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February 2, 2011

The Honorable Hillary Clinton
Secretary of State
U.S. Department of State
2201 C Street, NW
Washington, DC 20520

The Honorable Timothy Geithner
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Clinton and Secretary Geithner:

On behalf of the Center for Individual Freedom (CFIF) and its 250,000 supporters and activists across America, I write to express grave concern about the lawless actions of the government of Argentina regarding its outstanding debt obligations. At CFIF, it is our mission to advance the principles of rule of law, property rights and fundamental market fairness, all of which are threatened by Argentina's actions.

Specifically, Argentina recently announced that it will repay \$9 billion in debt to Paris Club nations, causing justifiable alarm for private creditors who invested hard-earned funds in Argentine bonds. As the Argentine government makes this move, it shows both will and capacity to repay its debts.

In 2001, Argentina defaulted on a massive \$81 billion in sovereign bonds, history's largest. Then, in 2005, it brazenly offered a take-it-or-leave-it restructuring plan to repay only 25 cents per dollar owed, and simply repudiated those claims when lenders refused. Today, Argentina's economy enjoys a 9% growth rate, its unemployment remains low and its domestic tax receipts exceeded annual goals by some \$13 billion. Additionally, its central bank possesses over \$50 billion in estimated reserves to repay its debts.

CFIF does not oppose repayment of Argentina's Paris Club debts. Any such repayment, however, cannot be accepted as any satisfaction of, or substitute for, repayment of private creditors. Rather, we respectfully urge that the U.S. government insist that Argentina not prioritize repayment to foreign governments ahead of U.S. taxpaying citizens. Argentina must be encouraged to negotiate directly with private U.S. creditors, who lent to Argentina in good faith during its time of need and have sought a fair reconciliation throughout the Argentine government's default and restructurings. To allow otherwise would reward Argentina's improper behavior and dangerously encourage similar behavior by others.

CFIF encourages the U.S. government, and you as Secretaries of State and Treasury, to demand repayment of Argentina's outstanding debt to private U.S. creditors before Paris Club nations. The Argentine government should not be allowed to arbitrarily choose which creditors it will repay, and private creditors who have fought for a fair repayment should not be forced to wait any longer for a reconciliation.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy H. Lee", written over a horizontal line.

Timothy H. Lee
Vice President of Legal and Public Affairs