

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

2331 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3214
(202) 225-7944

COMMITTEES:

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GOVERNMENT REFORM

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Congress of the United States

House of Representatives

Washington, DC 20515-3214

DISTRICT OFFICES:

1651 THIRD AVENUE
SUITE 311
NEW YORK, NY 10128
(212) 860-0606

28-11 ASTORIA BOULEVARD
ASTORIA, NY 11102
(718) 932-1804

WEBSITE: www.house.gov/maloney

April 1, 2008

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Paulson:

I have concerns that Argentina's refusal to abide by international financial norms is hurting not only Americans but the overall global economy and the people of Argentina.

Argentina's 2005 restructuring of more than \$81 billion in sovereign debt obligations affected American teachers, farmers and taxpayers who have all suffered the consequences. America's largest higher education pension fund, TIAA-CREF, lost over \$100 million because of its investments in Argentine bonds affected by the default. Additionally, the default drove down the value of the Argentine peso, providing a *de facto* subsidy for Argentine agricultural exports and providing an unfair trade advantage over U.S. domestic agricultural products.

More broadly, the default cost U.S. investors and taxpayers \$9 billion in capital losses, defaulted interest payments and foregone investment returns. In fact, direct costs to investors in the U.S., Europe and Latin America now total even more than the original default – almost \$84 billion.

For too long, Argentina has been able to sidestep the penalties for ignoring its debt obligations. Although Argentina is still denied access to financial markets, its reserves now exceed \$48 billion. It is easy to argue that the country able to meet its financial obligations.

I appreciate your attention to this matter and I look forward to hearing about your plan to address these concerns.

Sincerely,

Carol B. Maloney

CAROLYN B. MALONEY

Member of Congress

cc: Hector Timerman, Ambassador to the U.S.
Condoleezza Rice, U.S. Secretary of State