



Committee On Finance

Max Baucus, Ranking Member

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Statement of U.S. Senator Max Baucus Nomination Hearing on Samuel Bodman

“Thank you, Chairman Grassley. Today this Committee meets to confirm a very capable and well-qualified candidate to an important position at the U.S. Treasury Department. Mr. Samuel Bodman has been nominated to serve as Deputy Secretary of the Treasury. This position has been vacant for nearly a year, and the Department desperately needs leadership during this challenging period. That is why I am pleased that the president has selected a candidate that possesses the skill, smarts, and know-how that Mr. Bodman brings to the table.

Mr. Bodman has run two large companies, Fidelity Investments and Cabot Corporation. In addition, he has learned the ropes of government service, most recently as Deputy Secretary of Commerce. I am glad that the administration has chosen such a well-qualified individual to serve as number two at Treasury.

Mr. Bodman, I understand that you have a reputation as someone who has fixed companies that have fallen into trouble in the past. You have your work cut out for you now. According to a 2002 Gallup survey of Treasury employees, 78 percent of Department staff are disengaged from their jobs. That means that only 22 percent of employees at the Treasury Department are actively engaged in what they are doing at the Department. That is a problem.

The sentiment that the Department is adrift was echoed in an August 2003 *New Republic* article titled “Buried Treasury.” The article details the use of career Treasury economists and lawyers for political ends. This is unprecedented and extremely troubling. I have no doubt that using Treasury career employees in this way has hurt morale.

I look forward to hearing from you what you expect to do to help set the Treasury Department and its employees on the right course. The American taxpayers deserve a Treasury Department with employees who are working up to their potential. In these tough economic times, the country can afford no less.

Mr. Bodman, you also have significant challenges in the policy arena. The president’s budget shows a budget deficit of \$521 billion. The Internal Revenue Service (IRS) notes that they neglect to collect \$311 billion dollars every year, including close to \$20 billion that are lost to corporate tax dodges. Others have suggested that these numbers are low. It is essential that the Treasury Department and the IRS begin to take enforcement of our tax laws seriously again. I am interested in hearing from you today about the administration’s plans to beef up enforcement of our tax laws.

In addition to enforcement of the tax laws, the Treasury Department also has responsibility to stem the flow of terrorist financing. Chairman Grassley and I sent a letter to the Office of Foreign Assets Control in December inquiring about how well they are performing their duties, and about their progress on some of the changes that the Inspector General at Treasury had recommended. I understand the Department of Treasury is providing a full response to most of the questions in that inquiry, and I appreciate their cooperation.

Today, I would like to hear your opinion on the effectiveness of the Office of Foreign Assets Control, the Financial Crimes Enforcement Network, and Treasury's coordination with other agencies. I would also like to hear what improvements you think could be made to make sure terrorists don't have the money to carry out their plans.

Finally, Mr. Bodman, there's one more related issue I want to raise: That's the issue of Cuba. Chairman Grassley and I recently asked the Office of Foreign Assets and Control to identify for us how they allocate their limited resources. As I noted, they have very serious responsibilities. That office plays a key role in our war against terrorism. They are the agency that follows the money. They work to impede financing for terrorist activities, drug trafficking, and weapons of mass destruction.

So I was appalled when the Office of Foreign Assets and Control reported to the Committee that it spends one-sixth of its resources on keeping American citizens from traveling to Cuba. In a time when we are at war in Iraq and Afghanistan, when our soldiers are being shot at every day, when our citizens face very real dangers from Al Qaeda, and when we also face massive budget deficits, this incredible waste of resources is unconscionable. Mr. Bodman, I look forward to working with you. I appreciate the experience that you bring to the job. And I wish you luck on the road ahead.”

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