

Opening Statement
Treasury Secretary-designate Timothy Geithner
United States Senate Committee on Finance
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Prepared for Delivery

Chairman Baucus, Ranking Member Grassley, members of the Committee, it is an honor to come before you today.

I want to thank you for meeting with me over these last few weeks, and helping me understand your interests and concerns.

I am grateful to President Obama for asking me to lead the Treasury Department at this critical moment.

I am deeply grateful to my wife, Carole, and to my children and family for their support and sacrifice.

Throughout my career, I have had the great privilege of serving our country in institutions responsible for U.S. economic policy.

In these roles, I learned several important lessons about government and economic policy.

I believe that confidence in the strength and integrity of our financial system, confidence in our commitment to fiscal prudence, and confidence in the value of our currency are absolutely critical to the fortunes of all Americans.

I believe that markets are central to innovation and to growth, but that markets alone cannot solve all problems. Well-designed financial regulations with strong enforcement are absolutely critical to protecting the integrity of our economy.

I also believe that as America's economic fortunes become ever more tied to the rest of the world, we need to invest more at home to help Americans confront the challenges of trade and technological change.

Finally, I believe that our national security depends critically on our economic strength at home. We can have a great and positive impact on the global economic and financial system, but only if the quality of our ideas and actions win the support of other nations.

We now confront extraordinary challenges. A severe recession, here and in countries around the world. A catastrophic loss of trust and confidence in our

financial system. Unprecedented foreclosure rates, small businesses struggling to stay afloat, millions of Americans worried about losing their jobs and savings, growing job losses, a deep uncertainty about what tomorrow holds. At the food bank where my wife and son volunteer, the lines are long and getting longer.

Our test is to act with the strength, speed, and care necessary to get our economy back on track, and to restore America's faith in our economic future.

We must meet that test, and I believe we can, if we take aggressive action in four areas:

First, we must act quickly to provide substantial support for economic recovery and to get credit flowing again.

The tragic history of financial crises is a history of failures by governments to act with the speed and force commensurate with the severity of the crisis. If our policy response is tentative and incrementalist, if we do not demonstrate by our actions a clear and consistent commitment to do what is necessary to solve the problem, then we risk greater damage to living standards, to the economy's productive potential, and to the fabric of our financial system.

Senators, the ultimate costs of this crisis will be greater, if we do not act with sufficient strength now.

In a crisis of this magnitude, the most prudent course is the most forceful course.

The American Recovery and Reinvestment Plan will meet that test.

It provides powerful and direct support to help get people back to work, to encourage private investment, and to break the cycle currently crippling our economy—a cycle where concern about growth hurts investment and spending, causes further job loss, and makes it harder for families and businesses to get access to credit.

This plan is a critical part of the solution, but it has to be accompanied by aggressive action to address the housing crisis and to get credit flowing again.

Last fall, Congress passed the Emergency Economic Stabilization Act. Your action—and I know it was a difficult decision for many of you—your action helped prevent an economic crisis from becoming a catastrophe. The actions of the Senate last week to authorize additional resources will enable us to take the steps necessary to help get credit flowing.

President Obama and I share your belief that this program needs serious reform.

I know there are serious concerns about transparency and accountability, confusion about the goals of the program, and deep skepticism about whether we are using the taxpayers' money wisely.

Many people believe the program has allowed too much upside for financial institutions, while doing too little for small business owners, families who are struggling to keep their jobs and make ends meet, and innocent homeowners.

We have to fundamentally reform this program to ensure that there is enough credit available to support recovery. We will do this with tough conditions to protect the taxpayer and the necessary transparency to allow the American people to see how and where their money is being spent and the results those investments are delivering.

And we are going to do that. This is an important program and we need to make it work.

Second, as we move quickly to get our economy back on track and repair the financial system, we must make investments that lay the foundation for a stronger economic future.

The strength of the recovery will depend critically on the investments and reforms we initiate now to expand access to health care and reduce its cost, to move toward energy independence, to sharpen and deepen the skills of American workers and to modernize our infrastructure.

These investments will make our economy more productive and more competitive.

Third, our program to restore economic growth has to be accompanied by a clear strategy to get us back as quickly as possible to a sustainable fiscal position and to unwind the extraordinary interventions taken to stabilize the financial sector.

We need to demonstrate with clear and compelling commitments now, that when we have effectively resolved the crisis and recovery is firmly established, that as a nation, we will return to living within our means.

Finally, we must move ahead with comprehensive financial reform now so that the U.S. economy and the global economy never again face a crisis of this severity.

Senators, in this crisis, our financial system failed to meet its most basic obligations.

The system was too fragile and unstable, and because of this, the system was unfair and unjust.

Individuals, families and businesses that were careful and responsible were damaged by the actions of those who were not.

We need to move quickly to build a stronger, more resilient system now, with much greater protections for consumers and investors, with much stronger tools to prevent and respond to future crises.

We have experienced a great loss of faith in our economy, but we have not lost the most fundamental of American abilities—the ability to change, to adapt, and to reform.

This will take time.

It will require action on a scale that we have not seen in generations.

And we will have to keep at it until we restore the confidence of Americans and the world in America's economic leadership.

This is my commitment to you, and the President's promise to the American people.

We are a strong nation with great resources. We can meet these challenges—we can't afford not to.

Our shared goal is a healthy, more stable, and more competitive free-market economic system that can once again do what it does best: encourage people to invest and invent, to innovate, create jobs, and build stronger communities and better lives.

Before I finish, I want to say how grateful I am to my colleagues at the New York Fed and across the Federal Reserve. Like the career staff at the Treasury, they are an exceptionally talented and dedicated group of public servants. Brave, creative, and pragmatic. It has been my privilege to work with them.

If you and your colleagues in the Senate give me the opportunity to serve as Secretary of the Treasury, I will do everything I can to justify your trust and confidence.

Thank you.