

**Prepared Opening Statement of Chairwoman Jo Ann Emerson**  
*House Committee on Appropriations*  
*Subcommittee on Financial Services General Government*  
Department of Treasury Fiscal Year 2012 Budget  
March 16, 2011

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I would like to welcome our subcommittee members and our witness, Secretary Timothy Geithner of the Department of Treasury.

As we speak, numerous doctoral theses about your tenure at the New York Federal Reserve Bank and the Department of Treasury are being written. Both TARP and Dodd-Frank have made an indelible mark on financial markets, government policy, and US history. In January, the Special Inspector General for TARP concluded that while TARP prevented the failure of one of the world's largest banks, it also insulated risk-takers from the consequences of failure and, thereby, encouraged future high-risk taking behavior. Whether Dodd-Frank can successfully address the moral hazard introduced by TARP remains to be seen.

For fiscal year 2012, the Treasury Department requests \$14 billion; of which, \$13.3 billion is for the Internal Revenue Service. The remaining \$754 million funds are for, among other things, the offices of three inspectors general, the Community Development Financial Institutions Fund, the routine cash and debt operations of the federal government, and various policy offices that oversee counterterrorism, anti-money laundering, financial regulatory reform, housing finance reform, and small business initiatives.

The decisions made by these policy offices have an effect on American lives and businesses disproportional to the level of appropriated funds that they receive. As such, the Committee will review their funding levels and activities with great care and in great detail.

The Federal Government's gross debt currently exceeds \$14 trillion and the Administration's budget will lead to debt in excess of \$26 trillion, or 107 percent of GDP, in 2021. In light of these estimates, the Administration's lack of leadership to steer the government towards a sustainable spending trajectory is disappointing. Inaction is unacceptable; as such, this Committee will do what it can within its jurisdiction to significantly reduce spending.

Once again, welcome, Secretary Geithner; I appreciate your service and look forward your testimony.

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