

United States Senate

July 24, 2023

The Honorable Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street NW
Washington, D.C. 20431

Dear Director Georgieva,

For years, I have spoken out about my concerns with the effectiveness and prudence of the International Monetary Fund (IMF) and its decisions to bail out foreign countries. Sadly, I have seen time after time instances where the IMF has placed American tax dollars on the line with no return on investment and with no improvement in the countries' economies it is intending to help. A prime example of this is Argentina. We've seen the ongoing economic turmoil in Argentina, a nation that has been plagued by recurring financial crises. Despite repeated interventions and \$44 billion in financial assistance, the International Monetary Fund (IMF) continues to plague the Argentine economy, which remains in a destructive cycle of fiscal instability.

The weak and poorly designed \$44 billion IMF program authorities signed last year has not improved the situation in Argentina. It has also not resulted in a successful path to economic stability or the ability for Argentina to repay its debts. The program did not include any relevant structural reforms to address Argentina's long-standing problems and, on the macroeconomic front, fails to create a cushion for a negative shock. All relevant variables are now worse than when the program began.

Argentina's economic crisis has resulted in a constant increase in poverty and the inability of the government to maintain macroeconomic stability. If inflation continues on the same trend as in recent months, it is expected to reach around 150 percent by the end of the year. This May, Argentina had the fourth highest inflation rate in the world. The loss of purchasing power, together with uncertainty and distrust, is generating an unprecedented social exhaustion.

The persistent primary fiscal deficit of more than 3 percent, which is almost ten times higher than the level inherited from the previous administration, is one of the country's long-term problems. The lack of voluntary financing of such a deficit implies that the Central Bank has to print money to finance it. This leads to high inflation rates, creates uncertainty, and obviously limits the economic growth of the country.

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One of the consequences of a stagnant economy and high inflation is the increase in the poverty rates: 40 percent of the population are already in poverty, and we are facing a third generation of people in poverty. The fact that more than half of the children live below the poverty line is a constant alarm that indicates the lack of future prospects we are currently facing.

Finally, the lack of international reserves in the Central Bank is a symbol of the unsustainable path of the current macroeconomic policies and the biggest short-term risk from a macroeconomic point of view. It was foreseeable that the current economic policy combination was going to lead inevitably to the exhaustion of international reserves. However, the government has not taken relevant measures or actions to really change the course.

Therefore, I write you to ask the following questions:

- Argentina's latest IMF program includes modest fiscal and monetary goals and proposed structural reforms will likely come short of what is required to spark a sustainable economic recovery. How is the IMF ensuring that more robust and appropriate reforms are achieved given the IMF's new Extended Fund Facility (EFF) loan to Argentina, the largest-ever such loan made by the IMF?
- As a United States Senator, I am a steward of American's hard-earned tax dollars. How are you in your role as Managing Director of the IMF safeguarding American tax dollars that are being deployed and leveraged in assistance to Argentina? What is the return on investment for these taxpayer funds?

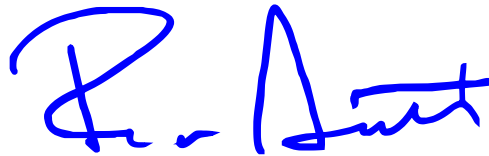
If IMF seeks to put Argentina on a path to financial security and independence from continued international support, it cannot continue to simply prop up Argentina without requiring the implementation of meaningful reforms. Failing to do the hard but necessary work of reforming Argentina's fiscal systems will only perpetuate the cycle of economic instability and jeopardize the country's future prospects.

I urge the IMF to work with Argentina toward a path of economic stability and prosperity. The people of Argentina deserve an IMF that prioritizes their welfare and fosters an environment conducive to sustainable economic growth.

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Thank you for your prompt response and attention to this important matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott". The signature is stylized with a large initial "R" and a prominent "S".

Rick Scott
United States Senator