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Opening Statement Senator Jack Reed Vice Chairman, Joint Economic Committee

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Thank you, Chairman Saxton, for calling this hearing on reform of the IMF and World Bank. I'd also like to thank our witnesses for taking the time to testify before us today. All four of you worked on the Congressional Commission on International Financial Institutions, making you uniquely well qualified to discuss this topic. Revisiting the issue for today's hearing with you is especially valuable given the international events that have occurred since your reports were published in 2000.

The IMF and World Bank were created as a response to World War II and the recognition that supporting global economic stability and prosperity would be an effective means of ensuring global peace. Today the economies of the world are even more interconnected. In the wake of September 11th and our ongoing war on terrorism, we are reminded that these institutions continue to serve a crucial role in our national, as well as economic, security.

Unfortunately, the recent economic crisis in Argentina suggests that the effectiveness of these organizations is sometimes insufficient. Economists and policymakers continue to debate over whether that is due to fundamental problems in the missions of these organizations, misguided policies, or simply mismanagement of well-intended policies.

Today's hearing should shed some light on what the Argentine experience teaches us about how well the IMF and World Bank are serving their missions, and what can be done to make these institutions stronger players in our efforts to support global economic and national security.