



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on China's Role in the Origins of and Response to the Global Recession

Opening Statement of Commissioner Michael Wessel February 17, 2009 Washington, DC

I am very pleased to have the opportunity to co-chair today's important hearing along with Dan Slane. Our hearing today is being held against the backdrop of an economic meltdown being felt all across the globe. Millions of Americans have lost their jobs, their homes, their retirement savings. The passage of the economic stimulus package is but one step down the road to recovery.

The housing crisis may have been the precipitating event that brought the financial house of cards down, but the roots of today's economic problems are run far deeper and are interrelated. The crisis was fueled, in part, by a consumption bubble inflated by failed trade policies and unregulated financial markets. Blame can, and must be, broadly shared.

Today's witnesses will speak on various aspects of the global recession, particularly the role that China played in contributing to the global imbalances that lie at the core of the problem. And we'll also hear about China's specific efforts and policies to deal with the global recession and stimulate its national economy.

We will look, in particular, at China's investment in U.S. debt and Chinese consumption and savings patterns. As China confronts the challenges it faces, the question is whether it will continue to pursue its export-led growth policies or whether it will embrace a different strategy that will help restore growth at home and worldwide. Will China accept the "responsible stakeholder" mantle or continue its present course. Successfully overcoming this global recession will depend to a considerable degree on which course China decides to pursue.

The Commission will take all views into account when it later formulates its own recommendations to the Congress. We appreciate the work our distinguished witnesses have put into preparing their statements, and we thank them for being here to testify.

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