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Lew's Plate Will Be Full at Treasury

The former OMB chairman has plenty of budget experience for the many fights ahead

By [DANIELLE KURTZLEBEN](#)

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President Obama is reportedly preparing to nominate Jack Lew as his next Treasury Secretary. If confirmed, the man who currently serves as the president's chief of staff will immediately have a full plate. And though he is well-versed in the federal budget, some of his other responsibilities may force him to learn on the job.

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Current Treasury Secretary Timothy Geithner plans to leave his post at the end of January, amid yet another fight brewing among lawmakers over whether to raise the debt ceiling. As the new Treasury secretary, Lew would immediately have to face the possibility of a U.S. default.

"The main job of the Treasury secretary is to manage the debt. That job is complicated by two things: hitting the debt limit and having to fund trillion-dollar deficits in a way that doesn't increase rates too much," says Campbell Harvey, professor of finance at Duke University's Fuqua School of Business.

Fortunately, Lew is an old hand at congressional negotiations. He served as the head of the Office of Management and Budget for both Presidents Clinton and Obama and helped to negotiate Clinton's Balanced Budget Act in 1997. With a constant clamor in Washington for long-term deficit reduction, not to mention the potential for tax and entitlement reform, Lew could be a key voice in all of these conversations.

But Secretary Lew will have plenty of other responsibilities, particularly in the area of finance.

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"The issues that a Treasury secretary deals with are not primarily the big partisan issues that dominate Capitol Hill. Rather, he will spend much more time dealing with the heads of financial institutions," says Robert Shapiro, co-founder of economic advisory firm Sonecon and an economic advisor to presidential campaigns for Bill Clinton, Al Gore, and John Kerry.

The Treasury Secretary serves as the chairman of the Financial Stability Oversight Council, a group of the heads of several government departments and agencies that monitors the financial system.

Shapiro believes that Lew's time at Citibank during the Bush presidency has given him the expertise for the position, but not everyone is as sure.

"He wasn't there all that long, and he wasn't in management," says Brian Gardner, senior vice president of Washington Research at financial services firm Keefe, Bruyette, & Woods. "It doesn't rise to the level of experience that a Bob Rubin or a Hank Paulson had." Rubin, a Clinton-era Treasury secretary, and Paulsen, a secretary under George W. Bush, both had long stints on Wall Street before moving to Treasury.

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"They had long tenures at Goldman [Sachs] and had just incredible Rolodexes built up over the years," says Gardner. Though Lew may come to the position with less knowledge of Wall Street than many of his predecessors, Gardner is also quick to point out that Lew could easily build up his sources and knowledge of financial regulation on the job.

Likewise, Lew's Washington-centric resume may mean he will have to work to boost his relations with the heads of foreign governments and institutions, says Gardner.

Yet for all his knowledge of budgets and finance, Lew's most valuable qualification as Treasury Secretary may well be his time as Obama's chief of staff.

"He has the absolute confidence of the president," says Shapiro. "It's very hard to overestimate the importance of that for a guy who has to be negotiating with the heads of global financial institutions and the foreign ministries of all the other important countries of the world,"



Treasury Secretary Timothy Geithner testifies on Capitol Hill in July before the Senate Banking Committee hearing.

