

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks by Secretary Tim Geithner at the Commencement Ceremony for the Johns Hopkins University Paul H. Nitze School of Advanced International Studies

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As prepared for delivery

WASHINGTON - Provost Minor, Dean Einhorn, members of the faculty, family and friends, graduates of the class of 2012: congratulations to all of you.

It is an honor to stand here 27 years after receiving my degree from SAIS. I had great professors. I learned a lot. I miss the pool table.

I want to offer my compliments to Dean Einhorn for all that she has done for SAIS, for leaving a strong institution to her capable successor, Vali Nasr.

This is a remarkably diverse class. You come from 39 different countries. You have worked for governments, nonprofits, and some of the world's leading private companies.

Many of you have spent your time at SAIS overseas, whether in Nanjing, China, learning Chinese and studying hard, or in Bologna, Italy, studying...not so much.

You graduate from this institution with the world still recovering from the worst financial crisis since the Great Depression and into a very tough job market.

And you chose to get a degree in "advanced international studies".

And your parents and friends are here, saying, "What were you thinking?!"

I know this is hard to explain.

Your peers chose a credential, one that friends and relatives can wrap their heads around, that would allow them to practice law, or medicine, or engineering or finance.

You chose a different, more intrepid path. You chose to study foreign policy and economics.

You didn't choose to narrow your world. You chose to make it bigger.

You are neither fish nor fowl. Neither lawyer nor banker.

Post-partisan. The heirs to Paul Nitze and George Kennan.

You take yourselves seriously, but not too seriously. The SAIS ethic is driven, but with a quiet and calm intensity.

You care more about what you do than what you earn.

In a world full of people with more conviction than knowledge, you invested in learning the shades of gray in life, understanding what we do not know, and how to navigate in an uncertain world.

And while it may not feel this way, this is your moment.

I came to SAIS in September 1983, right out of college. I was eager, impatient to learn the craft of governing, and there was, and there is still, no better place to do that.

I loved my work and managed to graduate...but without a job, and with student loans to repay. I was about to get married. I felt a certain sense of responsibility to earn a living, after being supported through graduate school by the amazing woman who became my wife, Carole Geithner.

This all made me somewhat uneasy. I know many of you are in a similar place.

A couple of months after graduating, I got a job working for Henry Kissinger's firm, and then in the summer of 1988, I joined the civil service at the Treasury Department, the place of Hamilton and Morgenthau.

And there at Treasury, I had the valuable experience—though I did not know how valuable then—of working through a diverse mix of the financial crises of other nations— Mexico, then Asia, and then Latin America again.

I returned to Treasury in 2009 at a particularly dark moment in American history. The economy was still caught in the most dangerous phase of the financial crisis, and I was very worried about how we were going to get out of it.

At my first meeting in the Oval Office after I was sworn in, I walked President Obama and Vice President Biden through the remaining large, complicated, and very dangerous financial bombs we still had to defuse. I explained what I thought it would take to defuse them, and how damaging those steps would be politically.

The weight of that conversation was enough to cause many leaders to shrink from action. But that's not what this President did.

President Obama did not play politics with the crisis. He did not commission a series of academic studies. He did not sit there paralyzed by the terrible perils of the choices we faced. He did not wait to act in the hope the crisis would burn itself out.

He decided to act and to do the hard, tough things early.

It was a tough few months at the beginning. I remember in those early weeks receiving from a friend a copy of the Teddy Roosevelt quote about "the man in the arena." You may know the quote. It starts like this. "It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by sweat and blood..."

I thought that was a thoughtful gesture from this friend, and then, well, about 10 more people sent me the same quote, and I thought, well...this can't be good—they must really be worried about me.

I was not overly concerned by the loud chorus of critics. I didn't have the luxury of time to think about them. And I had an advantage they did not have. I knew then that we had a good plan for fighting the financial crisis.

There are many people who understand that now, but there were not many who believed it at the time.

There's a scene in the movie "The Hurt Locker" by Kathryn Bigelow that I think is a powerful metaphor for the choices you face in public life.

I tell this story not in any way to equate the battles we wage in economic policy with what our soldiers and their families face in war, but to convey a lesson about life.

For those of you who haven't seen the movie, it's about a bomb disposal squad in Iraq and the team leader, Sergeant James. In one scene, the team gets called in to defuse a suspected bomb. They evacuate a huge perimeter around a car, sagging under the weight of the explosive within.

Sergeant James puts on this formidable protective gear. Huge gloves, helmet, full body armor. It is very hot. He opens the trunk, and even he is shocked at the destructive power of the explosives there.

Looking at the size of the bomb, he decides to take off all the protective gear—and to expose himself—so he can defuse it more easily.

The other soldiers, dispersed at some distance behind protective barriers, are dumbfounded, asking, "What are you doing?"

But he says, in so many words, if I don't succeed, it's going to blow me up anyway.

You will find lots of people in public life who worry more about how they appear than what they accomplish, who fear the risk in any action, who let preoccupation with perception and politics get in the way of doing the right thing.

What you should take from this story is that if you are going to make a difference, especially in public life, you need to be willing to get close to the flame. You need to be willing to take risk and feel the heat. You have to keep your focus on the cause you are called to serve and the craft of doing the job well.

That's what the President did when the fires of our financial crisis were burning. There was no precedent and no playbook available to any of us, other than the graveyard of mistakes from other crises. But we knew we had to act.

We put together a creative plan, building on the brave work of Secretary Paulson and Chairman Bernanke, and the President guided a remarkably effective financial rescue, by any historical comparison, because he was willing to weather the political costs of the best economic strategy.

What we experienced in 2008 and 2009 was a terrible crisis, caused by a shock larger than what caused the Great Depression. Today, the country is still living through the aftershocks, and we will be for some time.

The damage from the financial crisis was greater because it hit an economy that had already been suffering from a slow-burning mix of other challenges. The erosion in the quality of public education, the decline in public infrastructure, an alarming rise in poverty, a long period of stagnation in living standards for the median worker, the rise in public debt.

And these challenges are all magnified today by the paralysis in our political system—a paralysis that reflects and amplifies the deep divisions across the country about the role of government.

Our economic challenges are tough, but the critical test we face is a political challenge: how to recapture what was for most of our history our defining strength: a political system that was able to marshal the wisdom to do wise and hard things, with a long-term view of what determines national economic strength.

What has been exceptional about America is that even in a country founded on individual freedom and so skeptical about government, Americans were ambitious and smart in creating public goods like universal public education; in building not just a world class army, but a world class public infrastructure; in designing not just a system for protecting the intellectual property of private innovators, but also for pioneering public investments in scientific discovery; in creating not just a system that offered very high financial rewards for entrepreneurs, but also a safety net for retirees and for the poor.

In today's political climate, it can seem sometimes that we have forgotten this wisdom.

But even with all these challenges, don't be too dark about America.

We have successfully navigated the most dangerous phase of the American financial crisis. We are still a dynamic and resilient nation, stronger in economic terms than any of the other major economies. Our challenges are more manageable. And we are in a much stronger position today to deal with them effectively.

We just need to rediscover the political ability to solve the big problems still ahead of us.

I hope each of you will have the chance to spend some time working for your country, as a soldier, as an elected official, as a civil servant. We need more talented people to spend time in public service to help rebuild the confidence of Americans in their government.

Many of you will work outside government, but trying to shape what governments do.

And many of you will choose to work in the private sector. There too, you will have a chance to contribute to better public policy outcomes—to bring back the tradition of the “statesman CEO.” You will have the chance to help get businesses to focus not just on how to reduce their effective tax rate or to soften some regulation, but also on how to improve education, or to increase government investment in scientific research or public infrastructure—things all businesses need.

If you choose to work in public service, and if you have the chance to work on the great economic challenges ahead, then you will learn, as I have, a few of the things that matter most in government.

Don't put politics ahead of economics. Polls may tell you what seems popular. They can show you the political obstacles to reform. But they cannot tell you what is the right thing to do. They are not a reliable guide to good economic policy, particularly in a crisis, when all the options seem terrible to any sensible person.

Retain a healthy skepticism about the world, and a lot of humility. You should be profoundly skeptical about the easy policy option. Be skeptical of those offering excessive conviction on any issue. Don't expect people to behave rationally.

Know that you will often have to act in areas where the fog of uncertainty is thick and heavy. This should humble you, but you can't let it paralyze you.

In government, you need to have a view, and to know what you are for, not just what you are against. It is not enough to be able to explain the risks in any option. You have to be able to decide and to choose. Plan beats no plan.

In economic policy, your job is to try to relax the political constraints on policy, not simply to resign yourself to live within them. But still, you have to govern with knowledge of the possible, and to be able to choose among the feasible alternatives, not be caught too long in the search of the theoretical ideal.

In confronting the financial crisis, we were fighting two battles—one to save the economy from collapse, and one to convince the American people that we were doing the right thing, the fair and the just thing. We won the first of these battles, and we are still fighting the second.

At the height of the crisis, President Obama made a difficult and courageous choice. He decided not to alter economic strategy to fit the demands for a more simple and compelling popular narrative—that we nationalize the banks, for example, or let them all burn.

He did not let politics get in the way of doing the right thing, and that made all the difference.

So, graduates of the class of 2012—you already know you have to be prepared to take the risk and heat.

You chose the harder path in graduate school. You chose to learn about power and conflict among nations; about incentives and human behavior; about why nations fail and prosper; about hubris and achievement. This is the study of how to think and how to choose and how to lead.

You chose a place where you could learn the craft of how to advance a cause, a cause larger than yourself.

You chose SAIS because you understand, to complete Teddy Roosevelt's words, that "the credit belongs to the man in the arena...who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause."

I look forward to seeing you in the arena, and I wish you the very best.

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