

Statement of Secretary Steven T. Mnuchin Before the U.S. House Financial Services Committee



April 9, 2019

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, it is good to be with you today to discuss the state of the international financial system, the National Advisory Council on International Monetary and Financial Policies (NAC) report to Congress, and the key priorities of the Treasury Department.

I am proud to report that President Trump's program of tax cuts, regulatory relief, and improved trade deals is resulting in the strongest economic growth for the American economy since 2005 and the best job market in generations. From Q4 of 2017 to Q4 of 2018, real GDP increased by 3 percent. Earnings also rose by over 3 percent for the first time in a decade. Unemployment is historically low, and more Americans are participating in the workforce with renewed optimism for the future.

The World Economic Forum's most recent competitiveness report named the United States the most competitive economy in the world for the first time in 10 years. Thanks in part to the Tax Cuts and Jobs Act (TCJA), companies are investing hundreds of billions of dollars in new and expanded U.S. business operations, resulting in more career opportunities for hardworking Americans. Families are also saving thousands on their yearly tax bills because the TCJA cut rates across the board, doubled the standard deduction, and enhanced the child tax credit.

I would note that Opportunity Zones are a key component of the TCJA, and they will help more Americans benefit from our strong economy. Opportunity Zones offer capital gains tax relief for investments in businesses in distressed communities. We are seeing a great deal of enthusiasm for this policy all across the country because it will lead to revitalization and restore the promise of prosperity to more workers and families.

The Administration is making trade with our international partners a top priority. I urge all members of Congress to support the passage of the US-Mexico-Canada Agreement (USMCA). It will create the highest standards ever negotiated to protect the intellectual property rights of entrepreneurs, provide strong support for small and mid-sized businesses, encourage manufacturing, and open markets for American agricultural products. We are also making

progress negotiating with China to rebalance our economic relationship, end unfair trade practices, open their economy to American companies, and protect our critical technology.

We remain focused on several economic issues relating to national security. We are implementing the Foreign Investment Risk Review Modernization Act (FIRRMA). This legislation, which passed with overwhelming bipartisan support, modernizes the Committee on Foreign Investment in the United States (CFIUS) review process and enhances CFIUS's ability to analyze transactions for national security risks, while preserving our commitment to an open investment environment.

Treasury is combating the abuse of our financial system by rogue regimes, terrorist organizations, cybercriminals, and other illicit actors. The United States government and our international partners are putting unprecedented pressure on the illegitimate Maduro regime in Venezuela. We will continue to target this regime and support interim President Juan Guaido as he seeks to restore security and prosperity in his country and the region.

Treasury is also using its authorities to combat human rights abuses and corruption. We are pleased that many members of this committee have supported our sanctions and other actions, and I assure you that the Trump Administration will continue aggressively targeting malign actors all around the world.

Turning to policy developments impacting international financial institutions, we are advancing reforms to more efficiently alleviate poverty and foster stability and growth in emerging markets. We are working constructively with the G7, G20, World Bank, International Monetary Fund (IMF), and other partners to foster debt transparency that will reduce the risk of crises in developing countries.

As you are aware, the IMF aims to conclude its 15th General Review of Quotas this year. We believe that overall resources are currently adequate for it to accomplish its goals. We are beginning discussions with other shareholders on this issue.

Finally, of particular note to this committee, we are requesting authorization for funding for the World Bank's capital increase. In connection with this increase, we successfully negotiated a comprehensive reform package, which includes sustainable lending measures to limit the need for future capital increases and focus resources on poorer countries. We are also requesting authorization for the planned share purchase in the North American Development Bank with the goal of working more closely with Mexico to improve economic conditions in our hemisphere.

I look forward to your questions and discussing ways to create more jobs and raise wages for hardworking families. Thank you very much.

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