



Committee: House Financial Services Committee

Event: [The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System](#)

Date: September 15, 2026

Executive Summary: On September 15, 2026, the House Committee on Financial Services held a hearing to receive the annual testimony of Treasury Sec. **Scott Bessent** on the international financial system.

- Republicans generally praised the administration's economic agenda, commending deregulatory efforts, implementation of the *One, Big Beautiful Bill Act* (OBBBA), and aggressive sanctions against Iran. They also supported the administration's use of tariffs to counter non-market economies like China.
- Democrats criticized the administration's economic and trade policies, arguing that tariffs and a trade war with Canada are driving up inflation and hurting working families. They also repeatedly pressed the Secretary on the administration's handling of artificial intelligence (AI), warning of safety risks and a lack of regulatory guardrails.
- There was generally bipartisan interest around the rapid advancement of frontier AI models, though Members differed on the solution.

Member Toplines:¹

Chairman French Hill (R-AR-02): Hill praised the administration for refocusing the World Bank and the International Monetary Fund (IMF) on their core missions, rather than climate initiatives. He commended the World Bank's decision to phase out lending to China by 2031. Hill also highlighted the Committee's bipartisan work to push the World Bank toward financing nuclear energy projects.

Ranking Member Maxine Waters (D-CA-43): Waters criticized the administration's economic record, accusing the Secretary of “gaslighting” the public when families are struggling with high mortgage rates and grocery costs. She argued that the administration's trade policies and tariffs are driving up the cost of living and that the President's foreign policy is causing instability. Waters also criticized the administration for dismissing the threats posed by AI.

Witness Topline:

[The Hon. Scott Bessent, Secretary, Department of the Treasury \(Treasury\)](#): Sec. Bessent argued that the administration is bringing discipline back to international institutions like the G20 and the IMF, ensuring they serve American interests and promote global growth. He touted over 1 million new private-sector jobs and meaningful “relief” delivered via OBBBA. Sec. Bessent also highlighted a resurgence in U.S. manufacturing and defended the administration's aggressive economic isolation campaign against Iran.

¹ Written opening statements from Committee leaders were not available at the time of this memo's distribution.

Major Takeaways:

Trade & Tariff Policy:

- A number of Democratic Members weighed in on the specific implications of the administration's trade war with Canada.
 - Ranking Member Waters criticized the administration's "chaotic tariffs," stating they cost the average American \$3,500 more for basic goods and noting that retaliation from Canada on goods like lumber is driving up the cost of a new home. Reps. **Brittany Pettersen** (D-CO-07) and **Sylvia Garcia** (D-TX-29) also both pointed to local impacts in their home districts.
 - Sec. Bessent defended the tariffs, arguing that Canada's terms of trade have been unbalanced and that renegotiating them will ultimately create U.S. jobs, citing Sapporo Brewery's decision to relocate to the U.S. He asserted that "free trade has not always been fair trade," accusing Canada of backdooring overseas steel and Chinese electric vehicles into U.S. markets.
- Rep. **Warren Davidson** (R-OH-08) generally defended the administration's trade posture, arguing that U.S. manufacturers are forced to compete against a foreign government in China that subsidizes its industries to dominate global markets.
 - Sec. Bessent agreed that China is not a market economy, noting that China was the lone holdout against a recent G20 communiqué criticizing non-market economies.

Basel III & Treasury Market Functioning:

- Rep. **Frank Lucas** (R-OK-03) asked Sec. Bessent to describe his work with prudential regulators on their "much-improved Basel reproposal," specifically inquiring about maintaining access to clearing efficiencies in the cash and "repo" Treasury markets.
 - Sec. Bessent confirmed he has substantially engaged with regulators on the Basel III Endgame rules to ensure U.S. clearinghouses and financial institutions are not disadvantaged and that the U.S. remains the premier destination for global capital.

AI Governance & Safety:

- Members were very eager to learn about how Treasury was responding to risks to the financial sector posed by advanced AI models such as Mythos.
 - Rep. **Bill Huizenga** (R-MI-04) asked how Treasury is coordinating tech security efforts, specifically the Gold Eagle Clearinghouse, to avoid siloed work across the government. Sec. Bessent confirmed that Treasury is closely coordinating with the Department of War and the White House Office of Technology. He also confirmed that he gathered the largest banks to discuss cybersecurity resilience following the release of Mythos, citing plans to push those standards down to regional and community banks.
 - Rep. **Bill Foster** (D-IL-11) accused Treasury of prioritizing giant banks for early access and cyber defense while leaving community banks defenseless. He also generally questioned the technical competence of the administration's AI leadership. Sec. Bessent defended the strategy, arguing Treasury leveraged the existing cybersecurity strength of large banks to migrate know-how down to smaller institutions.

- Rep. **Stephen Lynch** (D-MA-08) expressed concern that the President dismissed AI warnings as a hoax. He warned that neither the U.S. nor China can control the entities they are creating, citing breaches at major AI labs.
- Rep. **Zachary Nunn** (R-IA-03) asked how Treasury is maintaining America's competitive advantage while preventing foreign actors from leapfrogging U.S. frontier models.
 - Sec. Bessent stated the administration is solving for both innovation and safety, advocating for the development of more open-source models in the U.S. to prevent regulatory capture by large labs and to counter Chinese models that "distill" or steal from U.S. technology.

Energy:

- Rep. **John Rose** (R-TN-06) asked how the administration is influencing the IMF to "support responsible nuclear energy projects and expand financing." In response, Sec. Bessent highlighted the fact that the World Bank moved forward with supporting nuclear energy for "the first time in decades" and spoke about the importance of impoverished countries developing "truly sustainable energy."
- Rep. **Young Kim** (R-CA-40) also spoke about energy, asking what the U.S. should be doing differently via the World Bank and other institutions to compete with China in light of their use of state corporations and "predatory lending" to dominate critical mineral and energy supply chains.