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Jacob J. Lew
Nominee for Secretary of the Treasury
Opening Statement
Senate Finance Committee
Confirmation Hearing
February 13, 2013

Introduction

Thank you, Mr. Chairman, Ranking Member Hatch, and Members of the Committee for welcoming me. It is a privilege to be considered by this Committee as the President's nominee to be the Secretary of the Treasury.

I want to thank Senator Schumer and Senator Domenici for their gracious comments. I have had the great fortune to work with both of them over many years, and I am honored they are here this morning.

I am especially thankful to my wife, Ruth, my daughter, Shoshi, my son, Danny, his wife, Zahava, and my grandchildren. Public life demands much from our families, and I deeply appreciate their support and sacrifice over many years of long days and missed family time.

And while my parents are only with me in spirit today, I know I am sitting here because they nurtured in me lasting values and an enduring commitment to serve our country.

I am grateful to President Obama for asking me to lead the Treasury Department. It has been my honor to serve in his cabinet and as his chief of staff, and I am humbled by his continued faith in me.

Finally, I want to thank the Members of this Committee for meeting with me over the last several weeks and sharing your insights. The Finance Committee plays a singular role in defining our nation's tax, trade, health care, and Social Security policies. And with a long history of cooperation and collaboration, this Committee stands out as a clear example of how bipartisanship can thrive and produce real results for all Americans. I pledge that if confirmed, I will maintain frequent consultation with Members of this Committee in accordance with the spirit of respect and understanding that has been this Committee's hallmark.

Professional Career

Forging bipartisan consensus is not an abstract idea for me. It is the fundamental thread that spans my professional life. Early in my career, the great Speaker Thomas P. O'Neill, Jr. was a mentor to me. And by asking me to take part in the negotiations that led to the historic agreement with President Reagan to save Social Security, he allowed me to gain a deep understanding of what could be accomplished through bipartisan cooperation.

Working across the aisle while serving under President Clinton, I helped negotiate the groundbreaking agreement with Congress to balance the federal budget. And as budget director, I oversaw three budget surpluses in a row even as we pursued policies to speed economic growth and create jobs.

My experience in leadership positions outside government has proven that working collaboratively to solve problems is a universal necessity. At New York University, the largest private university in the country, I was responsible for helping to forge the tough choices to make sure the university would continue to make critical strides within the constraints of limited resources and growing demands. During my time at Citi, I was part of the senior management team trying to drive organizational change at one of our nation's largest banks.

With my return to public service in this Administration, building partnerships has been central to getting things done. At the State Department, I worked alongside Secretary Clinton to promote our country's national security and international economic policies around the globe. Under her direction, America's leadership abroad was reinvigorated through diplomacy and engagement, and diplomatic missions were transformed to meet the needs of the day.

At the Office of Management and Budget, pursuing sound fiscal policy required transcending politics and making tough calls. We eliminated and cut programs, and we worked with Democrats and Republicans to pass the Budget Control Act, which has reduced federal discretionary spending to historically low levels.

Finally, as the White House Chief of Staff, I have had the opportunity to work directly at the side of the President who has always believed, as I do, that neither party has a monopoly on good ideas. The fact is, we do best for the American people when we can find common ground to move our country forward. We saw that most recently when the Administration and Congress acted together to protect the middle class from sweeping tax increases that could have thrown our economy back into a recession.

What Has Been Accomplished

Because of my experience, I approach the challenges that lie ahead with a clear understanding of their complexity and significance. That experience has also given me a

profound respect for Secretary Geithner and for the women and men of the Treasury Department whose remarkable record of accomplishment I would like to acknowledge.

When President Obama came into office, the economic conditions were the worst our nation has seen since the Great Depression. The President moved quickly to break the back of the financial crisis and reignite growth, and because he, along with Congress, responded with great speed and force, our economy is in better shape today.

Over the past 35 months, the private sector has created more than 6 million new jobs. Taxpayer money that saved the financial system has been mostly repaid. Rules are in place so that the financial system is safer and taxpayers are not responsible if a big firm fails again. The housing market is recovering, and home values are stabilizing. We have isolated Iran from the global financial system and established what is widely regarded as the toughest sanctions regime in history. We have signed a series of trade agreements to open up markets for American goods and level the playing field for American workers and businesses. Our auto companies are once again growing, innovating, and creating jobs. And we have made substantial progress reducing our deficit in a balanced way.

More To Do

So we are in a better position today. But as we all know, the work to create a sounder economy and a safer world remains unfinished.

Our top priority is to strengthen the recovery by fostering private sector job creation and economic growth at a time when we must make sure our economy remains resilient to headwinds from beyond our shores. That means making it easier to sell American-made goods abroad and expand manufacturing in the United States. It means working with our partners around the globe and through organizations like the G20 to bolster the international financial system and promote global economic stability. It means moving forward on the work to complete financial reform so that the system is less vulnerable to crisis, with greater protections for investors and consumers. And it means reforming the tax system so American businesses can thrive and remain competitive.

At the same time, we must put our nation back on a path of fiscal sustainability. Over the past two years, we have locked in \$2.5 trillion in deficit reduction through spending cuts and revenue increases. And we can do even more to shrink the deficit over the next decade through a balanced mix of spending reductions and tax reforms, and sensible reforms to Medicare that will help the program stay sound in the future.

But even as we move forward with deficit reduction, we need to make sure we leave sufficient room for critical investments in education, research, and infrastructure that we need for our economy to grow and compete globally. We also have to avoid doing anything to degrade our national security or derail the economic recovery through abrupt moves in the short term. That is why we cannot allow the series of harmful automatic spending cuts known as the

sequester to go into effect on March 1. These cuts would impose self-inflicted wounds to the recovery and put far too many jobs and businesses at risk.

Conclusion

In closing, I would like to make one final observation. In recent years, some have argued that Washington is irrevocably broken. That our government cannot tackle the nation's most serious problems. That bipartisanship is a thing of the past. I disagree.

I have reached across the aisle to forge honorable compromises my entire professional life. I have been involved in almost every major bipartisan budget agreement over the last 30 years. In this chamber alone, the list of Majority Leaders I have been privileged to work with includes Howard Baker, Bob Dole, Robert Byrd, George Mitchell, Trent Lott, Bill Frist, Tom Daschle, and, of course, Harry Reid. So I have seen and learned a lot. And I can honestly say that the things that divide Washington right now are not as insurmountable as they might look.

The truth is, we all share the same goals. We want an economy that is expanding. We want a private sector that is robust. We want a vibrant job market that gives anybody who works hard the chance to get ahead. We want a financial system that helps families save and channels investment to support innovation and entrepreneurs. We want a strong housing market. We want a global economy that is prosperous, inclusive, and secure. We want a vigorous manufacturing base and a level playing field for American companies. And we want a government that lives within its means.

It is going to take a lot of hard work to achieve these goals. We have plenty of obstacles ahead. But when I think of what our nation has been able to achieve since our founding, I have no doubt that we will work together to find solutions to today's challenges.

Mr. Chairman and Members of the Committee, I am grateful to you for considering my nomination, and I would be happy to answer any questions you may have.

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