

United States Senate

WASHINGTON, DC 20510

June 13, 2011

The Honorable Barack H. Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We read with interest your comments at a Joint Press Conference with German Chancellor Angela Merkel on June 7, 2011, in which you addressed the debt crisis in Greece. You said “we have pledged to cooperate fully in working through these issues both on a bilateral basis but also through international and financial institutions like the IMF.”

We write to remind you that you signed into law legislation that clearly lays out U.S. policy in this area. Under the Dodd-Frank law (P.L. 111-203), the Treasury Secretary is required to direct the U.S. Executive Director of the International Monetary Fund (IMF) to evaluate any proposed IMF loan to a developed country where the amount of that country’s public debt exceeds its gross domestic product. If the Treasury Secretary determines that the loan is unlikely to be fully repaid, he is required to direct the Executive Director to oppose the proposed loan. If the IMF approves such a loan, the statute also requires Secretary Geithner to report to Congress within 30 days of such action.

These provisions became federal law for a reason. We sought to prevent U.S. taxpayers’ money from again being used by the IMF to bail out foreign nations that have made irresponsible spending decisions. We offered this language as an amendment during the Senate’s consideration of the Dodd-Frank legislation last summer. The United States Senate approved the amendment by a vote of 94-0, and it became law by your hand.

According to information available on the IMF website, the debt of Greece as a percent of GDP for 2009 was 126.813 percent and in 2010 was 142.024 percent. And, according to CMA DataVision, a credit default monitor, the costs of insuring against default on government debt sold by Greece skyrocketed to record highs this week. As a result, we believe that it is highly unlikely that Greece will ever be able to repay any loans provided to it by the IMF.

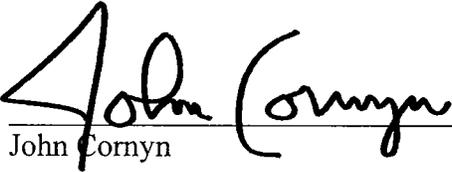
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We strongly believe IMF loans to Greece violate both criteria of the statute. We request your assurance that the Secretary of the Treasury Tim Geithner will comply fully with Section 1501 of the Dodd-Frank Act by instructing the United States Executive Director at the Fund to actively and forcefully oppose all IMF bailouts of Greece. We also recommend that you refrain from giving the impression to U.S. allies or global financial markets that the U.S. would act in violation this provision of law or defy the will of the Congress.

Thank you and we look forward to your timely response.

Respectfully,


John Cornyn


David Vitter