



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on “China and the Future of Globalization”

Opening Statement of
Roger W. Robinson, Jr.
Commission Vice Chairman

May 19, 2005
New York, NY

I would like to join the Chairman in expressing the Commission’s sincere appreciation to Ambassador Haass and the Council on Foreign Relations for hosting this important event. I would also like at the outset to express my thanks to Commissioner Patrick Mulloy who was indispensable in helping pull together this important hearing for the Commission.

When Congress established the Commission, it laid out several particular areas of investigation for the Commission to undertake in assessing how U.S.-China economic relations are affecting our broader economic and national security interests. Over the years, we have held hearings on many dimensions of U.S.-China economic relations, ranging from China’s adherence to its World Trade Organization (WTO) obligations to Chinese firms’ offerings in the U.S. capital markets to our series of field hearings across the country examining how the bi-lateral relationship is impacting key U.S. industry sectors.

In many ways, the topic we will be exploring here in New York represents the next step in our analysis of the economic implications of our relations with China. We are interested in gaining a more comprehensive understanding of the role that U.S.-China economic relations play in the broader context of what is commonly referred to as “globalization.” As the Chairman explained, and as stated in our 2004 Report to Congress, the Commission believes that the U.S.-China economic relationship is so large in scope and importance that it may well be setting precedents for the global economic order. Globalization did not begin with China, but China’s emergence as an economic power of such rapidly advancing proportions may well be changing the assumptions and theories that have to date governed our thinking about globalization.

By all accounts, China has reaped substantial benefits from its rapidly expanding participation in the global economy. Few could realistically have predicted two decades ago that China’s economic integration into the world trading system would lead to the scale of developments we are witnessing today. It is therefore useful to ask: Does the China factor change the dynamic of the global economy? Has China’s emergence changed the paradigm of globalization compared to the earlier development of Latin

America and other Asian countries, or are the trends with China of a piece with the same progression?

We are fortunate to have with us over the next two days a number of prominent economists, academicians, business leaders, and tax practitioners to explore these important issues. We will be examining the economic theories underlying globalization, the impact of globalization on the U.S. economy, the interrelationship between globalization and the U.S. trade deficit, the strategies that corporations employ to compete in the global economy, and the role of tax policy in driving trade and investment flows.

We hope to use this event to stimulate a debate on what is driving global economic flows, the impact of such flows on the U.S. economy, and the role of U.S.-China trade and investment relations in creating the international framework for globalization. These proceedings likely will raise more questions than provide answers, but asking the right questions is an essential first step in seeking prescriptions aimed at maintaining our nation's long-term economic well being.