



## **Sen. Lee Addresses Heritage Foundation: What's Next For Conservatives**

October 29, 2013

SEN. MIKE LEE (R-UTAH): Thank you very much. It's wonderful to be back at the Heritage Foundation.

It has been quite a month in Washington.

It began with our effort to stop Obamacare — a goal that all Republicans share even if we have not always agreed about just how to pursue it. And it is ending with powerful practical proof of just why stopping Obamacare is so essential.

This law is unaffordable and unfair... and it's getting worse all the time. As of today, President Obama's policy is to fine any American who does not buy a product that his bungled website will not sell them.

And they call us unreasonable.

Every week, thousands of Americans get letters from their insurance companies, announcing their suspension of coverage, or shocking price increases. Because of Obamacare, Americans are losing their jobs, wages, and hours. And when in July the president exempted big businesses from the hardships of this law, but not ordinary Americans, I felt I had to take a stand.

I am proud of my friend Ted Cruz and the dozens of others — including Speaker John Boehner and the House Republicans — who fought Obamacare, continue to fight it, and will not stop fighting it.

But a month like the one we have been through should lead us not only to re-commit to this essential, ongoing struggle, but also to step back and ask ourselves where we should be headed more generally.

What do we do next, not only to stop Obamacare... but to advance a larger, positive vision of America, and craft a practical plan to get us there? What's next for conservatives?

That is the question I would like to try to answer today.

One of conservatives' defining virtues is our insistence on learning from history. And to help answer the question, "what's next?," I think the most instructive history that conservatives can learn from today is

our own.

In particular, I refer to the history of the conservative movement and the Republican Party in the late 1970s. There are many things conservatives today should take from that era, including hope and encouragement... but also an urgent challenge.

Allow me to begin at the beginning.

By 1977, the Republican Party was in disarray. The party establishment had been discredited by political failure and policy debacles, foreign and domestic. A new generation of grassroots conservatives was rising up to challenge the establishment.

The culmination of that challenge was Ronald Reagan's 1976 primary campaign against a far-less conservative, establishment incumbent. That campaign failed, of course, and was derided by Washington insiders as a foolish "civil war" that ultimately served only to elect Democrats.

In other words, we have been here before.

And of course, we know now that Reagan and the conservative movement were vindicated in 1980.

So it is tempting for conservatives today to believe that history is on the verge of repeating itself, that our struggles with the Republican establishment are only a prelude to pre-ordained victory... and that our own vindication – our generation's 1980 - is just around the corner.

But there is still a piece missing, a glaring difference between the successful conservative challenge to the Washington establishment in the late 1970s, and our challenge to the establishment today.

Much of the difference can be found in what happened between 1976 and 1980 – the hard, heroic work of translating conservatism's bedrock principles into new and innovative policy reforms.

In *The Conservative Mind*, Russell Kirk observed that "conservatives inherit from [Edmund] Burke a talent for re-expressing their convictions to fit the time."

That is precisely what the conservatives of the late 1970s did. The ideas that defined and propelled the Reagan Revolution did not come down from a mountain etched in stone tablets.

They were forged in an open, roiling, diverse debate about how conservatism could truly meet the challenges of that day. That debate invited all conservatives and as we know, elevated the best.

There was Jack Kemp, advancing supply-side economics to combat economic stagnancy.

There were James Buckley and Henry Hyde, taking up the cause of the unborn after *Roe v. Wade*.

There was Milton Friedman, promoting the practical and moral superiority of free enterprise.

There were Cold Warriors like Irving Kristol and Jeane Kirkpatrick, challenging the premise of peaceful coexistence and moral equivalence with the Soviets.

There were Peter Berger and Richard John Neuhaus, arguing that the “mediating institutions” of civil society protected and promoted human happiness more effectively than big government programs.

There were Professors Robert Bork and Antonin Scalia, challenging the received wisdom of constitutional interpretation laid down by the Warren Court.

There were think tanks like the American Enterprise Institute and the new Cato Institute, and a flowering of grassroots organizations around the country.

And of course, in the middle of it all, there were Paul Weyrich, Ed Felman, Joseph Coors and the Heritage Foundation, specifically founded to chart a new, conservative direction for public policy in America.

Together, that generation of conservatives transformed a movement that was anti- statist, anti-communist, and anti-establishment... and made it pro-reform.

Contrary to the establishment’s complaints, conservatives in the late 1970s did not start a “civil war.” They started a (mostly) civil debate.

Because of that confident and deeply conservative choice – to argue rather than quarrel, to persuade rather than simply purge - the vanguards of the establishment never knew what hit them.

The bottom line was that in 1976, the conservative movement found a leader for the ages... yet it still failed.

By 1980, the movement had forged an agenda for its time... and only then did it succeed.

That, my fellow conservatives, is the lesson our generation must take from our movement’s “revolutionary era” – and the enormous and exhilarating challenge it presents to us today.

What that generation did – comprehensively re-expressing conservative convictions to fit the time – has not been done since. Conservative activists and intellectuals are still providing new energy and producing new ideas. But on the whole, elected Republicans and candidates have not held up our end.

Instead of emulating those earlier conservatives, too many Republicans today mimic them – still advocating policies from a bygone age.

It's hard to believe, but by the time we reach November 2016, we will be about as far – chronologically speaking – from Reagan's election as Reagan's election was from D-Day!

Yet as the decades pass and a new generation of Americans faces a new generation of problems, the party establishment clings to its 1970s agenda like a security blanket. The result is that to many Americans today, especially to the underprivileged and middle class, or those who have come of age or immigrated since Reagan left office the Republican Party may not seem to have much of a relevant reform message at all.

This is the reason the G.O.P. can seem so out of touch. And it is also the reason we find ourselves in such internal disarray.

The gaping hole in the middle of the Republican Party today – the one that separates the grassroots from establishment leaders - is precisely the size and shape of a new, unifying conservative reform agenda.

For years, we have tried to bridge that gulf with tactics and personalities and spin. But it doesn't work. To revive and reunify our movement, we must fill the void with new and innovative policy ideas. Today, as it was a generation ago, the establishment will not produce that agenda. And so, once again, conservatives must.

We must.

And three recent efforts show that we still can.

Jim DeMint, Tom Coburn, and Jeff Flake's crusade against earmarks, Paul Ryan's heroic work on Medicare reform, and Rand Paul's stand against domestic drone-strike authority all demonstrate that thoughtful, idea-driven conservatism is as powerful today as it has ever been.

It's time for another Great Debate, and we should welcome all input.

Grassroots and establishment. Conservatives and moderates. Libertarians and traditionalists. Interventionists and non-interventionists. Economic conservatives and social conservatives. All are part of our movement, and all are vital to our success – so all should be welcome in this debate.

There are still nearly three years before Republicans will have a chance to select a new, unifying conservative leader. But together we can start debating and developing a new, unifying conservative agenda right now.

Where do we begin?

A generation ago, conservatives forged an agenda to meet the great challenges facing Americans in the late 1970s: inflation, poor growth, and Soviet aggression... along with a dispiriting pessimism about the future of the nation and their own families.

I submit that the great challenge of our generation is America's growing crisis of stagnation and sclerosis - a crisis that comes down to a shortage of opportunities.

This opportunity crisis presents itself in three principal ways:

immobility among the poor, trapped in poverty;  
insecurity in the middle class, where families just can't seem to get ahead;  
and cronyist privilege at the top, where political and economic elites unfairly profit at everyone else's expense.

The Republican Party should tackle these three crises head on.

First, we need a new, comprehensive anti-poverty, upward-mobility agenda

designed not simply help people in poverty, but to help and empower them to get out. Here, my home state of Utah can be a guide. A recent study found the Salt Lake

City metropolitan area to be the most upwardly mobile region in the United States.

In a addition to a well-managed, limited government where jobs and opportunity abound, Utah is home to an enormously successful private welfare system led by churches, businesses, and community groups and volunteers.

We understand that, as it is lived in America, freedom doesn't mean you're on your own. Freedom means we're all in this together.

This agenda must include but also transcend welfare reform. Additionally, we need to reform education, housing, immigration, health care, and our criminal justice and prison systems.

This new agenda must recognize that work for able-bodied adults is not a necessary evil, but an essential pathway to personal happiness and prosperity.

And it should also force Republicans and Democrats to acknowledge that there is another marriage debate in this country – one concerning fatherless children, economic inequality, and broken communities - that deserves as much public attention as the other.

Second, we need a new, comprehensive anti-cronyism agenda, to break up the corrupt nexus of big government, big business, and big special interests.

We need a new corporate tax code and regulatory system to eliminate lobbyists' loopholes and giveaways, level the playing field between businesses, big and small, and foster a dynamic, globally competitive private sector.

We need to end subsidies that unfairly favor some businesses and industries over others. And the Republican Party must make a fundamental commitment to end its support for corporate welfare in any form – including for the Big Banks.

The Left today no longer represents the “little guy,” but the crony clients of the ever-expanding special-interest state. Progressives have become the Party of Wall Street, K Street, and Pennsylvania Avenue. We must become the party of Main Street, everywhere.

Which brings me to the third essential piece of our new agenda: a new conservatism of the working and middle class.

#### V. The Middle Class

Today, working families' take-home pay is flat.

But the staples of middle-class security and opportunity – health care, education, home ownership, work-life balance, and children – are becoming harder to afford all the time.

Progressives say we just need more programs to give working families more government money. But as we have seen once again over the last five years, big government creates opportunity for the middle men at the expense of the middle class.

And it only masks the broken policies that artificially raise costs and restrict access in the first place. Instead, conservatives need new ideas to address the root causes of those problems.

The first and most important policy goal Republicans must adopt to improve the lives of middle-class families is, and will remain, the full repeal of Obamacare.

It's important to understand why.

Health care is one of the main reasons why the cost of living in the middle class is increasing too quickly for many Americans to keep up. At the same time, it is the main reason why government spending and debt are out of control.

The law the Democrats enacted on a party-line vote in 2010 is going to make both of those problems worse - accelerating healthcare costs both for families and the government.

At the same time, Obamacare poses very serious threats to our constitutional system, to the

relationship between Washington and the states, to individual liberty and conscience rights, to the strength of our economy, and to the quality of our healthcare system.

That puts healthcare right at the center of what conservatives need to be thinking about. And it means our movement has to be intensely engaged not only in the fight to repeal, but in the debate to replace Obamacare.

That debate is not over. It's only just beginning.

It took Obamacare to get Republican healthcare policy innovation off the sidelines, but we're finally in the game. And today, conservative ideas are not only superior to Obamacare – they are superior to the old status-quo before Obamacare.

The House Republican Study Committee has introduced a comprehensive health reform plan – led by Representatives Steve Scalise and Phil Roe. The Heritage Foundation proposed its own healthcare reform package as part of the Saving the American Dream plan, which I introduced in the Senate last year. It included, among other things, a universal tax credit to buy health insurance, with extra help for those with lower incomes.

I know my friend Paul Ryan and others are working on their own healthcare plans that will continue to improve the debate.

And this is as it should be.

Too many in Washington seem to believe that on any issue, Republicans should either have one plan – one that everyone supports in lockstep – or no plans. But unity cannot come at the expense of creativity. The day will come when Republicans need a healthcare plan – today we need ten!

Conservatives are supposed to believe in the wisdom of markets. So let's trust the marketplace of ideas. If we want policy innovation, we need to innovate policy!

On healthcare, we have been. And we need more of that kind of innovation - especially to meet the broader range of problems confronting the middle class.

To do my part, today I want to talk about four pieces of legislation specifically designed to address four leading challenges facing middle-class families today:

the cost of raising children,

the difficulties of work-life balance,

the time Americans lose away from work and home, stuck in traffic,

and the rising costs of and restricted access to quality higher education.

These bills won't solve every problem under the sun. Raising a family isn't supposed to be easy.

But each would restore to working families more of the freedom they deserve to pursue their happiness: to earn a good living and build a good life.

Perhaps the most basic challenge facing middle-class families is how expensive it has become for couples to simply start and grow their families: the exploding costs of raising children.

According to the Department of Agriculture, the cost of raising a child to maturity in the United States today is about \$300,000. Even adjusting for inflation, that's 15% higher than in our parents' generation.

But even that number doesn't count foregone wages, or child care and college, both of which have seen rampant inflation in recent decades as well.

All told, according to demography writer Jonathan Last, "you're talking \$1.1 million to raise a single child."

As Last puts it, for a family making the median income:

"Having a baby is like buying six houses, all at once. Except that you can't (legally) sell them—and after 13 years they'll tell you they hate you."

Here again, Democrats say the solution is new programs to give parents more of other people's money. I say we let middle-class parents keep more of their own money!

And so tomorrow, I will be introducing in the Senate the "Family Fairness and Opportunity Tax Reform Act."

My plan calls for a 15% tax rate on all income up to \$87,850 – or \$175,700 for married couples. Income above that threshold would be taxed at 35%.

Like any good conservative tax-reform plan, my bill also simplifies the code, eliminating or reforming most deductions.

But the heart of the plan is a new, additional \$2,500 per-child tax credit that can offset parents' income and payroll-tax liability. This last point is crucial. Many middle-class parents may pay no income taxes – but they do pay taxes. Working parents are not free riders.

Actually, when it comes to Social Security and Medicare, parents pay twice: first when they pay their payroll taxes, just like everyone else, and then again, by bearing the enormous costs of raising their kids, who will grow up to not only pay taxes, but cure diseases, and invent the next iPhone, and most importantly, provide their parents with grandkids!



So my plan eliminates this anti-family bias in the tax code, while improving pro-growth incentives for the economy.

Under my plan, a married couple with two children making the national median income of \$51,000 would see a tax cut of roughly \$5,000 per year.

For middle-class families, that's money – their own money, right away – to get out of debt, move into a new neighborhood with better schools, afford child care, help a mom or dad scale back from full time to part time, or even to stay at home with young children.

That is pro-family, pro-growth conservative reform.

Another struggle facing working families is the constant challenge of work-life balance. Parents today need to juggle work, home, kids, and community. For many families, especially with young children, their most precious commodity is time.

But today, federal labor laws restrict the way moms and dads and everyone else can use their time. That's because many of those laws were written decades ago, when most women didn't work outside the home.

Because of these laws, an hourly employee who works overtime is not allowed to take comp-time or flex time. Even if she prefers it, her boss can't even offer it.

Today, if a working mom or dad stays late at the office on Monday and Tuesday, and instead of receiving extra pay wants to get compensated by leaving early on Friday to spend the afternoon with the kids... that could be violating federal law.

That sounds unfair, especially to parents. But how do we know for sure? Because Congress gave a special exemption from that law for government employees.

This is unacceptable. The same work-life options available to government bureaucrats should be available to the citizens they serve.

In May, the House of Representatives passed the "Working Families Flexibility Act of 2013," sponsored by Representative Martha Roby of Alabama, to equalize flex-time rules for all workers.

And this week I am introducing companion legislation in the Senate.

There are real problems in this world, some of which must be addressed by government action. The fact that most working parents would prefer to spend more time with their families is not one of those problems. And Congress needs to stop punishing them for trying to do so.

The federal government also needs to open up America's transportation system to diversity and experimentation, so that Americans can spend more time with their families in more affordable homes, and less time stuck in maddening traffic.

House-hunting middle class families today often face a Catch-22.

They can stretch their finances to near bankruptcy to afford a home close to work.

Or they can choose a home in a more affordable neighborhood so far away from work that they miss soccer games, piano recitals, and family dinner while stuck in gridlocked traffic.

The solution is not more government-subsidized mortgages or housing programs. A real solution involves building more roads.

More roads, bridges, lanes, and mass-transit systems. Properly planned and located, these projects would help create new jobs, new communities, more affordable homes, shorter commuting times, and greater opportunity for businesses and families.

Transportation infrastructure is one of the things government is supposed to do – and conservatives should make sure it is done exceptionally well.

Unfortunately, since completing the Interstate Highway System decades ago, the federal government has gotten pretty bad at maintaining and improving our nation's transportation infrastructure.

Today, the federal highway program is funded by a gasoline tax of 18.4 cents on every gallon sold at the pump. That money is supposed to be going into steel, concrete, and asphalt in the ground. Instead, too much of it is being siphoned off by bureaucrats and special interests in Washington.

And so Congressman Tom Graves and I are going to introduce the Transportation Empowerment Act.

Under our bill, the federal gas tax would be phased down over five years from 18.4 cents per gallon, to 3.7 cents. And highway authority would be transferred proportionately from the federal government to the states.

Under our new system, Americans would no longer have to send significant gas-tax revenue to Washington, where sticky-fingered politicians, bureaucrats, and lobbyists take their cut before sending it back with strings attached. Instead, states and cities could plan, finance, and build better-designed and more affordable projects.

Some communities could choose to build more roads, while others might prefer to repair old ones. Some might build highways, others light-rail. And all would be free to experiment with innovative green technologies, and new ways to finance their projects, like congestion pricing and smart tolls.

But the point is that all states and localities should finally have the flexibility to develop the kind of transportation system they want, for less money, without politicians and special interests from other parts of the country telling them how, when, what, and where they should build.

For the country as a whole, our plan would mean a better infrastructure system, new jobs and opportunities, diverse localism, and innovative environmental protection.

And for working families, it could mean more access to quality, affordable homes, less time on the road... and making it home in time for dinner with the kids.

And finally, there is perhaps no barrier to middle-class security and opportunity more frustrating than those surrounding higher education. While it's true that college has never been for everyone... as we transition from an industrial economy to an information and service-based economy, post-secondary education cannot be a luxury available only to a select few.

Some combination of higher education and vocational training should at least be an option for just about everyone who graduates from high school.

Yet today, the federal government restricts access to higher education and inflates its cost, inuring unfairly to the advantage of special interests at the expense of students, teachers, and taxpayers.

The federal government does this through its control over college accreditation. Because eligibility for federal student loans is tied to the federal accreditation regime, we shut out students who want to learn, teachers who want to teach, transformative technologies, and cost-saving innovations.

And so, in the coming days, I will be introducing the Higher Education Reform and Opportunity Act. Under this legislation, the existing accreditation system would remain unchanged. Current colleges and universities could continue to use the system they know.

But my plan would give states a new option to enter into agreements with the Department of Education to create their own, alternative accreditation systems to open up new options for students qualifying for federal aid.

Today, only degree-issuing academic institutions are even allowed to be accredited. Under the new, optional state systems that my bill would authorize, accreditation could also be available to specialized programs, individual courses, apprenticeships, professional credentialing, and even competency-based tests. States could accredit online courses, or hybrid models with elements on- and off-campus.

These systems would open up opportunities for non-traditional students – like single parents working double shifts - whose life responsibilities might make it impossible to take more than one class at a time.

They would also enable traditional students to tailor a degree that better reflects the knowledge and skills valued by employers.

Innovations in vocational education and training would open new opportunities in growing fields that are hiring right now.

Qualified unions, businesses, and trade groups could start to accredit courses and programs tailored to their evolving needs. Churches and charities could enlist qualified volunteers to offer accredited classes and training for next to nothing. States could use innovative systems to attract new opportunities and businesses, investing in their own future by investing in the human capital of their citizens.

Imagine having access to credit and student aid and for:

a program in computer science accredited by Apple or in music accredited by the New York Philharmonic;

college-level history classes on-site at Mount Vernon or Gettysburg;

medical-technician training developed by the Mayo Clinic;

taking massive, open, online courses offered by the best teachers in the world... from your living room or the public library.

Brick-and-ivy institutions will always be the backbone of our higher-education system, but they shouldn't be the only option.

If these new models were to succeed, they would create a virtuous cycle. Traditional colleges would be impelled to cut waste, refocus on their students, and embrace innovation and experimentation as part of their campus cultures.

This reform could allow a student to completely customize her transcript – and “college” experience – while allowing federal aid to follow her through all of these different options.

Students could mix and match courses, programs, tests, on-line and on-campus credits a la carte, pursuing their degree or certification at their own pace... while bringing down costs to themselves, their families, and the taxpayers.

This is what conservative reform should be trying to create: an open, affordable, innovative higher education system to better serve and secure all Americans in a global information economy.

Taken together, some more take-home pay, more time with the kids, a shorter commute, and more access to college won't necessarily revolutionize our society, or cause the oceans to recede, or make everyone rich.

What they – and other conservative reforms – could and should do is make our economy a little stronger, our society a little fairer, and life a little better for America's moms, and dads, and children.

And that's a mandate for leadership in any generation.

There is obviously much more to be done. But the point I've tried to make – and the lesson I hope we take – is that the Republican Party, at its best, is a Party of Ideas.

It is ideas that unite and inspire conservatives. The leaders of Reagan's generation understood that. And we must, too.

Especially in the wake of recent controversies, many conservatives are more frustrated with the establishment than ever before. And we have every reason to be.

But however justified, frustration is not a platform. Anger is not an agenda. And outrage, as a habit, is not even conservative. Outrage, resentment, and intolerance are gargoyles of the Left. For us, optimism is not just a message – it's a principle. American conservatism, at its core, is about gratitude, and cooperation, and trust, and above all hope.

It is also about inclusion. Successful political movements are about identifying converts, not heretics. This, too, is part of the challenge before us.

In his 1977 CPAC speech effectively kicking off that era's great conservative debate, Ronald Reagan said:

“If we truly believe in our principles, we should sit down and talk. Talk with anyone, anywhere, at any time if it means talking about the principles for the Republican Party. Conservatism is not a narrow ideology, nor is it the exclusive property of conservative activists.”

Do we have the same spirit of charity and confidence in our ideas today? If we do not, this moment and opportunity will pass us by. We will lose, and we will deserve to lose.

And rest assured, in that unfortunate event, it will not be the indifferent Republican establishment that profits from our failure. It will be a parade of progressives who will continue to lead our country, unabated, further away from our hopes, and our values, and our ability to do anything about it.

If our generation of conservatives wants to enjoy our own defining triumph, our own 1980 – we are going to have to deserve it. That means sharpening more pencils than knives. The kind of work it will require is neither glamorous nor fun – and sometimes it isn't even noticed. But it is necessary.

To deserve victory, conservatives have to do more than pick a fight. We have to win a debate. And to do that, we need more than just guts. We need an agenda.

Our generation of conservatives has big shoes to fill, and a lot of lost time to make up. So, let's get to work.

Thank you very much.