

MR. HOCHBERG: We have our closing speaker, someone I feel extraordinarily fortunate that we have as our speaker today. I had a chance to meet and work with Secretary Geithner when at the China Strategic and Economic Dialogue last summer. It's the first time we really worked together and one of the things I've admired from that moment on is this is a man who never plays the bleachers, really plays it straight, and has probably one of the most difficult jobs in the entire Administration, and he has not only 535 people on Capitol Hill who think there's a different way he should do things, but many pundits, journalists, and business people, as well, and he has found a way to steer through all of that and do it in an extraordinary way.

One of the other reasons that -- you have a biography of Tim Geithner in your program and I've often thought if he needs an introduction, he's in the wrong room or you're in the wrong room because he doesn't need an introduction.

But I will say this. Before he became the Treasury Secretary and before he was at the New York

Fed, he actually ran the International -- he was the Under Secretary of International Affairs at Treasury. So he probably more than almost any Treasury Secretary understands the Export-Import Bank, understands trade credit, understands export issues, and so for that reason, I think we are uniquely fortunate that he's joining us today and uniquely fortunate as our Treasury Secretary.

And I cannot also think, frankly, there is no agency that we at the Export-Import Bank work more closely with than Treasury. So it's for all those reasons I am delighted that he accepted our invitation to join us today.

He's going to make a few comments. I'm going to then come back on stage. We'll have a conversation here. I've gotten a number of questions already from the audience. So I'm going to use that. We'll have about a 20-30-minute conversation and then we'll continue with our lunch.

So without further ado, let's give a warm welcome to Treasury Secretary Tim Geithner.

[Applause.]

SECRETARY GEITHNER: I couldn't hear Fred back there. Was he okay? Did he say good things about me?

[Laughter.]

SECRETARY GEITHNER: Nice to see you all. It's good to be here. I think the President did a great job with the Ex-Im Bank bringing a lot of innovations for the institution. I want to compliment him for what he's doing.

As some of you may know, I spent most of my youth growing up in countries that are some of the fast -- most fastest-growing countries in the world now, some of the most important countries in the world for the United States, for the U.S. exporters now, and my first jobs in the Treasury, in the government, were working on trade policy and negotiating trade agreements. So I know quite a lot about the challenges and the opportunities facing American business overseas.

And as you heard from the President yesterday, as you'll hear from me, we believe that exports are America's future and how America's exporters are doing, how American business are doing around the world is a

good measure of how America is doing.

Now a year ago, as you know, the President took the forceful steps necessary to pull the global economy out of the worst economic crisis since the Great Depression and you know what he did here in the United States in enacting an unprecedented set of tax incentives and investments to help restore growth, enacting with great speed and force to stabilize and repair our financial system, but in the global economy today what he did overseas is almost as important and from the first weeks of this Administration, he worked, we worked with the major markets of U.S. exporters in the G20 which represent about 85 percent of global GDP to make sure we were putting in place a coordinated global response to restart economic growth, to make sure there was both financing and growing demand for American exporters around the world, to make sure we were keeping markets open around the world, and as you can see today those actions, that strategy worked to bring growth back.

The global economy now is expected to grow at a rate of roughly around four percent, maybe above four

percent this year and next. Those forecasts seem to be going up. The U.S. economy, as you've seen, is now growing again. You can see in technology, in exports, in the industrial sector, in manufacturing, the American economy is starting, starting to come back.

Now, we're going to come out of this more quickly than other countries, faster than many other countries because we acted with such speed and force in the United States today and that's going to put us in a position now where we can begin to make the broader reforms and investments that are going to be very important to America's economic future.

Anybody who runs a business knows you have to separate what's immediate and urgent from what's important and as the President was acting to make sure we were addressing the immediate grave dangers of this financial crisis, he was starting to make the kind of investments and reforms that are going to be critical to how we grow in the future.

And this agenda of investment reform is going to be critically important in the United States. That's why we're investing in education to make sure

businesses are going to have a workforce that's going to be able to compete with the talent you see around the world. That's why we're investing very, very substantial sums of money in basic science and research and incentives for R&D, ranges of things like that.

That's why we're investing in infrastructure and that's why we're pursuing the kind of reforms America needs to be strong in the future, not just healthcare reforms to reduce the rate of growth in healthcare costs that are so important to American business, but reforms in how we use energy, fiscal reforms so we restore gravity and responsibility to the nation's fiscal position, and financial reform to make sure we have a financial system that is not just more stable, a system that doesn't just provide greater protection for consumers and investors, but a system that's able to provide the finance that innovators and businesses need to grow and expand.

So if you care about exports, as the President does, you understand it's about opening markets to American producers. It's about working with, not against, American companies who are fighting to gain

more opportunity overseas. It's about making sure those companies have access to financing other types of targeted government programs, and it's about making sure that countries around the world are moving from the kind of export investment-led strategies of the past, countries like China are moving towards strategies that rely more on domestic consumption and domestic demand for future growth.

But that export agenda is also about strengthening America. It's about reforming education, as I said, about modernizing our infrastructure, about investing in things that are critical to the future growth, about reforming our financial system, and recognizing that we're not going to be strong as a country, American business exporters will not be strong in the future unless we recognize that as we restore growth to this country, we shift to restoring some balance to our long-term fiscal position.

Now, we all know, Americans understand, we face major economic challenges ahead. Still, we have to get this economy back on track, repair the extraordinary damage done by this crisis and this

recession. We have to get Americans back to work and we have to restore confidence among families and businesses across the country that this government, the country's leaders in Washington, are going to be able to come together in critical moments to make the kind of tough decisions that the country needs and demands, but it's important even in the face of those challenges people understand that the United States is a tremendously strong and resilient country.

We're among the most open, of course, and I believe the most dynamic country economy in the world and I don't think our strengths are matched by any country around the world today, but it's also true, if you watch what's happening around the world, as you all do, other countries are not standing still. They are getting better at doing things that America used to be uniquely good at doing and we have to understand that our challenges are going to get better as they get stronger and better, too.

So we've got to work very hard to make sure that we're providing support not just for the issues the President laid out yesterday in his export



initiatives but we're making the kind of decisions here, the reforms, investments in place in the United States to make sure that we're making America strong, as well.

Thank you for that. Now, Fred's asked me to come take a bunch of questions. So I'd be happy to spend as much time as we can responding to any questions you all have.

Thank you.

[Applause.]

MR. HOCHBERG: Well, Tim, thank you for joining us.

Obviously, the first question is what you've obviously talked about, but where do you see our economy going in terms of growth rate? We've talked about world growth rates in the four percent range. People talk about the United States being at the lower level. Where do you see -- what pockets growing stronger and where some weaknesses are?

SECRETARY GEITHNER: I think the economy is healing. You're seeing gradual strengthening really across the board. I say gradual because this crisis

really did cause a lot of damage, caused a huge amount of damage to basic confidence among businesses and families still, and it is going to take awhile for us to grow out of this, to heal that damage.

But again, it's important to recognize that this process of adjustment in the United States started really two and a half years ago and I think we are a long way through working through the problems we've seen in the housing markets, the real estate markets, and in the financial sector, and one of the great strengths of our economy is that when we're faced with these kind of pressures and shocks, we adjust very, very quickly.

We are very good at moving very quickly to try to get that stuff behind us and let the economy adjust to what's going to be the new opportunities and future. So I think you're seeing that process gradually gain more strength and momentum, but I think we've got a ways to go, and I think it's very important that we keep working to get the Congress to legislate some targeted additional support for job creation and growth.

You've seen the Senate move and the House move just recently, but there are a series of other areas ahead in small business credit, in tax incentives for small businesses, in support for energy efficiency investments, in infrastructure support for state and local governors where we think there's a very good case for the government to continue to act with targeted measures to provide some additional reinforcement for the process, for the progress, for the process of recovery we're seeing starting.

You know, this economy still feels like a very tough economy for lots of businesses and lots of families. Of course, unemployment is alarmingly high still, under-employment very, very high, and it's going to take some time for us to heal the damage caused by this and it's why I think it's very important that in Washington we seek continued efforts and focus to try to provide additional reinforcements to recovery.

But, you know, as I also said, Fred, you know, we're -- we moved very quickly. I think we're going to come out of this stronger than the other major economies and we're going to come out more quickly than

the other major economies and we're not going to make the mistakes that many other countries have made in the past which is to, at the first signs of life and hope, step on the brakes and hope this thing will take care of itself.

We think that it's important for the government, Washington, to keep providing some reinforcement and target ways to get investment growing again, job creation more rapidly.

MR. HOCHBERG: In that, there's some conflicts sometimes between job creation and deficit reduction and the concern in the past has been the calls for deficit reduction could be really dangerous.

How do we --

SECRETARY GEITHNER: I think anybody who, you know, lives in this world we all live in is worried about jobs and they're worried about deficits and you can see it in any survey of how Americans feel about their country now. They see both those broad concerns now, and I think it's important for people to recognize they are not in conflict now in the sense that right now, the most important thing that people in Washington

can do, as I said, is provide some targeted well-designed additional support to try to make sure that we're seeing more jobs created, investments strengthened. That is the most important challenge for economic policy today.

But for that to work, for that to be possible, for it to be effective, people have to also understand that we're going to have the will as a country, once we see growth that's going to be durable and established, to start to bring down these deficits.

So you saw the President lay out a set of detailed policies that would cut our deficits very, very sharply over the next four years to below four percent of GDP. You're seeing a bipartisan fiscal mission come together to try to find a basis, consensus for recommendations on additional actions that will help address those deficit problems, and you need to do that in that balance.

You need to make sure that we're doing targeted things now that can help again repair the damage at the same time we're showing people that we're going to have the will as a country to shift to restore

some gravity to our unsustainable fiscal position once growth is firmly established. I think that's the challenge. I think that's the right balance.

It would be a mistake to start to try to cut those deficits quickly today because it's too early in the process of recovery, but it would also be a mistake for people to say that we can just leave for the future, indefinite future, the broader challenge of restoring gravity to our fiscal position.

MR. HOCHBERG: Do you think, since people in this room are interested in exporting, to what extent do some of those targets being the export arena and meeting the President's goal of doubling exports in five years?

SECRETARY GEITHNER: You saw what the President laid out yesterday. So there's a -- you saw in his statement, in his broad strategy, the recognition of the very important role that well-designed financing programs can play in supporting exports and that's what you do for a living. You're doing a great job of doing that.

There are other things beyond Ex-Im you can do

in that area. As you know, we're trying to make sure that we are -- we brought a lot of stability back to the U.S. financial system, but there's still parts of the U.S. financial system that are still quite damaged and broken and we are working to get Congress to legislate some very important programs to help spark small business, lending small business credit, not just through the SBA but through a direct small business lending program.

We think there's a good case for additional tax incentives on a broad basis for small business that would help, too, and, you know, as you know, one of the most important things we did in the crisis was to make sure we're getting export finance restarted around the world and that the IMF and the World Bank and the regional development banks are providing very substantial financing to again some of the most important markets for American exporters and again, just as you step back and you look at where the world was a year ago today, this week, things started to turn globally. You could see it in the price of a loan. You could see it in what's happening in equity markets

around the world. You could see what's happening in business confidence, but it started to return after falling off the cliff for a long period of time when they saw the world and the G20 and the United States acting forcefully together not just with tax incentives, investments like we saw in the Recovery Act, not just with the kind of things we did to help recapitalize our financial system, but in providing targeted support for trade finance and to make sure that the international financial institutions could put a lot of financial force on the table to stabilize what was a run on emerging market economies.

So finance plays an important role in this, but it's only one piece of the strategy.

MR. HOCHBERG: For along time, before both of us were in our jobs, but frequently there's been somewhat of a view that export credit agencies, Ex-Im, were kind of -- I don't know if it was a necessary evil, but that was one of the questions I got from the audience, you know.

There's been a view that --

SECRETARY GEITHNER: It was defensive.



MR. HOCHBERG: It was defensive. It was an unnecessary support. Obviously we see it differently. But particularly we're trying to double exports in five years and when we look at the 99 or so other export credit agencies, they don't take that view.

How do we reconcile that with the President's new charge for you, me, and the rest of the economy?

SECRETARY GEITHNER: We're going to work hard, as you heard the President say, to make sure you get enough firepower to do sensible things and support American exporters. So we think it's good policy, good case for doing it, and, you know, you would need to do it carefully, make sure you're putting it in areas where you're going to get very good return, but I think this is a very good case, and I think it demonstrates it's a good case for targeted government action to complement what private markets can do in this area.

MR. HOCHBERG: One of the things that we haven't used that we see, particularly when we compete with China and places like that where they are using development as an arm of their export strategy. That's not been something we as a country have been

comfortable with.

Do you have any thoughts on where -- how we should look at that in light of the new environment we're in?

SECRETARY GEITHNER: You know, my view on this is the most important thing that we can do as a country to make sure we're advancing our economic interests around the world has to start with what we do here in the United States, to make sure that we're, as I said, we're educating our children so they can compete in this world, so we're setting clear incentives and rules of the road so that markets can do what markets do best.

So we're providing targeted support where there's a very good public case for support for, for example, basic investments in science and technology, that we're getting the financial system in shape so that it can continue to do what we were very good doing as a country, making sure we take the savings of Americans and investors around the world and let the market allocate those to people that have great ideas and growing companies can grow.

Those basic investments in our economic strength are the necessary condition for having a productive well-functioning market economy for American business thriving here and around the world, but we are very committed to making sure that as we do that here in the United States, we're trying to make sure there's a level playing field for American exporters, for American companies competing in those markets, and that requires very careful but aggressive efforts every day to deter the kind of discrimination and subsidies and unfair practice you see in too many markets around the world, and it is an essential complement of what we have to do here to make sure that we're running our country responsibly and providing the kind of broad support that the American business community needs in the United States.

MR. HOCHBERG: In light of that, then how does the financial reform that's been lurching its way through Congress look from your perspective? What do you think -- what concerns you most about that?

SECRETARY GEITHNER: You know, we're still living with and we're going to be living for years with

the aftershocks of the most devastating financial crisis since the Great Depression and it is a great tragedy that the United States of America put itself in the position where we were so vulnerable to such catastrophic damage caused by basic mistakes of oversight and judgment in what was really and I think will be again the best strongest financial system in the world.

I think there is a very strong economic imperative, moral imperative, national security imperative for making sure we are putting in place reforms that fix what was broken in our system and leave us with a stronger financial system in the future.

I think the American business community has a huge stake in making sure this comes out well.

MR. HOCHBERG: Right.

SECRETARY GEITHNER: I think the strongest, most well-run parts of our financial system have a huge stake in making sure this comes out well, and there are people, as there always are when you reform things, who are trying to slow it down and delay, carve them out,

insulate them from any risk that they're going to be -- we're going to change the basic rules of the game, but I think those efforts will not be successful because I think that again there's just a huge strong basic sensible responsible imperative that you hear from Americans around the world, which is that we have a great obligation to act to fix what was broken in the system, and again I think the business community and the strongest parts of the American financial system have a huge stake in making sure we get these reforms in place, strong reforms in place quickly.

I'll give you one cost of delay or of a protracted process of reform in legislation, is that one of the things that's very important to markets, to businesses today is providing greater certainty. People want to know what are going to be the rules of the game. If we don't bring reform to earth quickly, then you're going to see the American economy live with more uncertainty than they need to live with about what's going to be the basic rules of the game incentives for financial activity for credit.

But I'll give you one more cost, too, which is

that, you know, we live in global markets today. The American financial system is strong in part because our firms operate globally. It is very important to our economic interests that we play a leadership role in shaping that basic reform strategy around the world.

If America cannot demonstrate it's able to act and reform our markets here, then other countries are going to decide they're going to go their own on reform and the American financial system will have to live with the risk. They'll have to deal with a whole set of inconsistent different competitively weaker standards for financial oversight around the world and that is not good for American financial institutions or for American business.

So we've got a big imperative to try to get a strong bill in place today and I am very confident that we're going to be able to do that and I think that you're seeing Senator Dodd run a very effective process in trying to build consensus on a strong bill and I hope we get this done quickly.

MR. HOCHBERG: What could people in this audience do to help that along?

SECRETARY GEITHNER: Well, --

MR. HOCHBERG: Without lobbying, of course.

SECRETARY GEITHNER: Yeah.

MR. HOCHBERG: Of course.

SECRETARY GEITHNER: I would say don't leave it to the banks. You know, some of you, I'm sure, represent banks, but those of you who represent business don't leave it to them because again you're the ones who -- I mean, who suffers from financial crisis? I mean, you see in the United States everybody suffered in the financial crisis, but you saw a lot of innocent victims in the business community, among American families, and among financial institutions suffer from the consequences of a bunch of terribly unacceptable practices by other parts of the financial system.

The business community has the most at stake and I think that you want to make the case -- you know, I'm all for making the case for the export agenda, for agreements that expand markets, give us a level playing field, that's all good, but make sure you're making the case, too, to make sure that we've got a system that

works better for business and does a better job because it's important for growth. Innovation does a better job of again taking the savings of Americans and channeling those to businesses that are well run, have good ideas, and are going to be the leaders in the future.

MR. HOCHBERG: Your final question. I know you've got to run to the Fed and I thought he could just make a phone call. I didn't know what the rush was.

But there is some concern that's come up, and Angel Gurria talked about it this morning, our opening speaker, about protectionism, both here and abroad.

Do you have some perspective on how we, here and abroad, sort of press back against that because that becomes a lose lose game?

SECRETARY GEITHNER: I think it's good to have some perspective. I mean, again, this was the worst recession in generations and unemployment in the United States, you know, is about 10 percent. Even that understates the scale of the basic damage we're still living in this, and you saw huge contractions in



growth, huge trauma to a lot of other economies around the world, and even with that pressure, because we stood together with the other G20 and said we would work to keep markets open around the world, you did not see what's happened in many, many other recessions globally, which is a tendency to escalating discrimination and restrictions, and it is very important that we sustain that.

But it's also more to recognize that we need to build in this country broader political support for America staying engaged and helping to work open markets around the world and that requires more confidence among Americans that these agreements are going to be designed to provide a level playing field, that they're ambitious enough to provide a good balance of benefits for American companies, and it's also important to recognize that what we do here in education, in healthcare, in basic support for reforms that matter to the economic security of Americans, that those things, too, are important to rebuilding some larger community of support for expansive trade agreements in the United States.

So I would say hugely important in this global crisis that we're successful in preventing escalating measures of protection around the world. We weren't perfect but very successful relative to pressures. We need to make sure we're sustaining that, but also important to recognize that for that to be possible and for us to build the political consensus here, more support among the public for these types of policies, we've got to do a much better job at being responsive to things. Governments have to do better in the United States. We have not done well enough, which is about things that are central to the basic economic security and confidence Americans live with it every day.

If we don't do that well, then it's going to be much harder to do things that all of you in this room care about.

MR. HOCHBERG: Well, thank you for your time. I know you are traveling to India in a few weeks. We're going to be following you a month later. So we're looking to work in your wake to open a lot more jobs for Americans.

Thank you for joining us. I really appreciate

it.