

Statement of David Malpass, of New York, to be Undersecretary of the Treasury for International Affairs

Chairman Hatch, Ranking Member Wyden, and distinguished Members of the Finance Committee. Thank you for the opportunity to appear before you today and for your consideration of my nomination to be Undersecretary of the Treasury for International Affairs. I am deeply honored by the President's decision to nominate me, and I have very much appreciated meeting with many members of the Committee and your staff this spring.

Before discussing my own background, I would like to thank my wonderful wife, Adele, and our four children—Robert, Emily, Julia and Peter—for their support. Adele is a former Senate Budget Committee staffer and someone who cares deeply about pursuing policies that promote prosperity for all Americans. I am particularly grateful for her hard work and support over the last year and her unwavering commitment to our Nation.

We especially miss our parents on this occasion. They were keenly interested in public policy and would have been very proud to be here. Both our fathers died last year. They were intensely patriotic, served in the army in World War II, and chose to be buried with military honors. Adele's mother died earlier and my mother was not able to travel from Colorado, but I can feel their encouragement today as the Nation faces major challenges.

While the position to which I have been nominated primarily relates to international issues, my meetings with many of you focused on the local impact on your constituents. I listened to the variety and depth of your interests and concerns, and it was a particular pleasure to meet with Senators from states where I have strong personal ties—namely Oregon, Colorado, Georgia, and Louisiana. If confirmed, I look forward to working with you on a wide range of international issues—knowing they will have significant impacts on citizens of every state.

Specifically, the Undersecretary for International Affairs is responsible for directing U.S. financial and economic relations with foreign countries and managing our roles in multilateral financial institutions such as the IMF and World Bank. The position also involves supervising those charged with running the CFIUS process, coordinating global financial regulatory standards, negotiating agreements affecting the U.S. financial sector, providing technical assistance to foreign financial systems, and protecting the trustworthiness of the U.S. dollar. I am ready and eager to take on these important responsibilities and believe my upbringing, education, and 40-year career spanning government, finance, and economics have provided me with a solid foundation.

I was raised in East Jordan, a small town in northern Michigan. My great grandfather started an iron foundry there in 1883 that was expanded by my grandfather, father, and the cousins I grew up with. The East Jordan Iron Works (now EJ Co.) is a fifth-generation global business, which still prides itself on productivity, hard work, good-paying jobs, and strong communities.

After earning a degree in physics, I worked as a contract administrator at Esco, a foundry in Portland, Oregon. We made high-alloy steel used in digging equipment, nuclear castings, and

pulp mills. Both companies are emblematic of the challenges and opportunities that will continue to face our economy in the coming decades—they battle foreign competition yet have prospered through innovation, flexibility, talented leadership, and strong, skilled workers.

During the Reagan and first Bush Presidencies, I worked on economic and international affairs at the Treasury and State Departments and served on the staff of the Senate Budget Committee and the Joint Economic Committee. I had the privilege of working for Secretary James Baker and for Senators Pete Domenici and Bill Roth on many of the economic issues of the 1980s and early 1990s—including the 1986 tax reform act, the 1988 trade act, debt limit increases, and fiscal and monetary policy. I also participated in the policy responses to the Latin America debt crisis, the 1987 stock market crash, and the savings and loan crisis. At the Treasury Department, I headed the Developing Nations group, which was responsible for fiscal and monetary programs, the multilateral development banks, debt restructurings, and the securitization of debt through sovereign bonds.

After completing my government service, I moved to New York to work for Bear Stearns on macroeconomic analysis, later becoming Chief Economist. I subsequently started my own firm, Encima Global, which produced research on monetary and fiscal policy, markets, and currencies. I have written extensively for *Forbes*, the *Wall Street Journal* and other national publications on growth, ways to improve spending and tax policies, the Federal Reserve, and currency stability as a core path to higher living standards.

The theme of my upbringing, career, and publications is that policies have a big impact on growth, jobs, and wages, and that a key goal of fiscal and monetary policy development is to create higher living standards for working- and middle-income citizens in the United States and around the world.

If confirmed, I will endeavor to fulfill my duties by working closely with this Committee, and others in the Senate and House of Representatives in order to execute the law and develop sound Administration policies and initiatives. This would include helping our domestic industries remain competitive while encouraging foreign investment in the United States that creates more jobs here. I will also work to promote sound policies abroad and more growth—these are strongly in our national interest both in terms of markets for our products and national security. Finally, our international policies need to work toward broader prosperity—if confirmed, I will work to build a stronger U.S. and global economy that raises real median incomes.

Thank you again for the opportunity to appear before you today. I am happy to answer any questions you may have.