International Monetary Fund (IMF)

What is the International Monetary Fund?
The International Monetary Fund (IMF) is a financial institution that works to help its member countries improve their economies in part through stabilizing exchange rates and addressing balance of payments problems. The IMF is an independent agency of the United Nations system established in 1944 to promote the health of the world’s economy. Most of the countries in the world belong to the IMF; as of 2019, it had 189 members. Although the details of its policies are complex and somewhat abstract, high school students can understand the basic intent and purpose of the IMF by looking at examples of its programs. The IMF is frequently in the news and having a basic understanding of what it is and what it does can help to demystify the subject of the global economy.

What are the purposes of the International Monetary Fund?
The IMF’s main purposes include: improving the health of the world economy by promoting the expansion of world trade, promoting the stability of exchange rates and helping countries correct balance of payment problems. (A country’s balance of payments is a measure of the money flowing in and out of the country during a year. If more money flows out than in, the country runs a balance of payments deficit and may not have enough foreign currency reserves to finance imports and to pay off foreign debts.)

How does the International Monetary Fund work to accomplish its purposes?
The IMF monitors economic developments and policies of its member countries. It provides policy advice to member countries to help them with problems in their economies. It lends money to member countries with balance of payment problems to help reduce poverty and to address other economic problems. It provides technical assistance to member countries that need help with macroeconomic policies.