

reaffirmed Singapore's AAA sovereign credit rating. S&P assessed that "Singapore's very strong credit standing should remain secure against almost all foreseeable negative economic, geopolitical and security shocks". This is hardly the description of an economy vulnerable to financial collapse.

Goh Chye Boon,
 Director (Fiscal Policy),
 Ministry of Finance,
 Singapore

to foreign countries ("Outsourcing may be the magic bullet", January 5). Washington should consider the loss of income taxes normally collected on wages.

The current estimate of the number of outsourced service jobs (telephone answering, accounting, medical administration, debt collecting, information technology programming) is 400,000. The forecast of future service job transfers from the US to India, China, Russia is 2m.

federal and state apparently ignored. Washington can reduce the financial incentives to US companies for outsourcing their service jobs by imposing "virtual" taxes for the income tax revenues lost by the rising transfers of jobs from the US.

William E. Kentor,
 Highland Park,
 IL 60035, US

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Thinking 'out of the box' after Argentine bond default

From Mr Calvin J. McNulty.

Sir, While there has been an abundance of news on the great Argentine bond default and their not so generous 25 per cent payback, little has been said about alternative solutions aside from a straight monetary payback from the Argentine government. My company has been involved in resolving outstanding debt negotiations in Latin America for many years. We have often found that a combination of repayment methodologies is needed to spread the direct economic impact on any one country. While I am the first to argue that a country must assume responsibility for its borrowing actions, I also acknowledge that if a country is showing signs of economic recovery, cutting off its lifeline (International Monetary Fund funding) is the

equivalent of placing weights on a weakened individual who has fallen and is trying to stand up.

Rather than starting litigation against every party involved in the sale of the Argentine bonds, investors should seek an "out of the box" approach to resolve the situation. We have handled many situations in the past where a Latin American government offered an extremely low settlement amount. However, we stressed the benefits of settlement not only to the government, but to the intermediaries involved (in this case the banks) that would probably be named in any litigation. Accordingly, the intermediaries often came up with a settlement proposal that when combined with the government's offer was getting a bit more palatable for the creditors.

The Argentine government may also want to consider distributing non-monetary assets such as land whereby the creditors would retain clear title, backed by an international body, with the option to sell back to the Argentine government at a later date.

While these are just a couple of ways to be creative in structuring a settlement, the Argentine government clearly needs to change its attitude and focus on repayment options that not only permit Argentina to continue towards economic recovery, but adequately compensate investors who risked their life savings to assist a country in need.

Calvin J. McNulty,
 Bazil and Associates,
 Exton, PA 19341, US

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politician who had been coasting along like a nominee-in-waiting, finished a distant third. Although he tried to put the best possible spin on this - saying

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Wednesday January 21 2004

Two big winners, in

Managers in the fi
 to business must n

From Prof Emery Roe and Prof Paul Schulman.

Sir, Points raised by Ralph Shrader and R. James Woolsey concerning the role of business in safeguarding critical infrastructures are extremely timely ("Business has to be involved in security planning", January 16). Other FT articles on business continuity strategies also speak to growing concern over the vulnerabilities of critical infrastructures for electricity, telecommunications and financial

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