperate attempts by government to manipulate their money supplies.

"It is a system that stifles enterprise and obstructs commerce," she said of the high interest rates that make cash almost impossible to borrow throughout Europe. The rates are kept high in an effort to keep weaker currencies in line with the mark.

"This has starved firms of capital," she said. "It means homeowners have watched anxiously as their costs have risen inexorably."

Thatcher fell out of power in November 1990, largely because of her dislike for the European Community. Well aware that Germany is the dominant power on the continent, she bridled at the idea of tying Britain's economic fortunes to the mark.

Her successor, John Major, is more of a Europeanist, and he has tried steadily throughout a grinding recession to keep the pound in line with the German currency. But monetary policy — the setting of interest rates — is at best a blunt instrument for defending a currency.



REUTERS PHOTO

Margaret Thatcher speaks to the World Economic Congress session yesterday in Washington.

"It may be embarrassing to go back on a pledge to defend this exchange rate come hell or high water," she said, speaking of Britain's decision on Wednesday to escape Europe's currency system. "But that pledge was misguided in the first place."

Thatcher's alternative to a single European money supply and an end to random exchange rates are not new. She spoke nostalgically of the 1980s, when huge tax cuts, loose money and a global economy free of any oversight brought "explosive world growth." But she may be the only world figure who refers to the haunting deficits left over from that era as "manageable indebtedness."

Thatcher also backed a "system of floating exchange rates." In a wry reference to the tensions between London and Bonn, where officials have berated each other over Germany's tight money policy, she said reliance on markets rather than political maneuvers would put an end to such unseemly "ministerial shouting."

For all the severity of her lesson, Thatcher is still a voice in the dark on European unity. While she seemed buoyed by the spectacle of British reporters chasing her around a hotel and hanging on her every word, many listeners found her medicine a prescription from the past.

"She's right on a lot of things," said Lawrence A. Kudlow, chief economist with Bear, Stearns. "But there's no denying that global economies have to work together, not apart, for us to pull out of the world economic crisis."

# Thatcher basks in a moment of glory

By PHILIP WEBSTER

BARONESS Thatcher became the most predictable and vociferous member of the "I told you so" brigade over the weekend when she repeated a message she had once famously delivered when in government, reminding John Major and Norman Lamont, the Chancellor: "If you try to buck the market, the market will buck you."

After their tribulations of

## ERM WARNING

the previous week it was probably the last thing they wanted to hear. But the former prime minister, speaking in Washington at a conference on world economic development, could not resist pointing out that she had been right all along. While some Conservative MPs privately accused Lady Thatcher of hypocrisy and cheek yesterday, recalling that she had herself taken Britain into the European exchange-rate mechanism in October 1990, others reckoned she deserved her moment of restrained triumph.

Lady Thatcher, they maintained, had gone into the ERM against her better instincts, persuaded by Mr Major and Douglas Hurd, the foreign secretary, at a time when her power to prevent the cabinet's headlong rush towards European integration had been weakened by resignations of senior colleagues.

One supporter, John Carlisle, Conservative MP for Luton North, was so bowled over that he suggested that she should be brought back to the government or at least made Mr Major's economic adviser. Mr Carlisle said: "It was a splendid affair. I wonder if it was a call to arms. My feelings are that it will bring great delight to many thousands of people. They were probably the first sensible words we have

seen from a senior politician over the last few days."

Mr Carlisle's advice to Mr Major was probably as unwelcome as Lady Thatcher's. She called on him to make as complete a reversal of policy on Maastricht as had been done on the ERM, arguing that the sterling crisis would seem insignificant compared with the furore he would face over a single currency: "If the divergence between different European economies is so great that even the ERM cannot contain them, how would they react to a single currency? The answer is that there would be chaos and resentment of the sort which would make the difficulties of recent

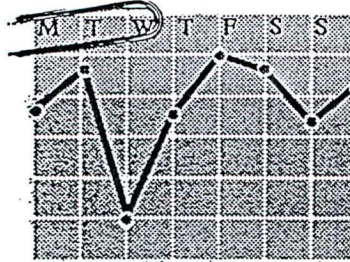


Thatcher: speaking at Washington meeting.

days pale by comparison." She went on to urge Mr Major to drop his plan to return to the exchange-rate mechanism as soon as conditions allowed. The government should use its new-found freedom outside the ERM "straitjacket" to pull Britain out of recession by cutting interest rates.

Lady Thatcher was magnanimous in victory, however. Mr Major and Mr Lamont should be congratulated for leaving the ERM and should not be made scapegoats, she said.

19 SEP 1992



**ECONOMIC DIARY**

*4508 B*  
**TODAY:** Mr Norman Lamont, chancellor of the exchequer, attends G7 finance ministers meeting in Washington before IMF meeting (until Tuesday). World Economic Development Congress in Washington.

**TOMORROW:** France holds referendum on ratification of the Maastricht treaty on European union. G10 finance ministers meeting.

**MONDAY:** International Atomic Energy Agency general conference in Vienna (until September 25). World Energy Congress begins in Madrid (until September 25). European Community agriculture council starts two-day meeting Brussels.

**TUESDAY:** Balance of payments current account and overseas trade figures (August). US housing starts, building permits (August). Annual meeting of IMF/World Bank in Washington. European Community internal trade ministers meet in Brussels to discuss outstanding legislation to create single EC market. Italy is expected to rejoin the ERM. Mr Fernando Collor, president of Brazil, to present his defence against corruption charges.

MANDRAKE

# Thatcher: I was right all along

MR LAMONT'S decision to suspend our membership of the ERM delighted many people, but none more so than the person it apparently vindicated: Lady Thatcher.

She has been in the United States for a private visit interspersed with lectures, including one to the World Economic Congress in Washington yesterday. But her restrained address to that august body did not adequately reflect her euphoria.

When the Chancellor made his announcement on Wednesday evening, it was late morning American time. Lady Thatcher, I gather, reacted to the news like a deposed monarch who has had his crown restored, or at least, his reputation. She immediately began telephoning friends in London to share the good news and to point out that she had been "right all along".

"Her telephone bill must have been enormous," a friend told me.

I do not, of course, wish to lower her spirits, but it seems the whole ERM story has not yet been told. Lady Thatcher, as we know, was cajoled into joining against her instincts by an alliance of her Foreign Secretary, Mr Douglas Hurd, and her then Chancellor, Mr John

Major. Yet I am told by a former Cabinet colleague that once the decision was taken she argued for an even higher parity against the mark. She believed the "low" rate of 2.95 would be inflationary.

In any case, far from becoming a dyspeptic, isolated Sir Edward Heath figure, she hopes she will be regarded as a sort of wise dowager Duchess. Accordingly, she has had printed on her writing paper the legend "Margaret, the Lady Thatcher", which, of course, is quite incorrect, as my colleague Albany has pointed out.



# OBSERVER

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Savage attack from former Prime Minister who claims Britain has now been 'liberated'

## Thatcher: Why Major failed

John McOhle

LADY Thatcher broke her silence over Britain's sterling crisis yesterday with a savage coded attack on John Major and a remarkable admission that the 'Conservative revolution' had failed.

In one of her most controversial speeches, Lady Thatcher told leading United States business executives at the World Economic Development Council in Washington that Britain's economic plight had come as a direct result of Prime Minister

John Major's and Chancellor Norman Lamont's own policies.

'It was not the collapse of the British Government's policy, but the policy itself that was the problem,' she said.

Referring to the Government's initial defence of sterling and its ultimate withdrawal from the Exchange Rate Mechanism, she declared Britain had been 'liberated'.

'Nations like Britain have found themselves raising interest rates in a recession — real interest rates in Britain rose to over 10 per cent. But, in the

end, reality was bound to burst through these barriers and this week Britain resumed control over its economic destiny.

'In effect, the Conservative revolution went wrong by forgetting some of its own principles,' she said, adding that well-intentioned attempts to stimulate demand had led Conservative governments — and by implication, her own — 'blundering' into monetary instability. 'By attempting to rig the markets, they perpetuated their error,' she said.

In another key passage which

will give succour to Tory Euro rebels and foment further divisions within Conservative ranks, Lady Thatcher contradicted Mr Major's stance on Maastricht with a call for an immediate U-turn in government policy. 'It is high time to make a complete reversal of policy on Maastricht as has been done on the ERM. And of course the connection is very close, economically and politically,' she said.

The ERM in its present form, she said, was a 'grave obstacle' to economic progress. 'I do not

myself believe that sterling should re-enter it, and I have yet to be convinced that other currencies benefit from its combination of rigidity and fragility.'

Lady Thatcher, whose earlier plea for a referendum was ignored, cautioned that the reaction of different economies to a single currency could create 'chaos and resentment of the sort which would make the difficulties of recent days pale by comparison'.

She warned that the political consequences of pursuing a sin-

gle currency and total European economic convergence could be the growth of extremist parties who would offer a real 'if thoroughly unwelcome' alternative to the 'Euro-centrist establishment'. She added that last week had not seen the destruction of European unity or international co-operation, but the inevitable collapse of rigid economic structures which had inflicted unnecessary recessions.

Instead, Lady Thatcher outlined a vision for a new Western

Continued on page 2



Thatcher: 'Conservative revolution went wrong.'



# QUIT TREATY, SAYS MAGGIE

BARONESS Thatcher last night called on the Government to pull out of the Maastricht Treaty.

Her speech was heralded by Labour as a declaration of civil war within the Conservative party, even though she congratulated the Government for ending the "torture of the straitjacket" withdrawing sterling from the exchange rate mechanism.

In a powerful speech in Washington on the eve of today's crucial French referendum the former prime minister called for a halt to the European gravy train, thundering "towards a destination neither wished for, nor understood by electorates".

And she urged Mr Major and Chancellor Norman Lamont: "It is high time to make as complete a reversal of policy on Maastricht as has been done on the ERM."

## Rock

Lady Thatcher set out her agenda for Britain and Europe as the world awaits today's French referendum on the Maastricht Treaty. A "no" vote would kill the treaty stone dead and rock the entire foundations of the European Community.

Lady Thatcher, speaking for the first time about the sterling crisis, appeared sympathetic, even generous, towards the Prime Minister — "I am not searching for scapegoats" — but Labour read overtones into her speech.

Shadow home secretary Tony Blair warned of a Tory drift towards "the policies of

by Chris Moncrieff

Press Association

Thatcher and her hostility to Europe" and said: "It is essential that the interests of the country are not damaged by the civil war in the Conservative party."

Lady Thatcher, warning again against trying to buck the market, told the CNN World Economic Development Congress the reaction of different economies to a single currency could create "chaos and resentment of the sort which would make the difficulties of recent days pale by comparison".

Maastricht would encourage extremism throughout Europe, she said.

And she spoke of "the growing sense of remoteness, an alienation of people from their institutions of government and their political leaders".

Lady Thatcher said: "To some people these last few days may have seemed like a nightmare. But that is a wrong perception. The trauma and the turbulence have brought home to governments the limits of their ability to shape the world on lines of political convenience. That is profoundly healthy."

Lady Thatcher's speech was received in silence by the Prime Minister.

A copy of the 15 pages of the text was faxed to Mr Major's home yesterday, but he made no public reaction.



# MAGGIE GETS HER REVENGE

By PETER DOBBIE, Political Editor

LADY THATCHER rounded on John Major and his beleaguered Chancellor last night, accusing them of gambling with the nation's savings.

She said the Government's attempts to rescue the pound as it crashed through the bottom of the European Exchange Rate Mechanism had proved that 'if you try to buck the market, the market will buck you'.

The former Prime Minister heaped scorn on her successor's policies in a triumphalist speech which she turned into a vindication of

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PRESSURE was mounting last night on the Bundesbank to cut interest rates, as the US Treasury Secretary added to accusations that Germany is to blame for the current European financial crisis.

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See Page 2

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her stand against Britain's membership of the ERM and the Maastricht treaty.

Her address, to an economic conference in Washington only a few miles from where Chancellor Norman Lamont was locked in talks with international finance ministers, was a mocking lesson in basic economics to the present Government and a slap in the face to Mr Major.

With heavy irony she congratulated the Prime Minister for leaving the 'economic straitjacket' of the ERM and devaluing the pound. She denounced the

## Baroness pours scorn on PM's failed policies

said she was not searching for scapegoats. 'What we have to do is learn the lessons of what has happened.'

'The first and general lesson is that if you try to buck the market, the market will buck you. The state is not there to gamble with the nation's savings.'

'Consequently, intervention in the exchange markets should be embarked upon with the greatest caution and within clearly understood limits.' She continued: 'It was not the collapse of the British Government policy, but the policy itself which was the problem.'

'It may be embarrassing to go back on a pledge to defend a particular exchange rate come hell or high water. But if the pledge was misguided in the first place, the act of breaking it should provoke a round of applause, not condemnation.'

Lady Thatcher also condemned German policy of high interest rates which had led to deflation throughout Europe.

'Nations like Britain have found themselves raising interest rates in a recession. But in the end reality was bound to burst through. This week, Britain resumed control of its own economic destiny. We are now free to pursue a policy that will reduce interest rates to stimulate recovery.'

Lady Thatcher said she agreed to ERM membership

WASHINGTON TIMES 9/21



REUTERS

British Prime Minister Margaret Thatcher addresses the World Economic Congress meeting in Washington.

## Future of Euro

By Richard O'Mara  
Staff Writer

PARIS — A referendum is being held here today in which all of Europe is participating, but only the French can vote.

They will decide whether France will ratify the Maastricht Treaty for European monetary and political unity and in the wake of the debacle in currency markets last week that shook the spine of Europe, the concern for the outcome has become an obsession all across the continent.

With the British pound, Italian lira and Spanish peseta all devalued within the last week — the first two suspended from the European exchange rate mechanism (ERM) that links European currencies — and the German mark soaring to new heights, millions are looking to this referendum to put the European system right, or out of its misery.

And so, the French vote could be one of the most important events in European post-war history.

At least it is so regarded by the political and economic leaders of the continent and elsewhere.

Mikhail S. Gorbachev, the man who presided over the superpower that disintegrated in the East, and who illuminated the idea of the "common European homeland," urged the French to a yes vote. Maastricht, he said, was the way to construct "a new more creative and more fraternal world."

And here and in Washington — though not in London — former Prime Minister Margaret Thatcher broke unusual silence with a bit of I-told-you-so and a warning that a Europe tied too tightly by the measures prescribed by Maastricht would eventually fly apart violently, as Yugoslavia is flying apart.

Speaking in Washington to an economics convention, broadcast worldwide by CNN, Mrs. Thatcher said that Europe's fixed exchange rate system produced a "false stability" that defied market forces.

"It is high time to make as complete a reversal of policy on Maastricht as has been done on the ERM," she said, arguing that if ERM couldn't contain disparate European economies, how could a single currency?

As for Britain's decision to withdraw from the ERM last week, she said: "We in Britain have been liberated. We are now free to pursue an economic policy that will reduce interest rates to stimulate recovery as the Fed [Federal Reserve Board] has done here."

The former prime minister, who now occupies a seat in the largely ceremonial House of Lords as Baroness

## Bonn resists calls to cut rates but will try to steady currencies

GERMANY, from 1A

was a European one, and that the dollar had remained steady and strong throughout the crisis.

Asked if Germany had given assurances on lowering interest rates soon, Mr. Brady said: "The German have already taken a step, the first in five years, to lower interest rates. They thus have changed direction."

Before the meeting, Mr. Brady said European interest rates generally should be lowered to promote growth, and other Treasury officials indicated he particularly had German rates in mind.

The meeting convened with Anglo-German tension at an undiplomatic high. Even before the daylong session opened, Theo Waigel, the German finance minister, indicated there would be no capitulation to pressure on interest rates.

"Neither the German finance minister nor the Bundesbank president would be in a position to promise [lower interest rates]," he said.

Mr. Waigel showed irritation over Britain's accusations of German culpability in the crisis, saying: "I am ready for talk [with Britain] at any time despite the fact that I accept neither the style nor the substance of the attacks."

"Blaming one side doesn't advance matters, it just leads to mis-

interest rates for causing tension within the European currency system, and the inadequacy of last Monday's cut in those rates for provoking the turmoil that finally made the system collapse.

The German mark was more attractive largely because of Germany's own problems — primarily billions of dollars in unanticipated costs for German reunification — which have compelled the Germans to borrow at high interest rates rather than raise taxes.

But the Germans maintain that Britain's failure to put its own economic house in order was the root cause of the collapse of the pound and its forced withdrawal from the currency mechanism, designed to tie Europe's major currencies to within a narrow trading band of each other.

Helmut Schlesinger, president of the Bundesbank, Germany's independent central bank, asserted yesterday that the realignment of currencies — the British pound, the Italian lira, and the Spanish peseta have all been devalued either formally or by the market — was long overdue and reflected economic problems in the various countries.

He said the strength of the mark served Germany's priority of combating inflation because it meant lower import prices and increased competition. The crisis, he said, did not necessarily mean the collapse of

A GLIMPSE AT PEOPLE, PARTIES AND POLITICS

# EC will thrive, Kissinger tells CEOs

A passel of CEOs from such companies as Sprint International and Archer-Daniels-Midland gathered Friday at a gala dinner held in conjunction with the first World Economic Development Congress, a four-day economic conference sponsored by the Cable News Network.

The crowd of 2,500 was clearly concerned with the topic of the week — the European monetary crisis — and were wondering what former British Prime Minister Margaret Thatcher would say on Saturday and what the French would decide about the Maastricht Treaty on Sunday.

Because the CEOs would not see Mrs. Thatcher until the next day (when she blasted the common-currency proposal, saying, "Any policy or program which fails to recognize the power of national loyalties is doomed to ultimate failure"), they had to content themselves with former Secretary of State Henry Kissinger, fresh from giving his own policy address before the group.

It's a good thing Henry the K is always so much fun.

Perhaps he was anticipating a few irksome queries related to his recent unauthorized biography by Walter Isaacson (which he reportedly despises). Or perhaps he was just being his suave old self.

Prior to the question-and-answer session at the reception preceding dinner, he leaned charmingly on the podium and said, "Every time I do a question-and-answer, I'm reminded of how Charles de Gaulle conducted his press conferences."

De Gaulle, he said, would come in with a list of answers and announce, "Would somebody like to ask a question to my answers?"

Oh, Henry. In addition to holding forth about the possibility for real progress in the Middle East (which he thinks is good), Mr. Kissinger had some choice words on the current European situation. He foresaw doom for "Brussels technocrats who mapped out the road and then

created a new reality." The situation is "not going to be able to continue, and that's not a bad thing. But the European [Economic] Community will continue and thrive," he predicted.

Some faces in the crowd included the prime minister of the new state of Slovenia, Janez Drnovsek, and Teddy Turner, son of Turner Broadcasting System's Ted Turner, who was in town to raise money for his Challenge America sailing venture.

CNN President Tom Johnson, asked about his network's sponsorship of the conference, didn't seem concerned about blurring the line between the creation and reporting of news.

"We've tried to be careful about that in every way," he said, noting that a speech by Mr. Turner was the only overt participation by CNN. "We're about communication, and communicating is what this is all about."

— Anne Gowen

Please address special events invitations, press releases, etc. to Kevin Chaffee, About Town Editor, The Washington Times, 3600 New York Ave. NE, Washington, D.C. 20002. Photos by Vivian Ronay.



CNN correspondent Peter Arnett and wife Kimberly Moore



Henry Kissinger with Colleen Loiselle (left) and Melike Hasefe, a member of the Turkish Parliament

## BNA - DAILY REPORT FOR EXECUTIVES

A - 6 (No. 183)

REGULATION, ECONOMICS AND LAW

(DER) 9-21-92

*Voluntary Program*

Along with the stressing that the program is voluntary, Boyd said the tests are free and not tied to any enforcement actions in the case that a vehicle is operating in violation of state law.

The program also will allow owners of 60 late-model, high-emitting vehicles to be part of a more extensive study program. In this case, owners will be provided with free loaner cars, and their cars will be taken to labs where they will be tuned up or their emissions systems repaired at no cost.

Along with looking at testing methods, the program will provide a real-world sample of vehicle emissions in southeastern Michigan, and it will supply data on the impact of routine vehicle maintenance on exhaust emissions, the consortium said.

In a prepared statement, the automakers' Council for Automotive Research said the research is expected to help automakers and regulators more specifically identify the sources of vehicle emissions and evaluate the effectiveness of later-model emissions control systems. Also it will help gauge the importance of routine vehicle maintenance.

*Other Studies Underway*

Debbie Janes, an EPA spokeswoman, told BNA the study will be used along with several other studies currently underway at EPA that also look at vehicle emissions. She said recent studies by the agency have turned up inaccuracies in previous estimates of vehicle pollution emissions, and the agency is now re-examining the "huge picture" of air pollution sources.

For example, Janes cited the ongoing Southern Oxidant Study that is looking at air pollution inventories to see if past assumptions are correct. She discussed a two-week study in June that measured emissions from vehicles entering and leaving the Fort McHenry Tunnel in Baltimore. Because all emissions are captured inside the underwater tunnel, vehicle emissions can be trapped and measured. A similar study, conducted in 1988 in California, found emissions to be underestimated by a factor of three or four, EPA said.

The results from the tunnel survey will be available in December.

A report on the results from the Michigan study should be available in March 1993.

The program is being conducted jointly by the state of Michigan, EPA, and the Big Three automakers. The consortium noted that this is first major joint research project of its kind undertaken by the automakers, EPA, and a state. □

*International Trade***EXIMBANK PRESIDENT MACOMBER  
URGES DOUBLING OF U.S. EXPORTS**

The United States needs to double its level of exports as quickly as possible, U.S. Export-Import Bank President John Macomber Sept. 18 told a CNN conference.

Addressing CNN's World Economic Development Congress, Macomber said that doubling exports in the

next five years is not a "big deal" since markets are growing all over the world.

"The global shifts of the past three years mandate it. The end of the 50-year-old Cold War, the emergence of free markets around the world, the rise of a group of newly industrial countries that are really serious competitors to Europe and the United States—all these developments mandate [a growth in U.S. exports]," Macomber said.

According to Macomber, exports are still a modest part of the U.S. economic landscape, comprising only 10 percent of gross national product. While the United States has made tremendous progress in export growth, much more needs to be done, Macomber said, adding there was a "long, long way to go." If exports were boosted to 15 percent of GNP, this would put an additional \$250 billion into the American economy.

"Think of the cash flow that would give us to make our work force the most competitive in the world, rebuild our highways and cities, and stay at the cutting edge of technology—and in the process create more and better-paying jobs," Macomber said.

There has been a dramatic improvement in the quality and competitiveness of U.S. products, according to Macomber. The United States is very competitive in traditional manufacturing industries that only a few years ago were derisively dismissed as America's rust belt, he added. Also, the United States leads the world in emerging businesses such as computers, telecommunications, advanced materials, and biotechnology.

"On top of that, the dollar is priced well. I want to emphasize, though, that no dollar value can compensate for shoddy or poor quality goods. And by the way, in today's global economy, if we cannot compete abroad, we cannot compete against foreign products at home," Macomber declared.

Saying that trade was central to staying competitive, Macomber commented that every time a bill is considered, officials in government should look at whether or not the legislation will help or hinder the U.S. trading position. This consideration has to be at the top of the list, he suggested. Trade policy is the cornerstone of any successful domestic agenda, Macomber said.

Asked whether the Uruguay Round agreement being negotiated under the General Agreement on Tariffs and Trade is dead, Macomber responded that it "can't be dead." Fundamentally, there is no choice other than to have a successful GATT, he asserted. □

*Energy***LAWMAKERS SEEK SUPPORT FOR BILL PROVISION  
BARRING NATURAL GAS PRICE-FIXING BY STATES**

Members of the House and Senate Northeast-Midwest coalitions are expected today to send letters to the chairmen and ranking members of the House and Senate energy committees asking that they retain language in comprehensive energy bills passed by both chambers designed to prevent states from restricting natural gas production in order to drive up prices.

# A message of hope from Dr Doom

42088



IN THE old days when Salomon Brothers was the most stuffily respectable institution in New York, its senior credit analyst was Dr Henry Kaufman.

He used to dominate bond market sentiment, just as his British admirer, Mr (now Professor) Gordon Pepper, did in London.

Those were financially disorderly and increasingly inflationary times, and Kaufman's frequent storm warnings got him the name Dr Doom. Unfortunately, he was right (and so, of course, was Pepper, with his dire forecast of the result of joining the ERM). Doom is now in over-supply, so you may not wish to read about Kaufman's latest thoughts; but read on. You may be surprised.

He was speaking only yesterday at the World Economic Development Congress in Washington, a kind of IMF fringe meeting; and since commonsense will no doubt be in shorter supply than ever at the main event, I wish I had space for his whole address; but as it is, his account of how we got into this mess, through ignorant though well-intentioned tax-cutting and financial deregulation, must be taken as read. It is aimed at the US, but applies with equal force to the UK, after adjusting for privatisation instead of borrowing. It is pithy, but basically familiar.

His current comments are not so conventional, especially from a man with such a name for austerity; but even here, some quotations will have to do. First, monetary policy. (Quotes are Kaufman on the US, brackets a UK gloss on them.) "During the crucial months of 1990, 1991 and even part of this year, the Federal Reserve failed to come to grips with the financial impediments to a normal rebound. The very notion of a credit crunch was ridiculed in some quarters... mainly because there was no direct historical counterpart on which to base a conventional analysis." (But while the Fed did brood about the problem, the UK authorities simply shut their eyes.)

"A startling number of speeches was given predicting a healthy recovery just ahead. Such cheer-leading was an obstacle to real-

ism." (Comment redundant.) "The Fed continued to maintain its customary vigilance against inflation. Central bankers must be forgiven this bias. Nevertheless, in the context of a dispirited economy... this took on some of the aspects of fighting the last war." (The Fed may have seen itself as resisting Reaganomics, but in the UK the elected government is more Catholic than the Pope.)

On deflation: "In the current situation... the only way many businesses can try to increase earnings is through cost reduction. That cannot work for the economy at large... [it] reduces employment, lowers income, and sours sentiment. It feeds on itself, resulting in bigger negative consequences than expected... Draconian measures to reduce the budget deficit in the short term would be dangerous." (Wholly applicable to the UK.)

On recovery: "Economic revival requires financial rehabilitation, and rehabilitation requires still lower interest rates" (even in the US!). It also requires "modest and explicitly temporary fiscal measures"; but monetary policy must carry the main burden because "it has the advantage of flexibility - the capacity for reversing course quickly."

On Europe: "I have long felt that an all-out defence of the ERM would be a mistake, and that the US should urge [its] members to consider suspending the mechanism until current divergences are able to be narrowed. That is what has happened under pressure of an old-fashioned market crisis.

"The events of the past few weeks must seem like a bizarre replay of something out of the 1960s. Even the role of the Bundesbank has been reminiscent... German rates will have to be reduced considerably further before there is much chance of re-establishing credible parities within the ERM."

On devaluation: "Devaluations would probably be inflationary if European economies were pushing against capacity constraints. However, the reality is the opposite."

And remember that Dr Kaufman's record as an anti-inflationist is impeccable. Kaufman for Governor? Our battered national pride would hardly take that; so what about Prof Pepper?



Lady Thatcher talking with Czech prime minister Vaclav Klaus during the World Economic Development congress.

# Labour says U-turn call heralds Tory civil war

MARGARET THATCHER'S call for a government U-turn on Maastricht has been hailed by Labour as a declaration of civil war within the Conservative Party.

In a speech in Washington on the eve of yesterday's crucial French referendum the former prime minister called for a halt to the European railway train, thundering "towards a destination neither wished for, nor understood by electorates."

She said, "It is high time to make a complete reversal of policy on Maastricht as has been done on the ERM."

Lady Thatcher said a French "no" vote would kill the treaty stone dead and rock the foundations of the European Community.

Meanwhile, Chancellor Norman Lamont is cutting short his attendance at the Washington G7 meeting of representatives from the world's seven richest economies and returning to Britain today to oversee the Treasury response to the French referendum.

He will also be leading the latest—much reduced—public spending round and proposing his

speech for the emergency recall of Parliament on Thursday.

Lady Thatcher—speaking on Saturday for the first time about the sterling crisis—appeared sympathetic towards the Prime Minister, saying, "I am not searching for scapegoats."

However, Shadow home secretary Tony Blair warned of a Tory drift towards "the policies of Thatcher and her hostility to Europe." He

**“It is high time to make as complete a reversal of policy on Maastricht as has been done on the ERM.”**

added, "It is essential that the interests of the country are not damaged by the civil war in the Conservative Party."

Lady Thatcher, warning again against trying to buck the market, told the CNN World Economic Development Congress that the reaction of different economies to a single currency could create "chaos and resentment of the sort which would make the difficulties of recent

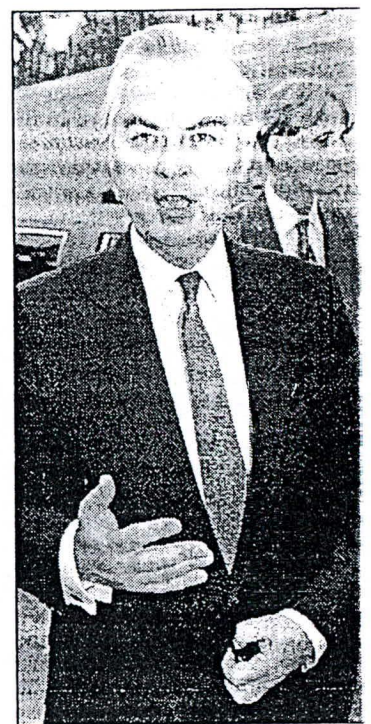
days pale by comparison."

She added, "To some people these last few days may have seemed like a nightmare, but that is a wrong perception. The trauma and the turbulence have brought home to governments the limits of their ability to shape the world on lines of political convenience. That is profoundly healthy."

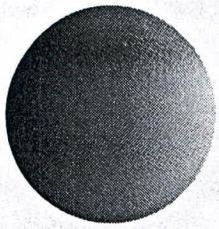
"This was the week when the British and other economies broke free of largely self-imposed constraints."

"As a result, new possibilities have opened up—not just to end our recessions, but for more enduring and productive international co-operation," she said.

Labour accused the Government of betraying the electorate and lurching towards anti-Europeanism. Shadow chancellor Gordon Brown said, "The Government has lost all claims to economic competence and credibility. Britain now has a devalued Prime Minister and Cabinet who, having devalued once while promising never to do so, will never be credible on the question of devaluation again."



Norman Lamont.



# World Economic Development Congress®

*"...may I begin by warmly  
congratulating whoever  
decided to schedule an  
Economic and Financial  
Conference at the end of  
this past week. It showed  
foresight of an almost  
astrological order..."*

*Rt. Hon. Baroness Thatcher*

*O.M. F.R.S.*



## *1992 Post-Congress Report*

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*Washington, D.C. September 17-20, 1992*





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Santiago (Chile), April 14th, 1993

Jennifer Goldman  
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U. S. A.

ARCHIVO

Dear Ms. Goldman:

*I have been appointed by the President of Chile, Mr. Patricio Aylwin, to acknowledge receipt of the kind invitation sent to him by the Bay Colony Corporate Center, to give a special plenary keynote address at the opening ceremonies of the World Economic Development Congress, on Friday, September 24.*

*His Excellency would have been very proud to carry out this task, and share with the audience the Chilean experience of the 90's; nevertheless, previous appointments already agreed for that month, will not allow him to participate in that important event.*

*Please receive the apologies of President Aylwin, as well as his wishes that, in all terms, the Congress be a real success.*

Cordially yours,



Marcelo Trivelli  
Advisor to His Excellency  
the President of the Republic

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