



Opening Statement of Senator Chuck Grassley
Treasury Department Nomination Hearing
Friday, Nov. 20, 2009

The nominees we will hear from today deal with different but important policy areas within the Department of the Treasury.

As Assistant Secretary for Financial Markets, Ms. Mary Miller's portfolio would include the Federal debt and Federal government credit policies. Given the likelihood that the administration will need to increase the Federal debt limit, it is important that we get a handle on the deficit and how we fund it.

Mr. Charles Collyns, if confirmed as a Deputy Under Secretary, would report to the Under Secretary for International Affairs, which is the third position we will examine today.

These positions are crucial for advising the Treasury Secretary and assisting to develop international policy pertaining to international monetary affairs, trade policy, international debt strategy, and other policy areas. Ideally, the Under Secretary for International Affairs will have an eye for detail and the personal integrity to represent our nation well in dealings across the world.

In what seems to be a frequent occurrence for the current administration, in this nomination hearing the Finance Committee will also be examining issues discovered during the Committee due diligence and vetting process. Over the course of the past several months, majority and minority staffs have been examining a series of issues pertaining to Lael Brainard, nominated to be Under Secretary for International Affairs at the Treasury Department.

On Wednesday of this week, a memo with attachments was released that details those issues that the Chairman and myself thought obligated to disclose to the whole Committee and to the public. I do not intend to examine each of those issues in detail at this time, but ask unanimous consent that the memo with attachments be printed in the record of this hearing.

I want to again state that the investigation of Dr. Brainard was consistent with longstanding Committee practice. Every nominee who passes through this Committee undergoes a tax vetting,

but it is not a tax audit that the IRS would conduct. The purpose of the Committee vetting process is not to slow down the nomination process, and is not to deliberately look for problems.

Although the process for vetting Finance Committee nominees has remained the same for the nearly nine years I've been either chairman or ranking member, the bar has definitely been lowered with this administrations nominees, in regard to tax compliance. Starting with Secretary Geithner's \$48,000 tax problem, we've seen a growing list of nominees who have had problems paying taxes, paying them on time, using credible valuations for deductions and accepting responsibility for all the above. Prior to this administration, we had never seen nominees with more than \$100,000 tax problems, or the inability to accurately respond to committee questionnaires multiple times, or the lack of straight answers from nominees.

What most people don't understand is that there were a number of Bush nominees with lesser tax-related problems than some of the ones we've seen this year who never made it out of committee. Most of them never even got a hearing. But, you didn't hear about it, because we were all obligated not to talk about it. And because that information is confidential, and, we play by the rules here, you won't hear about it in detail now. At times, we offered to let the nominee go forward if they were willing to make all of the facts public. But, in each of those cases, I told the Bush administration that I would not defend that nominee's actions, and not one of them moved forward. There was at least one instance where I was willing to move forward, but the other side was not, so that nominee didn't move.

More ominously, we've seen what I believe to be political operatives from outside the Senate leak what had been considered confidential information in the past. It's almost as if some of these nominations have taken on a political campaign. And, what has really gotten ugly is the fact that these political operatives are targeting our committee staffs, putting disinformation out into the public. I saw one of the administration's lawyers who helped with one of the early nominations this year quoted in the press recently saying our process is out of control and that it amounts to an IRS audit. Well, that person is not in a position to know all of the facts associated with nominees and potential nominees over the last nine years. That critic cannot and does not have access to those files and has no history with this process in the last decade, and he just doesn't know what he's talking about.

The fact of the matter is I'm concerned about what's been going on this year. Anyone watching this process closely now knows that a nominee can get away with not paying taxes, or consistently pay them months late, or not follow normal procedures and still be confirmed. All they have to do is blame it on their incompetent accountant, their spouse, or computer software or hardware.

Compliance with tax laws should not be a political issue, but in the current climate it seems as if the law applies to different people in different ways. I'm shocked at the attitude that has been shown by some when these issues come to light. Being nominated to a powerful position by the President is not an award and it does not entitle anyone to special treatment.

Rather, I would hope that presidential nominees would feel some sense of honor with regard to their own behavior and would see themselves as at the very least bound by the same legal

obligations as their fellow citizens who are not as powerful or well-connected. We do not need anyone so badly in the Federal government that we allow them to live by their own set of rules.

I'm laying this out on the table now because given what is now going on, I'm not sure it's worth our time, or our staffs' time, to even be asking these questions anymore. It just hasn't mattered, except for one case this year where a nominee voluntarily withdrew even after nearly all of the majority side publicly said all was forgiven and he should be confirmed.

One committee member was particularly critical of the bipartisan staffs' vetting work the other day. I'd say to that member or any of the other critics, do you think vetting nominees for public policy positions dealing with the taxpayers' hard-earned money should be superficial? Should we simply, like a matador, say "ole" and not examine nominees' financial statements or tax returns? Is that an appropriate way to go?

So, the chairman is not here right now, due to the sad situation regarding his mother. But, I intend to discuss this whole process with him going forward.