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## Geithner acknowledges tax hikes “hurt growth” while ducking questions on implementation

WASHINGTON, D.C.— Testifying before the Senate Budget Committee this morning, Treasury Secretary Tim Geithner acknowledged tax increases “hurt growth” yet repeatedly ducked questions on whether President Obama’s planned tax hikes would go into effect in 2011 regardless of the condition of the economy:

**SEN. MIKE CRAPO, R-Idaho:** “You say that the tax increases will only happen when the economy has recovered. I understand that a lot of economists are saying we are going to be recovered by 2011. Frankly I think there are economists who are saying maybe our recovery will not be so strong by then. My question to you is, are these tax increases contingent on a recovery or are they going to happen regardless of what happens in 2011?”

**SEC. GEITHNER:** “Senator, I think it is a very important question. I think, again, we need to lay out an ambitious path for bringing those deficits down, commit to achieving that with a mix of measures on the resource side and the spending side to do the best possible job of leaving our economy stronger, and that’s what the President’s budget tries to do. Now of course we are going to have to watch how the economy evolves and I want to underscore that one of the mistakes governments have made over time in dealing with economic crises is putting the brakes on too quickly or in ways that hurt growth just as it’s starting to take hold. We just want to be careful not to do that.”

**SEN. CRAPO:** “So are you saying if we don’t see the more rosy picture in 2011 that we may not see the Administration suggest that we move to enact tax increases?”

**SEC. GEITHNER:** “I’m just saying that recovery requires that we keep stimulus sustained until growth is in place but we have to do it in a fiscally responsible way.”

“Obama and Geithner are putting the brakes on the economy NOW. Unlike Secretaries of the Treasury, small businessmen and women plan their investment and hiring decisions based on the tax burden years in advance,” said Grover Norquist, president of Americans for Tax Reform. “Telling someone you are going to dramatically raise their taxes later is a disincentive now, not just in a matter of 22 months into the future. That is, unless you are one of Obama’s cronies and you don’t pay your taxes anyway.”