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Weiss's Woes Risk Burdens for Understaffed Treasury Debt Office

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A successful effort to derail Antonio Weiss's bid for a top Treasury post would leave an already short-staffed office without a permanent leader to manage \$13 trillion in U.S. public debt for months longer.

Four of the top five positions in the office, which sets policy on many financial and debt-management issues, are either vacant or being filled by temporary replacements who haven't gone through Senate confirmation for the posts. Democratic Senator Elizabeth Warren is against Weiss, a Lazard Ltd. executive nominated to be undersecretary for domestic finance, partly because she says Wall Street is overrepresented in the Obama administration.

Opposition to Weiss grew yesterday, with three more Senate Democrats -- Joe Manchin of West Virginia, Jeanne Shaheen of New Hampshire and Al Franken of [Minnesota](#) -- saying they too are against the nomination. They echoed arguments put forth by Warren -- that his banking career and work on corporate tax inversions make him unfit to regulate the financial industry.

"This position requires someone who understands how to make our economy work for the middle class and those aspiring to be in the middle class," Franken said in a statement. Warren, of [Massachusetts](#), has also said Weiss doesn't have the right experience, a critique the most recent undersecretary said is unwarranted.

"I've been troubled by the talk that he isn't qualified," Mary Miller, who was undersecretary for domestic finance until leaving the Treasury in September, said in an interview yesterday. "Of course he's qualified. That job is so broad that no one has everything you need going in. I was certainly no expert on banking regulation when I went into it."

Debt Fights

The role Weiss is seeking will matter in the remainder of President [Barack Obama](#)'s administration. A political fight over extending the debt ceiling could reemerge next year, and shrinking budget deficits are forecast to widen again, requiring the Treasury to sell more debt.

Wall Street ties could prove useful. The top domestic finance official is the department's main liaison with the Treasury Borrowing Advisory Committee, a group of fixed-income investors on Wall Street that convenes quarterly to discuss the supply of and demand for bills, notes and bonds.

Warren has said Weiss's banking experience, mostly concentrated in mergers and acquisitions, isn't adequate preparation. Democratic Senator Richard Durbin of [Illinois](#) previously said he would oppose Weiss, as did independent Bernie Sanders of [Vermont](#), who caucuses with Democrats.

If confirmed, Weiss, 48, would also work with regulators such as the Securities and Exchange Commission and Commodity Futures Trading Commission and meets with financial executives to implement parts of the Dodd-Frank law, the measure intended to prevent another financial crisis.

Understanding Markets

"The person who sits in this job has to have the confidence of the president, has to understand the working of markets, has to have the ear of people on Wall Street," Randal Quarles, who was undersecretary in the George W. Bush administration, said in an interview last month. Quarles is managing director at the Cynosure Group in Salt Lake City.

The Treasury's top two officials, Secretary Jacob J. Lew and Deputy Secretary [Sarah Bloom Raskin](#), have limited private-sector banking experience. Lew worked for 2 ½ years at Citigroup Inc., and Raskin spent more than three years at Promontory Financial Group LLC, a Washington-based consulting firm.

Geithner's Tenure

While Lew's predecessor, Timothy F. Geithner, hadn't worked in private-sector finance, he knew Wall Street well after serving as president of the Federal Reserve Bank of New York for more than five years.

Henry Paulson, Treasury secretary before Geithner, spent 32 years at Goldman Sachs Group Inc., where he eventually rose to chairman and chief executive officer.

At the Treasury, Paulson and Geithner had "Rolodexes that covered the major Wall Street firms," said Mark Calabria, director of financial regulation studies at the Cato Institute in [Washington](#) and a former senior Senate staffer who worked on Dodd-Frank. If Weiss is confirmed, "he's going to be that pipeline between Wall Street and the administration."

Not if Warren has her way.

"This is about building some counter-pressure on the Wall Street bankers," she said two days ago in a speech in Washington. "We need a real mix of people in the room when decisions are made."

Miller's Successor

Weiss would replace Miller, who previously worked 26 years at asset manager T. Rowe Price Group Inc. As undersecretary, Miller was the department's point person on regulations including the Volcker Rule and supervised sales of Treasuries while the debt limit was debated in Congress.

"It's definitely helpful to have experience in financial markets in that job and to build a team with expertise to fill in any gaps," Miller said. "The important thing is to maintain an open mind to listen to every perspective on an issue."

The Obama administration is expressing confidence Weiss's two decades in banking give him the expertise needed for the job.

"He shares the president's view that we need to implement policies that help boost economic growth while supporting our middle class, such as reforming our tax code to close wasteful loopholes," White House spokeswoman Jennifer Friedman said. "We look forward to the Senate's consideration of his nomination and swift confirmation."

Acting Undersecretary Matthew Rutherford, who planned to leave the Treasury in the fall, has no departure date. He was promoted from assistant secretary for financial markets, a position being filled on a temporary basis. Rutherford himself had to overcome a lack of private-sector financial experience when he went to the Treasury from the [New York](#) Fed six years ago.

Amias Gerety, who was acting assistant secretary for financial institutions and is now a Treasury counselor, also has no Wall Street experience. He was a management consultant at Oliver Wyman & Co. before starting at the Treasury in 2009.

One domestic finance official who does have banking experience is Timothy Bowler, who worked at both Goldman Sachs and JPMorgan Chase & Co. and is now a deputy assistant secretary in the office winding down the Treasury's financial crisis bailouts. Patrick Pinschmidt, the top Treasury staffer focused on the Financial Stability Oversight Council, worked at Morgan Stanley and Merrill Lynch & Co.