

EXECUTIVE COMMITTEE MEETING TO CONSIDER THE NOMINATION OF
RONALD KIRK, TO BE U.S. TRADE REPRESENTATIVE, WITH THE
RANK OF AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY,
EXECUTIVE OFFICE OF THE PRESIDENT

THURSDAY, MARCH 12, 2009

U.S. Senate,
Committee on Finance,
Washington, DC.

The meeting was convened, pursuant to notice, at
11:05 a.m., in room 215, Dirksen Senate Office Building,
Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Lincoln, Wyden, Cantwell, Nelson,
Carper, Grassley, Hatch, Snowe, Kyl, Crapo, Enzi, and
Cornyn.

Also present: Democratic Staff: Bill Dauster, Deputy
Staff Director and General Counsel; Amber Cottle,
International Trade Counsel; Ayesha Khanna, International
Trade Counsel; Neleen Eisinger, Professional Staff, and
Chris Dawe, Professional Staff. Republican Staff:
Stephen Schaefer, Chief International Trade Counsel;
Rodney Whitlock, Health Policy Advisor; Susan Walden,
Health Policy Advisor; Michael Park, Health Policy
Counsel; Nick Wyatt, Tax Assistant; and Terri Postma,
Detailee.

OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM
MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

The Chairman. So the business before the committee--and I might tell our witnesses, this will be very brief--is the nomination of Ronald Kirk to be U.S. Trade Representative.

I will now entertain a motion to report the nomination.

Senator Grassley. So moved, yes.

The Chairman. Is there any debate?

[No response].

The Chairman. If there is no further debate, the committee will vote on the motion to report the nomination.

Those in favor will say aye.

[A Chorus of Ayes].

The Chairman. Those opposed, no.

[No response].

The Chairman. The ayes have it, and the nomination is ordered reported.

Senator Grassley. Mr. Chairman, I have an absentee that wanted to be recorded as a "no" vote, and that is Senator Bunning. So would you have the record show that?

The Chairman. Yes. The Clerk has so noted.

Senator Grassley. All right.

The Chairman. Senator Grassley, I believe you have a brief statement to make.

Senator Grassley. Yes. It is not necessarily brief, so I hope that my colleagues will bear with me, because I think our committee staff --

The Chairman. I might tell everybody that when Senator Grassley is finished with his very appropriate statement, that maybe Senator Kyl might have --

Senator Kyl. No, Mr. Chairman. Might I just make a 10-second comment here? Since I will have to necessarily leave, I very much wanted to ask this very distinguished panel some questions. If I could submit a couple of questions in writing, I would appreciate that very much.

The Chairman. Very well. Absolutely.

Senator Kyl. Thank you very much.

The Chairman. Then we will get back to the hearing right after Senator Grassley's statement.

OPENING STATEMENT OF HON. CHUCK GRASSLEY, A U.S. SENATOR
FROM IOWA

Senator Grassley. I think there was an article in *Politico* March 9 that was unfair to our staff on both sides, and I want to speak to that.

The article reports, citing anonymous sources, that staff is the driving force behind this committee's vetting of nominee's tax returns. I found it interesting that while these sources did not shy away from blasting Finance Committee staff, they chose to remain anonymous. But the *Politico* is not the only publication in town that did not get the committee's process right. The *Washington Post* reported March 4 that Finance Committee staff reviews all tax returns of all nominees coming before the Senate and conducts full-fledged IRS audits.

I want to set the record straight--the Senate Finance Committee only reviews tax returns for those nominees that come before this committee and does not conduct audits in that process. Since this committee has jurisdiction over tax issues, it is only right that it reviews all tax returns for nominees coming before this committee.

I want to stress that the Finance Committee is not doing anything different now from what it has always done

under the leadership of either Senator Baucus or this Senator. We are vetting nominees for the current administration the exact same way that we vetted nominees in previous administrations. We have always asked for the last three years of tax returns and reviewed them with the assistance of the Joint Committee on Taxation.

Then, as now, many nominees have had to answer questions arising from the review of returns. Some nominees were not able to be confirmed, and some prospective nominees were not nominated as a result of the vetting process.

The tax issues of the nominees considered by the committee this year came to be public only because nominees chose to proceed. Chairman Baucus and I agree that if a nominee chooses to proceed after tax issues are identified, then the public should be informed of those issues.

In every case, the nominee is aware that we will make this information public. If there is a disparity between what might appear to have been done during the Bush administration versus this one, we have had two or three during the Bush administration that decided not to go forward when we discovered things wrong with their taxes, and if it did not go forward, then obviously that information was not made public.

The Finance Committee has an obligation to thoroughly vet every nominee. Many, if not all, of these individuals will make decisions that will impact the lives of many people. The purpose of the vetting process is neither to embarrass anyone, nor to further inject politics into the process. Rather, the purpose of the vetting process is to ensure that nominees may be trusted with the responsibilities that come if the Senate confirms them. By ensuring that these individuals are paying their taxes, something which they should be doing anyway, we are ensuring they are, at a minimum, complying with the rules that in many cases they will help create and administer.

I feel that much of the criticism leveled at the Finance Committee is based on misunderstanding of what the committee actually does, or, it could be a deliberate attempt to create distractions from tax problems that recent nominees have had. One of my colleagues in the Senate, not on this committee, according to one press account, was concerned with "the maze of forms and onerous reviews for nominees. . . ."

Now, if there is a "maze of forms" that this individual is referring to, the IRS Form 1040, then I agree that it is maze-like. But we should not hold the people who are literally running this country to lower

standards than the 130 million individuals and families that file tax returns every year.

Those criticizing the committee's vetting process have taken the cowardly approach of attacking committee staff. I think it is ridiculous I even have to say this, but Chairman Baucus and I drive the vetting process for these nominees. Committee staffs either work for Chairman Baucus or this Senator, and staff does what we ask them to do. It is unacceptable for anyone to attempt to blame the nominees' tax errors on individuals who discovered or asked questions about those errors.

The rest of my statement, I will put in the record.

[The prepared statement of Senator Grassley appears at the end of the transcript.]

The Chairman. Thank you, Senator, very much.

I might say on this subject, the papers of nominees are often sent up late. I might say, for example, that the papers for the nominee to be HHS Secretary, Sibelius, have not yet been received by this committee. We have to receive the papers before we can look at them. I would just urge everyone who is involved here to help all the way around to get those papers up here so we can look at them. We look at them thoroughly, but also very expeditiously, without compromising the thoroughness. I think we do a very good job, frankly. But thank you,

Senator.

[Whereupon, at 11:12 a.m., the meeting was
concluded.]