



U.S.-CHINA ECONOMIC AND SECURITY  
REVIEW COMMISSION

*Hearing on Major Internal Challenges Facing the Chinese Leadership*

**Opening Statement of  
Larry M. Wortzel  
Commissioner and Hearing Cochair**

**February 2, 2006  
Washington, DC**

Good morning. I join Chairman Bartholomew in welcoming our distinguished witnesses and guests. Welcome also to Commissioner Houston.

China has achieved a remarkable economic expansion with strong annual growth. This surge in economic growth has, among other things, facilitated the modernization of China's military and encouraged a Chinese leadership that is confident and assertive in international affairs.

When China's Communist Party leaders on Politburo Standing Committee meet, they plan for increasing China's "comprehensive national power." This formulation involves strengthening China's military, economic, diplomatic, and cultural power. Their goals are for a powerful nation with global reach and influence.

As China rises to meet these goals, its neighbors in Asia, and many American military and political leaders, are concerned that China will eventually emerge as a competitor that will challenge the leadership the United States and its allies provide in the region and upset a delicate balance of power. Straight-line analysis forecasts China achieving economic parity with the United States by the middle of this century. American leaders must base their plans on the possibility that China will achieve these goals.

Nonetheless, there is no guarantee of a straight-line outcome. Chinese leaders plan for achieving this status for China, but they still confront serious domestic challenges that could easily derail or delay China's rise. Economic hurdles, environmental degradation, and shortfalls in China's social welfare programs have provoked growing public dissent. Confronted with this dissent, and concerned with their on hold on power, the Chinese leadership has demonstrated its resolve to maintain authoritarian, one-party control through expanded censorship of public debate and violent crackdowns on public protests.

This hearing seeks to examine China's key domestic challenges, the manner in which Chinese society and its leadership are addressing those challenges, and how these issues might affect U.S. economic and security interests.

We are pleased to welcome two executive branch officials to our first panel to discuss “What keeps Chinese officials awake at night?” Mr. James Keith is the State Department’s Senior Advisor for East Asian and Pacific Affairs. He is a career Foreign Service Officer who has served overseas assignments at the U.S. Embassies in Beijing, Jakarta, and Seoul, and was Consul General in Hong Kong.

We are also pleased to hear from Mr. Jerry Clifford, the Deputy Assistant Administrator for International Affairs of the U.S. Environmental Protection Agency. He has over 25 years of experience at EPA. We are eager to hear his assessment of China’s environmental challenges and what actions China is taking to address these issues. I thank you for taking the time to join us today and I look forward to your testimony.

This morning’s second panel will discuss the “Major Internal Challenges Facing the Chinese Leadership.” The panelists are experts working outside the U.S. government.

Dr. Flynt Leverett is a Senior Fellow with the Saban Center for Middle East Policy at the Brookings Institution. His work focuses on the Middle East and he recently completed a research article entitled, “China and the New Geopolitics of Middle Eastern Energy.”

Dr. Elizabeth Economy is the Director of Asia Studies at the Council on Foreign Relations. She is an expert on Sino-American relations and Chinese domestic and foreign policy, with particular focus on the environment. Her recent book, *The River Runs Black: The Environmental Challenges to China’s Future*, was named one of the top 10 books of 2004 by *The Globalist* and best social sciences book published on Asia in 2003 or 2004 by the International Convention on Asia Scholars.

Dr. Bates Gill holds the Freeman Chair in China Studies at the Center for Strategic and International Studies. Dr. Gill is a specialist in East Asian foreign policy and politics, primarily focusing on China’s domestic transformation, China’s regional diplomacy, and U.S.-China relations.

My co-chair for these hearings, Commissioner William Reinsch will be joining us a little later this morning.

I want to remind all panelists that the Commission welcomes oral remarks up to seven minutes in length. We will accept longer written statements and documentation for the hearing record.

Mr. Keith, the floor is yours for seven minutes.