

The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System

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SHERMAN: Now, as to capital markets, where I devote most of my time, all of us on the Subcommittee agree that we're trying to get people to invest in American stocks and build the American economy. And in fact, our tax code has hundreds of billions of dollars of incentives to get people to invest in America.

China also has incentives to get the Chinese people to invest in Chinese stocks, but there's a difference, China only provides those incentives if you - - to Chinese people if they invest in Chinese stocks. American billionaires like investing in China, making tens (ph) and hundreds of -- of millions of dollars in profit.

Can you think of a reason why the American tax code should provide enormous tax benefits like the capital gains allowance to American billionaires who invest in Chinese stocks? Why is that in our national interest?

BESSENT: Sir, it's not just available to billionaires, if you were to buy (inaudible)...

SHERMAN: Right, so why do we want to encourage...

BESSENT: ... if you were able to buy a Chinese ETF, a very (inaudible) investment...

SHERMAN: Why would we be neutral on whether I buy an American ETF or a China ETF? Don't we prefer American capital be invested in America? Or are we just fine with encouraging Americans to invest abroad?

BESSENT: Well, sir, we don't want to close the capital account, and we do want investors to be able to...

SHERMAN: OK, so...

BESSENT: ... to -- to maximize their judgment where they should invest.

SHERMAN: Let me go on to one more thing...

BESSENT: I -- I -- I have said I wouldn't bet (ph) against the U.S., but...

SHERMAN: (Inaudible) please, next question...

BESSENT: ... (inaudible) it's a free country, and people can...

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