

Chairman Tisch. . .thank you for that introduction. And thank you for the chance to be here.

Let me start by expressing my admiration for what you do. You come from many different backgrounds. But you're united by a common interest in the prosperity and security of our nation.

Last night marked one week since the operation against Osama bin Laden, the man who orchestrated the horrific attack upon this city nearly 10 years ago.

Bringing justice to Bin Laden was an important moment for America and all of the free world. But the challenges that lie ahead here at home remain formidable.

I'm grateful for the opportunity to share my thoughts tonight on how we need to address those challenges together, as a nation.

I came to be Speaker of the House by way of small business.

Before I ran for Congress, I was president of a small business in West Chester, Ohio -- Nucite Sales. We were manufacturers representatives in the packaging and plastics industry.

But Nucite wasn't my first life experience with small business. That came earlier, when my brothers and I grew up mopping the floors of Andy's Cafe, a tavern outside of Cincinnati established in 1938 by my grandpa, Andrew, and run for decades by my dad, Earl.

It would be fair to say I'm not from around here. I come from a working class family of what you'd call Kennedy Democrats. I have 11 brothers and sisters. We grew up in a little house on a hill with only a few bedrooms while Dad ran the bar.

These experiences taught me a lot, long before I entered government service. They taught me our economy is a product of our people. Our economy does best when government respects our people enough to give them the freedom to do what they do best.

I believe our mission as legislators is to liberate our economy from the things that impede growth. . .to provide clear policies, so that innovators and entrepreneurs have the green light to move forward and create jobs, without having to worry about second-guessing from Washington.

My message to you tonight is that we will not succeed in balancing the federal budget and overcoming the challenges of our debt until we commit ourselves to government

policies that will let our economy achieve long-term growth. Our economy won't grow as long as we continue to trip it up with short-term gimmicks from Washington.

Many of our problems can be traced to a misguided belief by politicians that the American economy is something that can be controlled or micromanaged or influenced positively by government intervention and borrowing.

All too often, rather than providing long-term policies that will help our economy expand, government offers short-term fixes that do little right away, and end up making things worse over time.

When things aren't going well in our economy, the impulse in Washington is usually to respond with something big. . . something quote-unquote "comprehensive." The assumption is that this will provide reassurance to job creators. But it usually has the opposite effect in practice.

We saw this with Dodd-Frank. There was a financial meltdown in our country, and millions of Americans were hit hard. But Washington's response was all wrong.

We got a banking system that is less competitive, pitting the small community banks like the ones in my district against giant banks that the federal government deems "too big to fail."

We got a consolidated banking system with a small number of large firms operating as public utilities.

We got a lot of new rules that make job creation and investment more difficult.

And the government mortgage companies that triggered the whole meltdown went untouched.

For job creators, the "promise" of a large new initiative coming out of Washington is more like a threat. It freezes them. Instead of investing in new employees or new equipment, they make the logical decision to stand pat.

The American economy is the sum total of the hard work and ingenuity of our people. When the economy grows, it's not because of a new government program or spending initiative. It's because a lot of people in the private sector worked hard, and were successful in overcoming the obstacles thrown in their path.

The rash of "stimulus" legislation passed by Congress in recent years has been one of those obstacles.

The recent stimulus spending binge hurt our economy and hampered private sector job creation in America.

The effect of adding nearly a trillion dollars to our national debt -- money borrowed mostly from foreign investors -- caused a further erosion of economic confidence in America, and increased uncertainty for millions of private-sector job creators.

The massive borrowing and spending by the Treasury Department crowded out private investment by American businesses of all sizes.

Americans were told the stimulus would create millions of new jobs, and that most of them would be private sector jobs. It didn't happen.

Job creators were looking for certainty. You don't get long-term certainty from short-term government programs.

The lesson of the stimulus era is that short-term government intervention is no substitute for long-term economic investment, private initiative, and freedom.

I believe it's time to leave that era behind.

We've also seen the arrogance of government recently in the skyrocketing gas prices our citizens and businesses are dealing with.

There's a clear connection between high gas prices and the weak dollar that some in Washington have quietly welcomed over the past couple of years.

It's well known that when you print tons of money, the dollar sinks, and the price of food and energy rises -- significantly. Yet the American people are told there is nothing that can be done about it. This is simply untrue.

Washington has also kept most of our nation's vast energy resources under lock and key for decades, over the clear objections of the American people -- the people who own those resources.

If we had listened to the people decades ago -- or even a few years ago -- many of these resources would be available to us right now to lower the price of energy. And we would probably have about a million private-sector jobs in America that we don't currently have.

Instead what Washington has done is raise the specter of higher taxes, creating more uncertainty for those in America who create jobs.

Washington's arrogance has triggered a political rebellion in our country.

I don't think "rebellion" is too strong of a word.

The revolt we have seen by ordinary citizens over the past few years is like nothing we've seen in our lifetime. And it's happening in part because the arrogant habits of Washington are having real economic consequences.

The debt limit debate presents our nation's leaders with the opportunity to reverse these habits and prove that we're starting to get the message. It's a chance to change course and admit that reactionary, short-term Washington solutions aren't always best.

Creating a sustainable fiscal structure for the federal government is essential for long-term economic growth. Particularly when it comes to entitlements.

We have a chance to provide certainty to job creators by signaling that our government is finally set to take a new approach when it comes to the spending and borrowing that has put us so deeply in debt.

As you know, the president has asked Congress to increase the debt limit, and to do so without preconditions.

There are those who insist we shouldn't "play games" with it.

Others have gone further. One prominent figure even went so far as to say "the people who are threatening not to pass the debt ceiling are our version of Al-Qaeda terrorists."

With all due respect, this is the arrogance of power -- and the American people won't stand for it.

This is the time to end the spending binge and prioritize and modernize what we spend.

There's a reason the debt limit can't be increased without a vote of Congress. The debt limit is set in statute specifically so that the executive and legislative branches of our government have to deal with the difficult fiscal choices we face.

I know there are many in this room who are uneasy with this debate. I understand your concerns.

It's true that allowing America to default would be irresponsible. But it would be more irresponsible to raise the debt ceiling without simultaneously taking dramatic steps to reduce spending and reform the budget process.

To increase the debt limit without simultaneously addressing the drivers of our debt --

in defiance of the will of our people -- would be monumentally arrogant and massively irresponsible.

It would send a signal to investors and entrepreneurs everywhere that America still is not serious about dealing with our spending addiction.

It would erode confidence in our economy and reduce certainty for small businesses. And this would destroy even more American jobs.

So let me be as clear as I can be. Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. And the cuts should be greater than the accompanying increase in debt authority the president is given.

We should be talking about cuts of trillions, not just billions.

They should be actual cuts and program reforms, not broad deficit or debt targets that punt the tough questions to the future.

And with the exception of tax hikes -- which will destroy jobs -- everything is on the table. That includes honest conversations about how best to preserve Medicare, because we all know, with millions of Baby Boomers beginning to retire, the status quo is unsustainable.

If we don't act boldly now, the markets will act for us very soon. That's the warning we got from Standard & Poor's a few weeks ago.

If we fail to use this as a moment to demonstrate that we're getting serious about fixing the debt, the result will be fewer jobs, less confidence, and more uncertainty.

The debt limit debate is critical because it's forcing us to make a choice right now as a nation. It's a choice between the policies of the past, and a new vision that acknowledges we can't tax, borrow and spend our way back to prosperity.

The big myth of the current budget debate is the notion that in order to balance the budget, we have to raise taxes.

The truth is we will never balance the budget and rid our children of debt unless we cut spending and have real economic growth. And we will never have real economic growth if we raise taxes on those in America who create jobs.

I ran for Congress in 1990, the year our nation's leaders struck a so-called bargain that

raised taxes as part of a bipartisan plan to balance the budget.

The result of that so-called bargain was the recession of the early 1990s. It wasn't until the economy picked back up toward the end of that decade that we achieved a balanced budget.

Today some seem intent on recycling the 1990 budget deal, only this time with much larger tax increases.

That's not going to happen, and I've told that to the president. A tax hike would wreak havoc not only on our economy's ability to create private-sector jobs, but also on our ability to tackle the national debt.

Balancing the budget requires spending cuts and economic growth. We won't have economic growth if we raise taxes and fail to address the drivers of our debt.

The mere threat of tax hikes causes uncertainty for job creators -- uncertainty that results in less risk-taking and fewer jobs.

If we're serious about balancing the budget and getting our economy back to creating jobs, tax hikes should be off the table.

I mentioned I was raised in a family of Kennedy Democrats. It was before this very club in 1962 that President John F. Kennedy said the following:

"Our true choice is not between tax reduction, on the one hand, and the avoidance of large federal deficits on the other. It is increasingly clear that no matter what party is in power, so long as our [needs] keep rising, an economy hampered by restrictive tax rates will never produce enough revenues to balance our budget — just as it will never produce enough jobs or enough profits."

Rather than increase government spending, President Kennedy told the New York Economic Club, we should cut taxes significantly, and take steps to "increase incentives and the availability of investment capital" for employers.

I would note that my colleagues and I are not calling for tax cuts in our budget. Rather, we're calling for an end to the threat of tax hikes -- and a fundamental reform of the tax code -- to provide certainty to those in our country who create jobs. We're calling for an end to the government spending binge that is crowding out private investment and threatening the availability of capital needed for job creation. There's another myth I need to address, and that is the myth that addressing our debt challenges requires "pain."

Addressing our debt requires action. "Pain" comes only from inaction.

Suffering comes from standing pat and waiting for investors, job creators, and capital markets to impose a solution before elected leaders cannot.

Root-canal economics has a name, and its name is Doing Nothing.

We urgently need to enact reforms that will protect and preserve critical programs like Medicare and Medicaid.

If we do nothing, as some propose, that guarantees benefit cuts for seniors.

Let me repeat that, because it's a crucial point that is too often overlooked. If we do nothing, seniors' benefits will be cut.

And to those who contend that the economy is too weak to take on the challenge of entitlement reform -- I would simply say, you've got it backwards.

The truth is that making fundamental reforms to these programs would be good for the economy -- and good for the next generation.

It's possible to make changes in a way that will ensure future beneficiaries will have access to the same kinds of options as Members of Congress currently have.

The budget put forth by our Budget Committee Chairman, Paul Ryan of Wisconsin, accomplishes this.

And instead of raising taxes, it calls for fundamental reform of the tax code -- a priority for us that will be led by Dave Camp of Michigan, the chairman of the House Committee on Ways & Means.

There are also other steps that can be taken immediately to help free our economy and support private-sector job creation. Many of them are outlined in the Pledge to America, the governing agenda we put forth last year by listening to the people.

- We can stop the Environmental Protection Agency from proceeding with a backdoor energy tax that will further increase gas prices and destroy jobs.
- We can pass the REINS Act, authored by my colleague Geoff Davis of Kentucky. It requires congressional approval of any new government rule with an estimated economic cost of \$100 million or more.
- We can use trade agreements with Panama, Colombia, and South Korea to create jobs and boost our economy by opening new markets to American exports.

Coupled with the fundamental spending reforms and tax reforms I've described, these policies will clear a path for long-term, sustained economic growth.

With such policies in place, the federal budget can be balanced.

In closing, let me say I'm humbled by the opportunity to serve our country.

We owe it to the people of our country to ensure that the opportunities our generation had are there for current and future generations.

We owe them a humbler government that lives within its means and values the entrepreneurial drive of our people, with policies that unleash the awesome potential of our economy.

For those of us in Washington, this has to be our focus.

Until our economy is back on track and the American Dream has been restored, there can be no rest.

It starts with freedom. In America, it always has.

Thanks for the opportunity to be with you tonight. I look forward to your questions.