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IMF: 'No Discussion' With Fund On Nikkei-Reported \$600B EU Bailout Fund

WASHINGTON (Dow Jones)--The International Monetary Fund and a G-20 official Wednesday shot down a report from the Nikkei news agency earlier in the day that world leaders were planning a \$600 billion lending facility at the IMF for the European debt crisis.

"There has been no such discussion with the IMF," the fund's spokesman William Murray said in an emailed statement. An official from a member of the Group of 20 industrialized and developing nations also denied the report.

The Nikkei reported that Japan, the U.S. and China would contribute to a new fund totalling \$600 billion that would give the IMF more than \$1 trillion in cash to ease Europe's debt crisis.

"There is little chance the U.S. will contribute, politically it's a nonstarter," says Eswar Prasad, a Cornell University economist and former senior IMF official.

Beyond the fact that Congress is in no mood to provide any more money for the IMF, Treasury Secretary Timothy Geithner has repeatedly said on the record Washington isn't going to give any more money to the IMF, as Europe has enough of its own resources to solve the problem.

There have been a number of well-reported proposals floated in recent weeks to help boost Europe's bailout power through IMF-managed funds.

One idea is for Europe's central banks to pool cash through the IMF in conjunction with its existing bailout funds, with about \$150 billion mentioned as a possible figure. Emerging markets have said they are willing to consider extra financing, but only after Europe finalizes a comprehensive and effective debt-crisis package. Economists say emerging markets are unlikely to contribute more than \$100 billion in extra cash, and it would come with controversial conditions such as giving them more power at the IMF. Japanese officials have also mentioned helping.

But those proposals have all failed to yet gain enough political traction in the face of ongoing political discord in Europe.

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