

Geithner defends Obama's stimulus

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Wesley Cox, 37, left, and Sandra Johnson, 49, center, of Durham chat with Treasury Secretary Timothy Geithner at the Center

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BY DAVID BRACKEN AND BENJAMIN NIOLET - STAFF WRITERS

RALEIGH -- During a series of appearances in the Triangle on Thursday, U.S. Treasury Secretary Timothy Geithner defended the stimulus package and said the public's lack of confidence in Washington has obscured their effectiveness.

"You're seeing a country that has suffered a profound erosion of basic confidence in public institutions and a deep, great skepticism not just the immediate but the long-term interest of the country," Geithner said. "I think that's overshadowed much of the basic confidence that has taken."

Geithner, in the Triangle on the one-year anniversary of President Barack Obama's signing the \$787 billion federal stimulus package out of a deep crisis.



"There was no way out of the mess we were in that investments," he said.

Geithner met with editors and reporters of The New Triangle Park.

With the economy now showing signs of life, Geithner targeted economic incentives such as tax credits for banks and assistance to struggling state governments.

Geithner visited the Golden Belt Complex in Durham to expand New Market Tax Credits, which encourage an acre cluster of buildings that includes loft apartments. \$8 million in new market tax credits.

The proposal would provide \$5 billion for the credits.

Any further dollars allocated for a stimulus would likely raise anger among fiscal conservatives who say the country is borrowing too much, and the current year's deficit promises to be as high or higher.

Geithner said the process of bringing down the deficit should not begin until next year.

"You can't put it off forever. But you can't do it right now. It would be irresponsible to do it right now," Geithner said. "What we've proposed is a set of measures that, if Congress adopted them, would bring the deficit down quite sharply, quite dramatically over time."

State Sen. Phil Berger, an Eden Republican and the Senate's minority leader, said he viewed Geithner's visit as an attempt to convince voters that the economy is improving.

"I'm having a hard time accepting that they're steering the ship in the right direction," Berger said. "It appears that the president is engaged in an effort to try to convince folks that things are fine, that things are getting better and that they're doing the right thing."

A slow healing

Geithner said the economy is healing and showing steady improvement. But he said he is not surprised about how slow job creation is.

"It's going to take a while for it to come down," he said of the unemployment rate. Nationally the unemployment rate was 9.7 percent for months.

Michael Walden, an N.C. State University economist, said he believes the unemployment rate would be higher without the stimulus jobs; it was also about helping states, strengthening Medicare and providing money for food stamps and unemployment insurance.

Walden said the question now is how to go about paying for all the things we've done over the last 18 months.

"How do we pay for the resources that we have deployed and used and borrowed and the Federal Reserve has created?" he said.

Critics answered

Geithner has been criticized heavily by members of both political parties for his involvement in the bailouts of several Wall Street Executives at a number of bailed out firms have received large bonuses even after they were saved by taxpayers, and the could be a reason why banks took on so much risk.

Geithner said the administration supports requiring companies to disclose compensation packages to their shareholders who that lead to more compensation being paid in stock options that vest later so employees share in the risk created by their actions.

"You are seeing changes in the structure of compensation, but my sense is they have a ways to go," he said.

As for fundamental reform of the financial industry, Geithner said it has taken a while because the administration wants to get it while the Senate banking committee could pass a reform bill as early as next week.

"People are right to say, 'Why not yet?' On the other hand, the Congress is moving at what is lightning speed for something this

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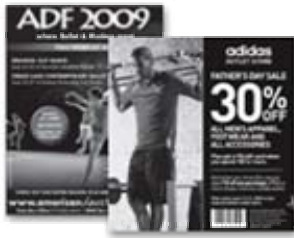
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