

# The IMF Ironically Wants a Bailout



By [Julie Borowski](#) on September 26, 2011

The International Monetary Fund (IMF) is a fundamentally flawed institution that currently serves as an international bailout fund. The global bureaucracy has spent decades bailing out reckless foreign countries and banks, of which most recently are Greece, Ireland and Portugal. But now reports are circulating that the IMF needs a bailout of their own.

IMF head [Christine Lagarde](#) recently signaled that the Fund is [running low](#) on bailout money. [According](#) to the Telegraph, “the IMF has warned that its \$384 bn war chest designed as an emergency bail-out fund is inadequate to deliver the scale of the support required by trouble states.” While no specific details have been released yet, hold on your wallets. As Cato Institute scholar Dan Mitchell [cautions](#), the IMF “presumably will demand more handouts from member nations – with the United States on the hook for providing the biggest share.”

Many people do not realize that U.S. taxpayers actually pay the [largest share](#) of the IMF’s bills. The American mainstream media—with the exception of former IMF head Dominique Strauss-Kahn [sex scandal](#) coverage—has largely ignored the IMF. But as Cato Institute scholar Doug Bandow [writes](#), “if the IMF was only spending other people’s money, then the U.S. might remain an amused bystander. But as the largest single contributor (16.67 percent, to be exact) to the Fund, American taxpayers are on the hook for a share of that organization’s lending, which ran more than \$90 billion last year.” Americans would be wise to pay closer attention to what the IMF has done with our money.

Americans taxpayers should not be forced to bail out the IMF. Nor should they be forced to subsidize foreign banks and spendthrift governments. As economist Henry Hazlitt [wrote](#), “the real solution is to dismantle the International Monetary Fund system.” The IMF is an [unconstitutional](#) international bureaucracy that has harmed taxpayers, threatened our national sovereignty and has propped up dangerous economic policies.

The Constitution certainly does not grant the federal government the authority to join international institutions such as the IMF. The international bureaucracy undermines our national sovereignty since our elected congressional representatives cannot even vote on these foreign bailouts. Unfortunately, the only American man with the power to veto IMF bailouts is Treasury Secretary Tim Geithner. Can [Tim Geithner please be fired](#) already?

All of the IMF loans and bailouts have inflamed what economists call moral hazard. The IMF has held out of the prospect of a bailout which has encouraged banks and governments to make more risky decisions. As Professor Philipp Bagus [says](#), “risky

countries, and, more importantly, their creditors, view the guarantee of bailouts as an insurance policy. Investors are less cautious about investing in developing economies as the IMF has implicitly guaranteed to cover their losses in the event of a financial calamity.”

The IMF should not get one more cent from U.S. taxpayers. We’d be better off if the United States would immediately withdraw from the international bailout fund which no longer serves a legitimate purpose.

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