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HATCH STATEMENT AT SENATE FINANCE COMMITTEE HEARING CONSIDERING TREASURY & TRADE NOMINATIONS

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 nominations of Sarah Bloom Raskin to serve as Deputy Secretary of the Treasury and Rhonda Schnare Schmidlein to be a member of the U.S. International Trade Commission:

Mr. Chairman, thank you for holding today's hearing. I also want to thank our two nominees for joining us.

Governor Raskin, if confirmed as Deputy Secretary of the Treasury, you will be making an interesting transition from the monetary to the fiscal sphere, both of which, in my view, need improvements when it comes to transparency.

It is my hope that, if you make this transition, you will work with us to improve the lines of communication between the Treasury Department and Congress.

On the monetary side, the Federal Reserve has, in my assessment, been treading perilously into the sphere of fiscal policy.

Treasury and the rest of the administration, not to mention many in Congress, have been content to outsource decisions such as the maturity structure of our debt to the Fed and, in the process, have anointed the Fed with power over what are essentially fiscal policy matters.

Relatedly, the Fed made a joint pledge with Treasury back in March of 2009 that the Fed should not "allocate credit to narrowly-defined sectors or classes of borrowers." The pledge went on to proclaim that "government decisions to influence the allocation of credit are the province of the fiscal authorities."

Then, reneging on the pledge, the Fed decided in September 2012 to buy \$40 billion per month in agency mortgage-backed securities and to allocate credit in order to ease market conditions in the mortgage and housing sectors. Remarkably, this came after Treasury ended its

foray into mortgage-backed securities investments, citing improved market conditions. It also came directly after a prominent Democrat in Congress admonished Chairman Bernanke to “get to work, Mr. Chairman” on providing more stimulus.

Unfortunately, the joint Fed and Treasury pledge not to channel credit to narrow sectors of the economy ranks right up there on the credibility scale with the promise that if you like your health insurance policy, you can keep it.

When I ask the Fed and Treasury about the interplay between monetary and fiscal policies, and some dangerous overlaps, I hear conflicting stories.

On the one hand, officials assure me that the Fed and Treasury are independent, doing their own things.

On the other hand, I see the Fed and Treasury acting jointly, as when Fed officials publicly state that they are helping the government lower its financing costs, which is making debt-fueled government spending look artificially cheap.

So, Governor Raskin, my hope is that you would agree to help make Treasury more transparent and to work with Congress when Members ask for information about Treasury policies or the country’s debt or cash management decisions.

There is plenty available for you to do at Treasury, and I hope that you will outline your objectives for us.

I further hope that those objectives include working to promote clarity about the positions of the administration on issues that are long overdue for action, including comprehensive tax reform, entitlement reform, reforms of Fannie and Freddie, and plans to drive down our Nation’s unsustainably high and growing debt.

Turning to the trade side of today’s hearing, Ms. Rhonda Schmidlein is nominated to be a member of the United States International Trade Commission.

If confirmed, you would have a voice in shaping the ITC’s future, including its Section 337 process. The ITC’s Section 337 process is a vital tool for U.S. companies facing unfair competition from foreign imports that infringe their intellectual property, and I have a longstanding interest in making sure this process operates as effectively as possible.

I am also very interested in ensuring that the ITC is able to continue its role as a non-partisan source of information regarding U.S. trade policies and their effects on our economy.

Ms. Schmidlein, I hope you share my belief in the importance of an effective 337 process and the need for Congress to be able to obtain the highest-quality economic analysis from the

ITC.

Mr. Chairman, once again, thank you for holding today's hearing and for your ongoing leadership of this committee.

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