



March 2, 2009

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

Dear Secretary Geithner:

During this time of global financial turmoil, recent news reports have indicated that the International Monetary Fund (IMF) and Inter-American Development Bank (IDB) plan to supply short-term sources of liquidity to emerging market economies. As leaders of the undersigned taxpayer organizations, we believe these multilateral institutions should only reserve credit for countries that are willing to practice responsible financial policies. Argentina's and Ecuador's unpaid debt obligations and continued fiscal recklessness should disqualify them as candidates to receive any new credit lines from the IMF or IDB. We urge the Treasury Department to oppose new lending to Argentina and Ecuador until they enact sound economic reforms and honor their debt obligations.

For example, American lenders are owed more than \$3.5 billion since Argentina's 2005 debt restructuring. It is imperative that Argentina repay this debt before Americans incur more unnecessary costs. As the primary source of financial support to the IMF, U.S. taxpayers should not be asked to foot the bill while the Argentine government willfully mismanages its finances. From nationalizing its private pension system to issuing dubious inflation figures, Argentina has engaged in counterproductive behavior. Multilateral institutions such as the IMF and IDB must not encourage such harmful practices by allowing the Argentine government to tap additional lines of credit.

The Argentine publication *Clarín* recently reported on an IMF technical cooperation program to reform Argentina's national statistics reporting agency. While the IMF's efforts should be commended as a step in the right direction, Argentina should not be rewarded with new loans until it repays its existing debt obligations.

Our organizations have long questioned the need for taxpayer subsidies to the IMF and IDB. But until this fundamental issue is resolved, you can help to ensure that the U.S. at least holds sovereign borrowers responsible for their outstanding debts. As the nation's representative to the IMF and IDB, you can defend American taxpayers by

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persuading multilateral institutions to hold Argentina's and Ecuador's governments accountable for their own fiscal choices. We hope you will take this step with all deliberate speed.

Sincerely,

Handwritten signature of Thomas Schatz in black ink.

Thomas Schatz, President
Citizens Against Government Waste

Handwritten signature of Pete Sepp in black ink.

Pete Sepp, Vice President
Policy and Communications
National Taxpayers Union