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Hearing Statement of Senator Max Baucus (D-Mont.)
On the Nomination of Jacob "Jack" Lew to be Treasury Secretary
As prepared for delivery

Less than two miles from where we sit today, at the entrance of the U.S. Treasury Building, stands a large bronze statue. One would assume the figure cloaked in colonial garb is Alexander Hamilton, America's first Treasury secretary.

Look again. This 12-foot-tall statue is of Albert Gallatin, the longest-serving U.S. Treasury secretary. In 1801, Thomas Jefferson asked Gallatin to serve in his administration.

Gallatin did not shy away from the role's challenges, but he did recognize the enormity. He said, "The place of the secretary of Treasury is more laborious and responsible than any other."

As Treasury secretary, Gallatin laid the policy framework for the rise of the United States as an economic engine. He established the fiscal discipline necessary to transform a young country into a great world power. Gallatin also helped orchestrate the Louisiana Purchase, doubling the size of the United States and bringing my home state of Montana into the young nation.

His work is commemorated in Gallatin County, Montana, and in the beautiful Gallatin National Forest, in Montana's Northern Rockies.

When Gallatin accepted the position, it was noted at the time, that he was placed in "a situation of trust." Today, we are here to consider the nomination of Jack Lew to be the nation's next secretary of Treasury. We are here to determine if he is worthy of this "situation of trust."

Jack Lew has a long and distinguished career focused on public service, with experience in both academia and on Wall Street. During one of his stints as OMB Director, he helped guide our nation through one of the greatest periods of economic growth in America's history. We will hear more about his record from Senators Schumer and Domenici in a moment, but there is no doubt he is experienced.

As Gallatin said, there is no more laborious or responsible position than Treasury secretary. Mr. Lew will have his work cut out for him.

Our economy today is on the road to recovery, but it is a road with many twists and turns. Last week, CBO released a report showing the deficit as a percentage of GDP from 2012 to 2015 will be cut in half. And the debt to GDP ratio will be stable for the next five years.

The Budget Control Act of 2011 and the end-of-year fiscal cliff agreement – both bipartisan – have made a difference. Nearly \$2.4 trillion of deficit reduction has been locked in for the next 10 years. But while progress has been made, the job is certainly not done.

We have many tough decisions ahead of us. The first challenge is the sequester – across the board cuts to programs starting in just over two weeks. Then we quickly face the threat of a government shutdown.

The sequester will cut critical programs including Medicare, rural development and early education. We will need to work together – Republicans and Democrats, House and Senate, with the administration – to prevent indiscriminate cuts and lasting economic damage.

The state of the economy is still fragile. The unemployment rate rose slightly in January and is projected to remain stubbornly high, 8 percent in 2013 and 7.6 percent in 2014. These numbers are troubling. Combined with the more favorable deficit numbers, the unemployment figures show that we cannot take our eye off the ball – economy and job creation.

Mr. Lew, we need you to concentrate on three areas to provide greater economic growth and certainty for the nation.

First, focus like a laser on job creation. Do not get distracted. As the leader of the President's economic team, you must put in place policies that create more jobs and spark economic growth.

Unemployment near 8 percent for the next two years is unacceptable. Use your office to develop new ideas to boost job creation and to relieve small businesses of needless regulatory burdens.

Second, you must help return predictability and stability to our nation's capital. We have to get off this roller coaster of crisis after crisis.

These crises are frustrating the American people and harming the economy. You need to help us achieve some stability in fiscal policy as the economy continues to repair itself after the financial meltdown in 2008. That will help give businesses and families certainty and confidence.

Finally, we must simplify our tax code for individuals and businesses. We need to make the system fairer and help make U.S. businesses more competitive in the global marketplace.

As Treasury secretary, you will be in a position to help make tax reform a reality. We will need not only leadership, but solid ideas and technical help. We will be counting on your deep experience in the policy world to help us achieve comprehensive tax reform.

Over the past two years, this committee has been moving steadily forward on tax reform. America's tax code has become too complex for both individuals and businesses. The rules have not kept pace with today's transactions.

The last tax code overhaul was in 1986. Our world economy has changed drastically in the past three decades.

Our tax code has not caught up and is now acting as a drag on America's economy.

This is not some academic exercise. Tax reform is a real opportunity to spark the economy and create more jobs. As secretary, I expect you to be a partner as we tackle tax reform.

Now, Mr. Lew, members of the committee are going to ask you some tough questions today. That is our right and responsibility. In fact, I will ask you to address my concerns that the administration is being distracted from what should be the main focus — job creation. But we'll get to that in a minute.

I am confident that in the tradition of this committee, the questioning will of course be in a respectful manner and that these questions will focus on how we can best move our country forward.

Mr. Lew, welcome. As you follow in Secretary Gallatin's footsteps, I encourage you to embrace this challenge as you chart your own path forward at Treasury – pending your confirmation. Recognize the great responsibility you have, ensure our government and finances are sound and help us remain a great world power in this competitive global economy.

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