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The Honorable George P. Shultz  
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Dear George,

Thank you for your kind letter. The Council meeting was indeed very interesting. I am delighted that you enjoyed, for the second time, my recollection of the privatization of the Chilean pension system. I am hopeful that as more people learn about our experience in Chile they will recognize the tremendous benefits that a similar system holds for the United States.

You are entirely correct that most people over-estimate the transition costs. It is our challenge to make people understand that, when moving to a fully-funded system of private accounts, new debt is not created. The existing unfunded liability is simply made explicit. Without reform, this debt will just continue to expand, burdening future generations for its payment.

I will never forget our meeting at the Ministry of Mining in Santiago only two months after the approval of the pension reform when you asked me for a "one page memo" to deliver personally to President-Elect Reagan. As in other areas, you were both visionary and generous. *Hen*

I hope that our paths will cross again soon,

With Friendship,  
*Jose Pinera*