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**HATCH STATEMENT AT SENATE FINANCE COMMITTEE CONFIRMATION
HEARING CONSIDERING JACOB LEW FOR TREASURY SECRETARY**

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following remarks during a Senate Finance Committee hearing considering the nomination of Jacob Lew to serve as Treasury Secretary:

Thank you Mr. Chairman, and thank you Mr. Lew for joining us here today. I look forward to hearing Mr. Lew's testimony today and finding out more about his knowledge, background, and qualifications for this very important position in the President's cabinet.

As we all know, the U.S. Treasury Secretary is charged with a variety of responsibilities.

Mr. Lew, I know that you are well-versed in budget matters, but those are not the main responsibilities of a Treasury Secretary.

I believe that I already have a good understanding of your budget views, including your opinion that we need higher taxes and much more revenue to address our nation's fiscal problems. I also know about the Obama Administration's reluctance – which I assume you share – to engage in structural reforms to our entitlement programs, even though they are main drivers of our debts and deficits.

I do not share your views on these matters – neither do the American people. And, as a Social Security and Medicare Trustee, the Treasury Secretary cannot simply hope these problems will go away.

But, the Treasury Secretary has responsibilities that extend far beyond the budget.

These responsibilities include: implementation of financial regulations; oversight of financial stability; debt management; tax collection; oversight of economic sanctions; defense of the value of the U.S. dollar; disbursement of payments; implementation of certain housing policies; assisting Congress with its oversight responsibilities, and oversight of entitlement trust funds.

So, while I admire your budget prowess and understand your views on fiscal policy, I know far less about your knowledge and experience in many of these other areas.

I hope to learn more today.

There remains a large amount of uncertainty in financial markets from the as yet unknown aspects of Dodd-Frank. Hundreds of Dodd-Frank rulemaking requirements are either still in the works or have not even been proposed yet. Meanwhile, lobbying continues, with hundreds of meetings having occurred between banks and their lobbyists on the one hand and Treasury and other regulators on the other.

Whoever becomes the next Treasury Secretary ought to have a firm grasp of financial markets and risks to stability of our financial system. Dodd-Frank assigns responsibility for assessments of, and warnings about, threats to financial stability to the recently created and largely nontransparent Financial Stability Oversight Council, or FSOC (F-SOCK), which is chaired by the Treasury Secretary.

In addition, the Secretary of the Treasury plays a key role in the international financial sphere. This is an area where we have seen a real lack of leadership from this Administration.

With no real U.S. economic leadership, the world is left with a policy vacuum. If the United States does not lead, other nations will. Recent analysis shows that China has now surpassed the United States as the world's largest trading nation.

Furthermore, the risk of international currency wars is rising, which could push the U.S. back into recession, or worse.

Statements by U.S. political leaders at international conferences about currency policy are not enough. Without a clear policy, and a coherent strategy to advance that policy, the international monetary system will continue to be adrift.

Our future economic competitiveness depends upon the United States leading efforts to establish a fair, stable, and transparent global financial and currency system based on market principles.

I look forward to hearing your views about these important matters before the Treasury and your plan of action if you were to be confirmed.

In addition, I understand that you worked as Managing Director and Chief Operating Officer of two units of Citigroup, but it is unclear what your exact roles and responsibilities were.

So far, you have indicated that you coordinated operations, technology, human resources, and maybe legal and financial activities. But, we know very little about your

knowledge of the activities and practices of the units for which you were the Chief Operating Officer.

Some of the units' activities included proprietary trading along with sales and marketing of risky investments. If you knew about the marketing and sales of those investments, it would be instructive for us to find out what you knew. If you did not know much about them, then it would be instructive for us to find out why, and to determine exactly what your responsibilities were during your years at Citi when you were very well compensated, including times when Citigroup was being propped up by American taxpayers.

These are important questions because, if you are confirmed as Treasury Secretary, you will be responsible for overseeing the implementation of regulations directed at some of the very practices undertaken by the Citi units that you operated.

For example, as Treasury Secretary, you would be responsible for coordinating implementation of the so-called "Volcker Rule," which is intended to separate proprietary trading from federally-insured financial activities.

You have stated that you support the Volcker Rule. Yet, you were the Chief Operating Officer over two units that engaged in the sort of activities the Volcker Rule is meant to prevent.

Therefore, if you were to be confirmed, it could lead to an awkward situation in which, in your role as Chair of the FSOC, you would effectively be saying to financial firms: Do as I say; not as I did.

These are not trivial matters. Indeed, they bear directly on your qualifications to serve as the next Treasury Secretary.

If the committee was given time to examine your record more thoroughly before today's hearing, I'm sure many of these questions would have already been answered. As it is, we'll have to explore these matters here today.

Finally, I just want to mention that, when we met to discuss your nomination, I told you that I was very dissatisfied with the Treasury Department's level of responsiveness to my letters as well as letters from my colleagues. In your own written statement, you pledge to "maintain frequent consultation with Members of this Committee." I appreciate that promise and want you, if confirmed, to be responsive in a timely manner.

Once again, I want to welcome Mr. Lew and thank him for his willingness to serve and for his past public service. Mr. Chairman, I look forward to what I hope will be an informative hearing.

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