10 07 2009 Timothy Geithner testimonia davanti alla Commissione del Congresso USA, ma quello che dice risulta poco convincente

Despite persistently high unemployment, Treasury Secretary Timothy Geithner said Friday the Obama administration plan to stimulate the U.S. economy by spending billions of dollars on construction and other local projects is on the "expected path."

"There's been substantial improvements in arresting what was the worst recession globally we've seen in generations," Geithner told lawmakers Friday.

Geithner's remarks came as public opinion polls show waning support for President Barack Obama's economic policies. Republican critics say the rising unemployment rate is proof that the $787 stimulus has not helped reverse the effects of the recession.

About 2 million jobs have been lost since Congress passed Obama's stimulus package in February. Unemployment now stands at 9.5 percent, the highest in 26 years. Some Obama allies have been calling for Congress to pass a second stimulus package.

"I was just wondering, where do you think your plan went wrong?" asked Rep. Bill Posey, a Republican.

Geithner said the rate of decline in the economy has slowed, consumer confidence has improved, the financial system is healing , and concern about a financial meltdown has receded.

"Those are critically important signs of initial progress," Geithner said.

Geithner said unemployment is an inescapable element of a recession. The stimulus plan, he said, "was necessary and critically important to reduce the risk that we'd see hundreds of thousands losses of jobs and we'd see million of job losses beyond this point and see thousands of more business fail unnecessarily."

Geithner's defense, before a joint hearing of the House Financial Services and the Agriculture committees, came in the midst of his call for greater government control over the generally unregulated but complex derivatives market, that he said contributed to the financial crisis.

"Establishing a comprehensive framework of oversight is crucial," Geithner said in his opening remarks to a joint hearing by the House agriculture and financial services committees.

Despite apprehension among Republicans, the effort to add government restrictions to these more freewheeling financial instruments has gained support within the Democratic-controlled Congress.

"Clearly, we're going to be significantly expanding regulation of derivatives," said Rep. Barney Frank, the chairman of the Financial Services Committee.

Derivatives are financial instruments whose values are based on something else, such as a mortgage-backed security or a commodity like oil. The allure of the over-the-counter derivative, as opposed to those swapped on exchanges, is that it can be individually negotiated and tailored to meet the specific needs of the buyer.

Geithner said the ease with which derivatives were bought and sold in an era of easy credit encouraged financial institutions and investors to take on too much risk. At the same time, government regulators weren't given the proper tools to mitigate those risks and protect the American consumer, he said.

"The complexity of the instruments overwhelmed the checks and balances of risk management and supervision," he said.

The administration's proposal, part of a broader overhaul package, has run up against much of the financial industry, which says it would raise costs and squash innovation.

Some lawmakers and federal regulators say they are skeptical, too.

"My fear is that the administration is going down the path of shifting risk not to the investors and the dealers, but ultimately to the taxpayers," said Rep. Spencer Bachus, the top Republican on the Financial Services committee.