



Committee On Finance

Max Baucus, Ranking Member

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**Treasury Secretary Nominee Henry Paulson
Senate Floor Statement of Senator Max Baucus
June 28, 2006**

Mr. President, I support Hank Paulson, this administration's nominee for Secretary of the Treasury.

Throughout its history, the Department of the Treasury has required enormous innovation, vision, and perseverance. Our Nation's first Treasury Secretary, Alexander Hamilton, laid the foundation principles of America's public economy, its credit, its industrial development, and commercial activity.

In 1790, Hamilton presented to Congress his plan for public credit, assuming the states' war debts, implementing import duties and excise taxes to repay these debts, and establishing a national bank. The next year, he laid out a plan for an American manufacturing economy, so far ahead of its time that it resonated well into the 20th century.

Henry Morgenthau Jr. steered the Treasury for over a decade in peace and in wartime. He defended the dollar against speculation through the 1930s, financed the war effort with war bonds, and ushered in a new system of international financial stability after the Second World War.

Secretary James Baker embraced new challenges, including the Latin American banking crisis and the Plaza Accords.

The Asian financial turmoil of the 1990s met the able and wise leadership of Secretaries Robert Rubin and Lawrence Summers. They steered the world economy through crises. And they managed our economy's remarkable growth and return to fiscal discipline.

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Today, leadership and vision are as imperative as during our nation's founding and in the two centuries since. The challenges are different. The world economy is more complex. China and India are economic powers on the rise. Speculative investments have grown. Twelve European nations are bound by a common currency. Financial markets are deeper, more liquid, and more integrated than ever before. But global economic growth and international trade are fundamentally out of balance.

Faced with these challenges, I welcome this administration's nomination of Henry Paulson to become Secretary of the Treasury. I have known Hank for many years. I believe that he is an outstanding choice for this demanding position. Hank has demonstrated his knowledge of financial markets and helped guide them through three decades of transformation. He rose to the helm of Goldman Sachs with our former colleague Governor Jon Corzine, and as sole CEO, presided over some of the most successful years of that company.

Hank is broadly respected by his colleagues. He has earned a reputation as a man of boundless energy and a relentless work ethic. Hank proved himself an innovative and prescient thinker, able to consider economic and financial challenges before they are upon us. Today he has nobly answered the call to public service. And he will bring much-needed credibility to our economic message to hard-working Americans, and to the world.

Hank Paulson understands that our economy's strength is rooted in the entrepreneurial spirit and the competitive zeal of the American people. He understands just as well that our strength is not a given. That we cannot take our economic preeminence for granted. In the Rose Garden last week, he rightly declared that "We must take steps to maintain our competitive edge in the world."

I welcome Hank's determination to take steps to boost our economic competitiveness. I am convinced that economic competitiveness is one of the greatest challenges facing this administration, this Congress, and our nation.

The competitiveness challenge comes from a rising China. China has tripled its share of global trade in 4 years. China has become the world's top information technology exporter. And China has drawn much of the world's investment.

The challenge comes from India. India's IT sector has grown 50 percent a year since 1993. India's universities are top-notch. And India's research capabilities attract billions of dollars in investment.

The challenge comes from countless smaller economic dynamos in Asia and Europe. These emerging markets have transformed their economies to embrace globalization.

Yet our competitiveness challenge also comes from within. America too often looks back at what we have achieved. Rather, we should prepare for tomorrow's challenge.

Our broadband infrastructure ranks 16th in the world. Our research and development spending ranks behind Sweden, Finland, Israel, Japan, and South Korea. 3 out of 10 Americans do not graduate high school. One quarter of Americans read below basic levels. And our national savings are negative.

These challenges are at our doorstep. We must act. That is why I urge Treasury Secretary Paulson, once confirmed, to lead this administration's engagement with Congress on economic competitiveness. As I have said in several dozen statements on competitiveness over the past months, we can wait no longer to implement a real competitiveness agenda. We in Congress are ready.

I have spent much of the past year developing a comprehensive economic competitiveness agenda. This agenda focuses on education as the foundation of a successful economy.

In the coming weeks I will introduce legislation that would provide scholarships and create tax incentives for early education, science, math, and engineering teachers. It would provide matching funds to offer universal early education, lower barriers to higher education, and double the number of advanced placement courses in our high schools. My education competitiveness legislation would support after-school and mentoring programs. It would restore our commitment to Native American education. It would direct grants to outstanding young scientists. And it would encourage companies to get involved in making our schools the world's finest.

Upon this foundation of education must stand strong pillars of a competitive economy. One such pillar is energy, which fuels a successful economy. My energy competitiveness legislation would look to the future. It would create the new Advanced Research Projects Agency — Energy, to conduct transformative research and create alternative energy solutions. While this research would look for tomorrow's energy alternative, my legislation would also encourage today's alternative energies, like coal gasification technology, wind, and other alternative fuels.

A second pillar of my agenda is the Research Competitiveness Act, which boosts what America does best — innovate. My legislation would simplify and make permanent the research and experimentation tax credit for innovators looking for tomorrow's next big thing. My legislation would provide access to start-up capital for small, research-intensive businesses. And my legislation would encourage support of basic university research.

The trade competitiveness initiative is the third pillar of my agenda. Trade is vital to American ranchers, farmers, and businessmen. But they must have a level global playing field.

Legislation I have introduced would create a Senate-confirmed trade enforcement official who would be dedicated to guaranteeing that our trading partners play by the rules. It would also give the Treasury Department the tools to keep countries from unfairly manipulating their currencies to keep their exports cheap.

A fourth pillar of my agenda is the Savings Competitiveness Act. It would underscore savings as critical to households and vital to a healthy economy. It would make the Saver's Credit into a refundable matching credit. It would make enrollment in 401(k) plans automatic. It would offer savings plans for small business employees. And it would create Young Saver's Accounts for parents' contributions to their children's savings.

Mr. President, friends warned Alexander Hamilton against accepting a position as Treasury Secretary. They said the position was too difficult and too controversial. He replied simply: "It is the situation in which I can do most good."

I believe that Hank Paulson can also do much good. I hope that my Colleagues will join me in welcoming his nomination. And I hope that we can work together to implement a comprehensive agenda to improve America's economic competitiveness.

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