



TREASURY SECRETARY

NOMINEE: Timothy Geithner

Born: Brooklyn, New York, August 18, 1961.

Family: Wife, Carole M. Sonnenfeld, and two children.

Occupation: Partner 9th president of the Federal Reserve Bank of New York. In that role he also serves as Vice Chairman of the Federal Open Market Committee

Education: M.A. in international economics and East Asian studies from Johns Hopkins University's School of Advanced International Studies in 1985

Clinton White House: Geithner joined the Department of Treasury in 1988 and worked in three administrations for five Secretaries of the Treasury in a variety of positions. He was deputy assistant secretary for international monetary and financial policy (1995–1996), senior deputy assistant secretary for international affairs (1996–1997), assistant secretary for international affairs (1997–1998). He was Under Secretary of the Treasury for International Affairs (1998–2001) under Treasury Secretaries Robert Rubin and Lawrence Summers. In 2002 he left the Treasury to join the Council on Foreign Relations as a Senior Fellow in the International Economics department. At the International Monetary Fund he was director of the Policy Development and Review Department (2001–2003)

NOTE: “An examination of the record of IMF and World Bank performance in developing countries shows that, far from being the solution to global economic instability and poverty, these two international institutions are a major problem. For one thing, their lending practice deters growth because the money they loan removes incentives for governments to advance economic freedom, and breeds corruption. For these reasons, the vast majority of recipient countries have been unable to develop fully after depending on these institutions for over 40 years.” Ana I Eiras, “IMF and World Bank Intervention: A Problem, Not a Solution.” Heritage Foundation. September 17, 2003.

On the 2001 and 2003 Tax Cuts

Nominee Geithner has little published on his view of how the tax cuts during President George W. Bush’s Administration helped the economy or if they should be repealed. During the campaign candidate Obama vowed to repeal the popular tax cuts – though it appears that might now be delayed:

“Aides to President-elect Barack Obama suggested on Sunday that he wouldn’t immediately implement a pledged rollback of tax cuts for the top tier of American income earners, because of the worsening economic outlook. . . During an appearance on NBC’s “Meet the Press,” Obama economic adviser William Daley suggested that the incoming administration would reconsider whether to quickly increase taxes for Americans earning more than \$250,000 per year. . . David Axelrod, an Obama political strategist who was recently named as one of the president-elect’s senior White House advisers, also suggested during an appearance on “Fox News Sunday” that Obama was considering delaying the tax increase, but he did not elaborate.

In that appearance, and another on ABC’s “This Week,” Axelrod publicly confirmed that Geithner was slated to head the Treasury Department, pending formal nomination and approval by the Senate. . . Axelrod declined to answer questions about Geithner’s role in some recent policy decisions made during the financial crisis, including one not to provide federal aid to Lehman Brothers. He said Geithner has served as “an early warning system in terms of the need for greater regulation, and has been ahead of the curve on a lot of these issues.” Cam Simpson, “Obama Aides Suggest Rollback of Bush Tax Cuts Could Be Delayed,” Wall Street Journal, November 23, 2008.

<http://blogs.wsj.com/washwire/2008/11/23/obama-aides-suggest-rollback-of-bush-tax-cuts-could-be-delayed/>

On the Current Financial Crisis and Financial Bailouts

“Timothy Geithner, 47, has had a seat at the table since the credit crisis erupted in August 2007 and eventually sparked the deep economic downturn the nation is facing now. As a result, at least until his confirmation hearing, he’ll be criticized for having a major role in a government response that hasn’t always instilled confidence in financial markets — even if it prevented a wider financial meltdown. As the Fed’s man on Wall Street, Mr. Geithner was a key architect of the \$30 billion bailout to prevent the bankruptcy of Bear Stearns Cos., leading to charges the government was stoking moral hazard. He shaped the Fed’s lifeline to investment banks that followed, and was among the officials involved in assessing the implications of the troubles around Fannie Mae, Freddie Mac, Lehman Brothers Holdings, American International Group and numerous other firms (from Wachovia to Citigroup) that have come under market pressure.” WSJ Blog, *Who is Timothy Geithner?* November 21, 2008.

<http://blogs.wsj.com/economics/2008/11/21/who-is-timothy-geithner/>

Personal Tax Negligence

“Obama said Wednesday that the disclosures that Geithner had failed to pay \$34,000 in taxes between 2001 and 2004 were embarrassing, but added that Geithner's "innocent mistake" shouldn't keep him from taking the helm of the new administration's urgent efforts to revive the economy. Several Republicans agreed that Geithner would get Senate approval and said their party had little appetite for a partisan fight at a precarious time for the economy.” Associated Press, “Geithner slowed, not stopped by tax problems,” January 15, 2009. <http://www.msnbc.msn.com/id/28642237/>

“I have a new story on what is, for some senators at least, the most frustrating thing about Treasury Secretary-designate Timothy Geithner's tax problem: Geithner can't explain why he did it. Members of the Senate Finance Committee know Geithner failed to pay self-employment taxes during his time at the International Monetary Fund. They know the IMF had repeatedly informed Geithner, as it had all its employees, of his obligation to pay that tax. They know Geithner signed documents saying he would pay the tax. And they know Geithner accepted IMF reimbursement for Social Security and Medicare taxes that he had not, in fact, paid. Geithner paid part of his obligation after a 2006 Internal Revenue Service audit, and the rest of it after he was nominated to become treasury secretary. In all, he paid \$42,702 in back taxes and interest. But why did Geithner, who had been a high-ranking official at the Treasury Department before joining IMF and would go on to head the New York Fed, make those mistakes? Senators got a chance to ask him in person last Tuesday after committee leadership broke the news to them in a hastily-called meeting . . .” Since their meeting with Geithner was the first time that most senators had heard of the problem, their questions were not terribly detailed; several of the queries were along the lines of “What were you thinking?” And Geithner’s answers were not terribly satisfying. “He can’t offer a specific reason,” says another source familiar with what went on at the meeting. “He doesn’t really have an answer. He just didn’t know.” Byron York, *Geithner Can't Explain His Failure to Pay Taxes*, NRO The Corner, January 19, 2009.

<http://corner.nationalreview.com/post/?q=MmY3NWyXNTlhNWJkMmI3Njc5YzZjMTRmZDYyNDIxZDU=>

Miscellaneous

If successfully confirmed by the U.S. Senate and if Chairman of the Ways and Means Committee Charlie Rangel (D-NY) refuses to step aside, that would mean the two people most responsible for crafting U.S. tax policy will both be admitted tax cheats, both claiming “lack of knowledge of the law” as an excuse.

SOURCE: <http://www.politico.com/news/stories/0109/17470.html>