

Thank you for having me.

My wife Diana and I have had the pleasure of spending time here in Michigan over the last year, and we're looking forward to being here even more as our daughter Jenna will be an incoming Freshman this year at University of Michigan.

It is a real privilege to be here with such an esteemed crowd.

Today I don't hesitate to say that we have arrived at a unique moment in American history.

A host of obstacles have been thrust upon our nation. How we respond is the challenge for our generation. It will determine what kind of country we will be.

Let me begin by saying that America is the land of unparalleled achievement – and our entrepreneurs and small businesspeople are the locomotive of our economy.

Our people's eagerness to pursue their ideas – despite the risk that they might fail – has spawned unprecedented economic growth.

The resulting prosperity and job creation has benefited not just our country but the entire world.

It defines who we are.

I recently received a note from a U of M graduate from Kalamazoo who is spending some time in England before entering business

school at Stanford. He is amazed how differently entrepreneurs are regarded abroad.

He summed it up this way: 'Starting a business, even if you fail in the process, is a badge of honor in the U.S. But in Europe, entrepreneurship is frowned upon, and consequently, the best and the brightest are afraid to take a risk.'

"Many of my European friends are very smart and educated," he wrote. "But when I ask them about their career path, no one ever mentions starting a business, or seems to have a desire to step outside the straight forward world of professional services."

He recalled one conversation with a friend who told him he doesn't think any big new products or businesses will come from the UK in the next 50 years.

And when they discussed the entrepreneurial hotbed of the San Francisco Bay area, the friend said he could never imagine any such place existing in the UK.

The letter was non-political, but it ended with a pointed request. It urged that our government *be careful not to* do anything to discourage entrepreneurship and innovation in America.

But, there are troubling signs on the horizon.

The environment surrounding tax

and regulatory policy in America is beginning to threaten the very innovation that sets us apart.

When I talk to entrepreneurs around the country...when I meet with people making decisions whether to allocate capital, they're actually questioning whether taking the risk is worth the reward any longer.

This is not how it should be in America!

Let me take you back to inauguration day in Washington, January 20, 2009.

"...we have arrived at a unique moment in American history."

As the newly elected Minority Whip, I was seated on the front steps of the Capitol, in the second row, with a bird's eye view of the new president being sworn in.

Despite the beating our party had taken in the recent election, the day was filled with optimism. But what was to ensue during the course of the next 17 months dashed my best hopes, and confirmed my worst fears.

It began with the stimulus. Not since the Great Depression had the economy been so battered.

Unemployment was growing rapidly. Something had to be done. There just

didn't seem to be agreement on what that something would be.

To many of us, it was clear that promoting genuine economic growth was the only way we could end the crisis.

But the majority in Washington saw it differently.

Instead of seizing the moment to help small business – the job creators of this country – they seemed bent on pursuing a course to spend our way out of the morass.

But, President Obama encouraged us all to respond; as he had said himself, “no one party has a monopoly on good ideas.”

So a group of colleagues and I began meeting in my conference room in the Capitol. Our aim: to develop an alternative plan for genuine sustainable job growth.

We reached out to the private sector and heard from dozens of small businessmen and women.

On January 23, 2009, we met with the president and his economic advisers in the Roosevelt Room of the White House and presented our alternative proposal.

So there I was, explaining to President Obama and his economic brain trust what deli owners, shop keepers and service providers in my home town of Richmond were telling me they needed to stay alive and grow.

And as the meeting continued, I could tell the President's team just wasn't on the same page.

Even though these were some of the smartest people in the country,

their hearts just weren't in the private sector.

Our plan to get the economy going again was very straightforward – it focused on small businesses as the economic engine.

“As it turned out, the stimulus didn't work as advertised.”

First and foremost, we called for allowing small businesses to reduce their overall tax liability which would enable them to invest and make new hires.

In addition, we would reduce the lowest individual tax rates from 15 percent to 10 percent and from 10 percent to 5 percent.

Our plan also included a home-buyers credit of \$7,500 for those buyers who could make a minimum down payment of 5 percent.

It was fair. It was understandable. And using the Obama administration's own economic model, it delivered twice the jobs for half the cost of the bill that would eventually pass.

It was an honest, good-faith effort to work with the administration.

But at the end of the day, all our efforts were ignored.

The majority in Congress instead moved ahead on a nearly \$1 trillion stimulus bill heavy on funding for government programs.

Here was our dilemma: How could Republicans and other conservatives

lend our support to a bill that spent more on buying golf carts, subsidizing the conversion to digital television, and building fish and wildlife trails than on targeted tax relief for small businesses?

The result? Despite being hounded to death as the “Party of No,” not one of 178 Republican members in the House could bring themselves to vote for the bill.

As it turned out, the stimulus didn't work as advertised.

Instead of being held below 8%, unemployment surged to over 10% as the year went on.

Americans were hurting, and most of what was accomplished was the incurrence of nearly an additional \$1 trillion in debt.

As the economic picture in our country worsened, there was hope that Washington would pivot and begin to focus like a laser on creating an environment for small business investment and hiring.

But instead, we saw Washington launch into debates on cap-and-trade and card check, all the while leaving on the table the prospect of tax hikes.

The attendant economic uncertainty scared businesses and families by threatening to drive up costs. It was an unnecessary diversion and another missed opportunity.

Next, instead of regaining focus on fixing the economy, Washington turned its sights on a new health care entitlement.

Not just Republicans, but Americans across the country, even in Democratic Massachusetts, were

sending the message that they disagreed with the direction of the administration's plan.

But their voices were ignored.

During the health care debate, the majority in Washington concentrated primarily on guaranteeing universal coverage. But there really was a different and better way.

Our vision was to focus, above all else, on driving the cost of care down – and to keep what works in our present health care system.

Republicans fought to provide for competition in the individual and small group markets. To ensure lower premium costs, we would allow people to buy insurance across state lines.

We wanted to keep small business in the game and give them the ability to band together to gain purchasing power – just like the unions and large businesses have today.

We too would end discrimination against Americans with pre-existing health conditions, but without raising costs for everyone. Our plan reduced costs by taking on the trial lawyers who force physicians into defensive medicine practices.

The non-partisan Congressional Budget Office validated the House Republican Plan estimating that premium costs in the small group market would come down by ten percent.

The bill that finally passed and was signed into law may have come close to delivering on the vision of universal coverage, but it did so at tremendous costs.

My fear is that it may do great damage to the system it purports to save.

Immediately after the health care bill was signed into law, a wide range of American companies began to announce the higher costs they will face.

Meanwhile, one insurance company in my district, nHealth, says the uncertainties generated by the overhaul have driven them out of business.

It's a shame, because nHealth was offering Health Savings Accounts, linked to a high deductible insurance plan. This afforded individuals and small businesses a way to have health insurance when they couldn't access a group plan.

Not just Republicans, but Americans across the country, even in Democratic Massachusetts, were sending the message that they disagreed with the direction of the administration's plan.

By the end of the year, nHealth's thousands of small business customers will have to turn elsewhere.

If you're a small business person or entrepreneur, here's what you're facing in America today:

- Entitlements and spending are shooting skyward, all but guaranteeing permanently higher taxes in the near and long term.
- An army of new regulatory bodies threatens to strangle business activity and restrict the flow of credit.

- Labor unions are gaining power and creating more uncertainty about the cost of hiring
- Government is asserting more and more control over what was once the private economy.
- And most chilling, the national debt is spiraling out of control, raising the long-term threat of inflation and higher interest rates.

No wonder some in this country are beginning to think that America is becoming part of a discredited idea imploding before our eyes in Europe. It's the notion of a welfare state.

We see the chilling front-page newspaper images of riots in Greece and other European countries. We see the violent currency and stock market swings associated with Europe's struggles for solvency.

And we see the welfare state's helplessness to cope with the tsunami of debt it has created.

The prospect of the Europeanization of America has unleashed an impassioned philosophical debate nationwide over the proper role of government.

We now find ourselves at a critical point of decision making. America is at a Crossroads.

The question - What kind of an America will we choose?

A limited government that promotes economic freedom and equal opportunity – a government that does for people only what they cannot do themselves?

Or do we want an outsized government striving for equal outcomes for all, and settling for that equality at the lowest common denominator?

That's where we are heading with the redistribution of wealth and manipulation of private markets.

The likes of Portugal, Italy, and Greece have chosen the social welfare model, racking up huge budget deficits while failing to nurture economic growth.

This is not just a cyclical issue. It is structural.

The social welfare state has trouble cutting benefits for two reasons.

First, people have long been told they can retire early, work fewer hours and take more vacation time. Meanwhile, powerful union representatives are determined to keep it that way.

Second, when so many voters are employed by the government, or when so many voters get from the government more than they give in return, they will put in power those who will sustain their lifestyles.

European social welfare states offer handouts and promise to solve the citizenry's problems. But they do so by redistributing wealth and limiting opportunity for all.

So: if you can't cut government largesse, your other option is to grow your way out of a crisis.

But in order to grow you need entrepreneurs and risk takers.

And as our student from Kalamazoo reminds us, that's unlikely to happen in Europe. Not when the private sector is so constrained by high taxes, rigid labor rules, burdensome regulations and competition from subsidized public sectors.

There's a reason why social-welfare systems fail, while limited government, and systems which guard economic freedom succeed: Because the latter approach aligns itself with human nature.

Over twenty-three hundred years ago, Aristotle observed that "man is a goal-seeking animal; his life only has meaning if he is reaching out and striving for his goals."

As parents, we all want our children to be safe and happy. When our children are given a tough assignment, there is the temptation to help to ensure their success.

But it's a mistake to teach our children to be dependent. We deprive them of the happiness that comes from striving and succeeding.

Instead we want to encourage them and give them every opportunity to succeed on their own.

It's no different with government.

European social welfare states offer handouts and promise to solve the citizenry's problems. But they do so by redistributing wealth and limiting opportunity for all.

And when you undermine free enterprise, you root out what AEI's Arthur Brooks calls "earned success" – or the honest creation of value in our lives or in the lives of others.

As a result, the government, while well intentioned, discouraged all from

seeking to maximize their potential.

We are not Western Europe, at least not yet.

In America, hard work has paid off.

When I think about what makes America so remarkable, I think of the story of my grandmother.

Fleeing the anti-Semitism of her native Russia nearly a century ago, her family passed through Ellis Island. Peering out from the boat at the mouth of the Hudson River, she saw the Statue of Liberty – the most powerful symbol of the freedom and opportunity that America represents.

In America, her family sought not just religious freedom, but opportunity and a better life.

She eventually made her home in a working class section of Richmond, Virginia. Widowed very young, she raised my father and my uncle in tight quarters above a tiny grocery store that she owned and operated.

She worked day and night and sacrificed tremendously to secure a better future for her children.

And sure enough, this young woman – who had the courage to journey to a distant land with hope as her only possession – lifted herself into the ranks of the middle class.

Through hard work, thrift and faith, she was even able to send her two children to college.

All she wanted was a chance.

But never did she dare to dream that her grandson would someday be a Member of the U.S. Congress.

When I think of my grandmother

in that Richmond storefront, I am reminded why people come to this country in the first place: because here, you have the freedom and opportunity to be whatever you want.

The strength of our republic resides not in a vast government safety net, but in the innovative spirit of our people.

Not in our people's desire to take from the government, but in their drive toward self-sufficiency and controlling their own destiny.

Just look at the American people. Just look at the fruits of economic freedom. For the past thirty years, in good times and in bad, 600,000 businesses are started every year. That's about 1 per minute.

Where else in the world can someone like Apple's Steve Jobs start a business in his garage and years later become the CEO of a Fortune 100 company?

Where else could people from humble and modest roots like Andrew Jackson, Abraham Lincoln, Ronald Reagan, Bill Clinton and Barack Obama rise to become president?

Only in America.

Because in America, it doesn't matter where you come from; it's about where you're going. In America, there are no limits.

For all of us who wish to preserve the America we have come to know and love, this is not the time to be silent.

We must reject the road of unsustainable debt and marginal private sector growth.

For if we don't change course soon, historians may one day look back and ask: When was the moment it

became too late for America? When did the slide towards Europe become irreversible?

When successive majorities in Congress went on a shopping spree on our children's credit card, it was becoming too late.

Was it already too late when we passed a trillion dollar stimulus bill? Or when we missed the critical opportunity to help our small businesses or to make our economy more competitive?

The strength of our republic resides not in a vast government safety net, but in the innovative spirit of our people.

When credit ratings agencies this year warn that our triple-A treasury-bond rating is in danger, yet we go ahead and pass a trillion-dollar health care entitlement, it may be too late.

When we ignore dire warnings and set out to double the debt in five years, and triple it in 10, it may be too late.

That's why we must start right now to pull ourselves back from the brink.

We must get our fiscal house in order. Just as many of your businesses would do, we need to cut spending and straighten out the federal government's balance sheets.

However politically popular it may be, we cannot keep relying on the government's monetary and fiscal stimulus. Zero percent interest rates and runaway government spending only prolongs the day of reckoning.

Instead, we must grow by doing everything in our power to encourage entrepreneurship, innovation and capital investment.

We need to give private businesses the confidence in the tax and regulatory framework that they need to grow. We must offer incentives to people so that they put capital at risk and earn greater return on investment.

We have to bring a renewed focus on technology and manufacturing. And we must follow through on an agenda to promote free but fair trade.

That means ensuring access to critical emerging markets and at the same time guarding against unfair advantage of our foreign competitors.

Ronald Reagan once said that the meaning of life is to plant a tree you will never sit under. The goal of our lives should be....to be a part of something that will long outlive us - to establish a legacy which will benefit people we will never meet.

The stakes have never been higher. Let's fight to preserve and protect the country that we love.

Thank you.