



We're bailing out Greece

BUT U.S. Taxpayers Shouldn't Be

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US taxpayers will be helping to foot the bill for the Greek bailout, via the International Monetary Fund. And if the Obama administration doesn't draw a clear line, Uncle Sam may soon be on the line for even more and larger European "rescues."

The Greek government, with its high taxes and profligate spending to support large bureaucracies and social programs, is bankrupt. Its bonds have been downgraded to junk status.

As economist Milton Friedman once said, "If you put the federal government in charge of the Sahara Desert, in five years there'd be a shortage of sand." Greece has run out of sand.

Concerned that the fiscal damage could spread throughout the EU and the world, other European Union members and the IMF have pledged \$145 billion to bail out Greece. And since the United States is the largest contributor to the IMF budget, our government will be funneling

billions of American tax dollars to Greece.

No one wants to see Greece fail -- the economic stability of Europe is important. But US taxpayers have funded bailout after bailout, and our country faces a debt crisis of its own.

Our unemployment rate stands at nearly 10 percent. The public debt now stands at \$9.2 trillion. The Congressional Budget Office predicts that America's debt held by the public will reach 90 percent of gross domestic product within 10 years under President Obama's budget. Without dramatic spending restraints, America is on a path like the one that led to Greece's financial catastrophe.

In fact, Federal Reserve Chairman Ben Bernanke recently warned congressional leaders that, without significant spending restraints, the United States would soon face a debt crisis like the one in Greece.

It is unfair and unwise to ask US taxpayers to fund bailouts for EU countries while America racks up huge deficits.

And it's unlikely that Greece will be the last major EU member to seek financial help. High-debt Portugal, Spain and Italy could all face similar crises soon. Piero Ghezzi, an economist at Barclay's Capital, estimates that Spain may need a \$450 billion bailout. Italy might well need more.

The United States pays 17 percent of total member contributions to the IMF; No. 2 Japan provides just 6 percent. That entitles us to a claim on the overall IMF balance sheet, not a share of any specific loan -- but it still means that our "share" of the \$40 billion IMF package for Greece is equivalent to \$6.8 billion.

Last year, Congress passed another \$100 billion line of credit to the IMF -- funds the IMF said will go "to forestall or cope with an impairment of the international monetary system or to deal with an exceptional situation that poses a threat to the stability of that system."

In other words, the "too big to fail" doctrine is being expanded to an international level -- with the United States as the primary stakeholder.

While a \$145 billion bailout will temporarily dull Greece's pain, it's still not clear that Athens will carry out the necessary vast cuts in government spending; Greece and the EU may be setting themselves up for an even larger financial crisis down the road.

The American people already know what the governments of Greece and other EU members must learn: A nation can't borrow, spend and bail out its way back to a growing economy.

New Jersey faces a fiscal crisis, and Gov. Chris Christie is making tough choices without raising taxes or requesting aid from Washington, DC. If America isn't asking Europe for help with New Jersey, why should the EU ask the US for help with Greece?

The IMF executive board is scheduled to meet tomorrow to approve the bailout funding. We are urging the administration to use its seat on the IMF board to call for a formal vote and to oppose this bailout.

America can't unilaterally stop this loan request, but a "no" vote would send a clear message: Europe needs to put its own fiscal house in order with spending restrictions, entitlement reform and pro-growth economic policies -- instead of looking to the US taxpayer to foot the bill for one more government bailout.

Rep. Mike Pence (Ind.) and Rep. Cathy McMorris Rodgers (Wash.) are the chairman and vice chair of the House Republican Conference.

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