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Longtime Crisis Manager Pleases Wall Street, Mystifies Some Democrats

By [JON HILSENDRATH](#) and [DEBORAH SOLOMON](#)

As a young Treasury aide in the late 1990s, Timothy Geithner once said his proudest accomplishment was helping assemble more than \$100 billion in international rescues to combat financial instability in Asia and Latin America.

Compared with meltdowns prior to the late 1990s, "the world proved much more resilient in confronting the recent crisis, because of the strength of the policy response and the financial force we mobilized in support of strong policies," the career civil servant, then 37 years old, told a reporter at the time.

As Mr. Geithner now prepares to take the helm at the Treasury Department, he faces a world financial system far from resilient, apparently resistant to policy responses, and where \$100 billion is barely a down payment on the public monies thrown at today's problems.

At a time of crisis unmatched since the Great Depression, President-elect Barack Obama has put his faith in one of the world's most experienced financial crisis managers -- a man popular with the Wall Street leaders he's consulted with closely over the years, but a mystery to many traditional Democratic constituencies.

"He is a great choice," said Merrill Lynch & Co. Chief Executive Officer John Thain, who was considered a candidate for Treasury secretary if Republican Sen. John McCain had been elected. "This will be one of the most important jobs in the new administration as we get through this crisis, and Tim understands markets and policies better than almost anyone."

But Andy Stern, president of the Service Employees International Union, said recently: "I always worry about somebody who has spent his whole life at the Federal Reserve....I just don't know him."

Mr. Stern was exaggerating. Mr. Geithner, currently president of the New York Federal Reserve Bank, has been with the Fed just five years. Unlike most of his

predecessors, he has little private-sector or political experience.

An intense, wiry man with a boyish face and sly humor, Mr. Geithner, now 47, has had a hand in responding to financial crises for nearly 15 years -- first at the Treasury, and then at the Fed. Along with Fed Chairman Ben Bernanke and Fed Vice Chairman Donald Kohn, he has been one of the Fed's three key decision makers.

Mr. Geithner, whose father worked for the U.S. government and the Ford Foundation, was raised in the U.S., Asia and Africa. After college, he worked for Henry Kissinger's consulting firm, then joined the Treasury Department in 1988. He was a key international aide to Treasury Secretary Robert Rubin, then to his successor, Lawrence Summers -- Mr. Geithner's chief rival to become Mr. Obama's Treasury secretary -- and played a role in bailouts of Mexico, Indonesia and South Korea, and also in the decision to allow Russia to default on its debts in 1998.

When the world financial system was shuddering in 1997 -- in a climate of global fear similar to today, though less intense -- Messrs. Geithner and Summers spoke over Thanksgiving weekend that year to hash out a way to craft a rescue package for South Korea. Their boss, Mr. Rubin, was wary of intervening, afraid the country's financial problems were so big that an intervention might not make sense. Messrs. Geithner and Summers disagreed, seeing intervention as a key to stabilizing the country. That night, they crafted a proposal they thought would pass muster with Mr. Rubin, who ultimately agreed to the plan.

It was, in some ways, setting a precedent -- albeit at a much smaller scale -- for the aggressive government interventions now under way.

While Mr. Geithner's record on Wall Street is well-documented, his approach on other issues -- such as tax and trade policy -- is less certain. Generally, Mr. Geithner is seen as a pragmatist, cut out of the mold of two of his main mentors -- Messrs. Rubin and Summers.

—Susanne Craig and Michael M. Phillips contributed to this article.

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