

Statement by U.S. Senator Chuck Grassley of Iowa
Ranking Member of the Committee on Finance
Nomination of Timothy F. Geithner to be Secretary of the Treasury
Thursday, January 22, 2009

The Treasury Secretary has enormous powers in ordinary times and even greater powers right now because of the condition of the economy. The Finance Committee owed the American people all due care and diligence in considering this nomination, and I appreciate the commitment that Chairman Baucus has made to making sure the committee did so.

I also appreciate the assets Mr. Geithner offers with his experience in the financial sector, especially as President of the Federal Reserve Bank of New York. In this position, for better or worse, he's been in the thick of the extraordinary steps taken by the federal government to try to rescue the financial system, including the bailouts of Bear Stearns and AIG. Mr. Geithner has acknowledged that these two transactions in particular should have been more transparent, and that the work of the Treasury Department going forward must be more open and accountable to the taxpayers who are funding the massive effort to stabilize America's financial system.

With this nomination, all of us who serve on the Finance Committee also had to consider how significant it would be for the head of our nation's tax administration and tax policy to pay his own taxes without violations. The Treasury Secretary is in charge of the IRS, and must set a good example.

During yesterday's confirmation hearing, Mr. Geithner gave answers to committee member questions about his tax compliance problems. The nominee's answers to the committee and during the vetting process give me pause. The explanations for irregularities have ranged from statements that he should have known, to proclamations that if only his accountants had warned him he would have done the right thing. I received a message yesterday from a constituent in Dubuque expressing concern about this nomination. The constituent wrote, "If the man cannot handle his own finances, how is he going to handle the country's?"

The Senate may vote to confirm the nomination of Mr. Geithner. If so, I will work with him to do what needs to be done for economic recovery, including the areas of tax and fiscal policy and new markets through international trade. I will also work to fulfill my obligations as a United States Senator in our system of checks and balances. That said, I cannot vote to confirm the nomination based on the record and the need to foster greater accountability in both big government and our financial institutions.