

WASHINGTON (Reuters) – Treasury Secretary Timothy Geithner is considering stepping down later this year, but will not make a decision until contentious negotiations over the U.S. debt ceiling are completed, people familiar with his thinking said on Thursday.

Geithner said he would remain in his Treasury post "for the foreseeable future" and sidestepped a direct question about his career plans after a flurry of media reports that he was mulling leaving the Obama administration.

"I've only worked in public service. I live for this work. It's the only thing I've ever done, I believe in it," Geithner said. "We have a lot of challenges as a country, and I'm going to be doing it for the foreseeable future."

Geithner is the last senior member of President Barack Obama's original economic team. He has faced intense criticism, including at times calls for his resignation, but has prevailed to win a reputation as a steady hand amid turbulent times.

"We hate to say it but this looks like the A-Team is resigning without anyone credible coming off the bench to win the game," said Chris Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi in New York.

"These will be very big shoes to fill."

Bloomberg News, which first reported Geithner's possible departure, cited unnamed sources as saying that family considerations were among the factors Geithner was weighing. ABC News reported that there "are far too many caveats" to say Geithner will definitely depart.

A U.S. Treasury official said that Geithner has not yet made a decision.

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Geithner's family is expected to move to New York in a few months and he told former U.S. President Bill Clinton at an event in Chicago that his son will finish his final year of high school in New York, adding he might be commuting for a while.

Obama would face a tough choice in replacing him at Treasury, and any successor could face a grueling and long quest to win the Senate's needed confirmation.

Among those Obama could consider are General Electric chief Jeff Immelt, who already heads a council that advises the White House, New York Mayor Michael Bloomberg, or JPMorgan Chase & Co Chairman and CEO Jamie Dimon.

A successor would still face key challenges from trying to spur a slow-growing U.S. economy to dealing with potential tax-code reform and maintaining stable relations with China.

WINDOW OF OPPORTUNITY

Politics could weigh on Geithner's decision. If he stays past late summer or fall, he could feel an obligation to stick with President Barack Obama through what may be a difficult campaign for reelection in 2012.

A person familiar with Geithner's thinking said the Treasury chief realizes he might have a window to potentially depart after a deal to raise the debt limit and reduce U.S. deficits is reached.

"People are a little worried or interested because I have a family, my son's going back to New York to finish high school and I'm going to be commuting for awhile," Geithner said at the conference in Chicago.

Geithner can point to solid accomplishments in his 2-1/2 years at Treasury: pushing through tough stress tests that cleared the way for banks to raise billions in new capital, aiding passage

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of the Dodd-Frank financial regulatory overhaul and helping win more influence for emerging-markets including China in global councils like the International Monetary Fund.

Geithner, 49, led the New York Federal Reserve Bank before joining the Obama administration, where he played a lead role in combating the 2007-2009 financial crisis. He continued efforts to guide the economy back to health at Treasury.

Austan Goolsbee, chairman of the White House Council of Economic Advisers, who is leaving in August, told CNBC that news of Geithner's potential departure was "a bit of a surprise."

"I know his overwhelming focus is to get this debt ceiling and deficit reduction worked out," Goolsbee said.

MORE WORK TO DO

Geithner has been warning all year of catastrophic consequences if Congress fails to increase the nation's \$14.3 trillion borrowing limit. He has said the Treasury will no longer be able to pay all the nation's bills -- including interest on the national debt -- after August 2.

Geithner has spent most of his career in public service and it is unclear what direction his career would take in the future.

At the New York Fed, he presided over collapses and bailouts of major Wall Street banks and insurer American International Group

As Treasury secretary he has spent much of his tenure under fire. He took the helm during the depths of the recession in February 2009 by announcing a plan to cleanse bank balance sheets of toxic assets, but the proposal was criticized as inadequate and markets plunged.

A year later, some lawmakers called for his ouster over his handling of the AIG bailout. This year, he has taken heat over slowing job growth and an ineffective housing rescue program.

Geithner shrugged off the jabs and had solid backing from Obama in early 2009 who said that even if Geithner tried to quit he'd tell him: "Sorry buddy, you've still got the job."

Clinton, whom Geithner served under at Treasury in the 1990s, offered fulsome praise on Thursday.

"Unlike most people who get this job, who made a lot of money in business or in finance, he has spent most of his life serving the rest of us and in the process has acquired an enormous amount of expertise and knowledge to go with a considerable amount of common sense," Clinton said. "I think he's done a great job in a back-breaking position."

(Additional reporting by Rachelle Younglai and David Lawder in Washington, and Ann Saphir in Chicago; Writing by Glenn Somerville and David Lawder; Editing by Carol Bishopric)

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