

**Opening Statement of Chairman Gary G. Miller
House Financial Services Committee
Subcommittee on International Monetary Policy and Trade**

**Hearing on “The Role of the U.S. in the World Bank and Multilateral Development Banks:
Bank Oversight and Requested Capital Increases”**

June 14, 2011

Today’s hearing is focused on the United States’ role in the World Bank and the multilateral development banks.

The United States is a lead shareholder at the World Bank and regional multilateral development banks. The Administration has requested contributions to the capital at these institutions and has argued that such contributions are important to retaining our leadership position.

How the MDBs Support U.S. Global Interests

Today, we begin the process of considering the Administration’s request for capital increases for the MDBs. I look forward to hearing from Undersecretary Brainard to discuss how these banks are supporting many initiatives that are consistent with American interests and American values.

For example, fragile and broken states present opportunities for terrorist actors to operate and threaten the U.S. and its interests.

The MDBs can bring development and stability to these areas, filling the vacuum that allows terrorist actors free reign.

The MDBs are hard at work in Afghanistan supporting the U.S. mission. General Petraeus has spoken about the importance of the Asian Development Bank’s work to develop much needed infrastructure across Afghanistan.

As North Africa and the Middle East undergo tumultuous transitions, the MDBs are able to provide technical assistance and capital to nations enacting democratic reforms and moving forward in a sustainable and positive manner.

In addition, the MDBs are making progress on regional integration in Africa, which holds promise for improving commerce and addressing many of the long-term issues that have exacerbated famine and poverty across the continent.

The MDBs provide poor countries across Africa an alternative to China for development finance and natural resource development

Effective Use of Funds

MDBs allow the U.S. to leverage its resources alongside those of other member nations to achieve U.S. interests.

As part of that model, the MDBs must adopt necessary controls to ensure MDB actions achieve desired outcomes and that borrowing nations move toward the ability to borrow from private markets.

Our Subcommittee's goal is to ensure the World Bank and regional multilateral development banks are using U.S. resources in a transparent, corrupt-free and effective manner, before committing more U.S. taxpayer funds to these institutions.

The U.S. must use its leadership position at the bank to fight for the end of corruption and make sure that all lending is conducted through transparent and accountable processes.

Fiscal Responsibility

We cannot lose sight of the fact that these requests are coming at a time when our country must focus on getting our own massive debt under control.

While the United States has a vital interest in continuing to assist emerging economies implement economic, political, and social reforms, we cannot overlook the cost.

During these economically challenging times, Congress must continue to make the difficult choices necessary to reduce the debt and grow our economy, while also furthering U.S. strategic interests around the world.

The American people are demanding that their government learn to live within its means and stop spending borrowed money. The fact is we simply cannot continue to borrow forty cents on the dollar and pass on the debt to future generations to repay.

We must prioritize federal dollars to ensure essential needs are provided for and do more with less, just as American families and small businesses have had to do during these lean economic times.

It is with these fiscal constraints at the forefront of our minds that this Subcommittee will assess the Administration's requests for funding.

Today's hearing will give members the opportunity to hear from the Administration about their rationale for the specific funding requests made for each MDB.

Before we act, we want to understand clearly the consequences, to global and U.S. economic and security interests, from any delay or reduction in the amount requested by the Administration.

Specifically, it is my hope that today's hearing will:

- Highlight the role of the MDBs and their relevance in today's world.
- Discuss the benefits to the United States of its membership at the MDBs, including the impact of the MDBs on the U.S. economy and U.S. strategic interests around the world.
- Examine how the current role of the United States at the MDBs allows for the influence of day-to-day operations at these institutions and shapes their medium- and long-term goals.
- Detail the reforms that the MDBs have agreed to implement as part of their general capital increases and explore what additional reforms are needed at each MDB to improve their operations and combat fraud and corruption.

Conclusion

Since accepting the gavel for this Subcommittee, I have said that our agenda will be focused on four things:

1. Job Creation
2. Global Competitiveness
3. Economic Growth and Stability
4. Protecting Taxpayers

This is the lens under which we will review the Administration's request for funding for the MDBs.

Our ultimate goal is to promote favorable conditions around the world for American companies in order to increase U.S. exports and thereby create jobs in the United States.

Through their development activities, the MDBs help contribute to stability around the world, opening up markets for our companies to engage. By ensuring the global environment is stable, American companies can thrive and contribute to robust economic growth.