

*Mitt from the hip:*

Governor Romney today delivered the following remarks to the House Republican Conference Retreat hosted by the Congressional Institute at the Homestead in Hot Springs, Virginia.

As prepared for delivery  
January 30, 2009

Thank you for the warm welcome. And thank you for the vote you took this week. You stood strong. You stood for principle. You put the best interests of the American people ahead of politics. I got some calls yesterday, after the news. They said what I feel. We want you to know that we're proud of you.

It sure feels good to be in a room full of Republicans who came out ahead on Election Day. You can be proud of your success. And don't be afraid to remind the President of this: you, too, won your election.

After my own campaign was over, Ann and I just wanted to get away from it all. We ended up in Beijing, about as far away as you can get. We went to the Olympic Games, and one of the events we attended was women's beach volleyball. I noticed a lot of people looking in our direction, pointing toward us and taking pictures. It's always nice to be recognized, and I told Ann, let's be sure to smile and look our best. Ann said, they might like us even more if we got out of the way—Kobe Bryant is standing right behind you.

A few months have passed since the election. It's enough time to consider the outcome and take stock of our party's future. I want to make clear that I'm optimistic: our ideas are good, our agenda will make America stronger, and your action this week showed that we have the kind of leaders who will stand up for what they believe in.

I have often been asked what I think the Republican Party must do to recover. What I've said is this: My first concern isn't about our party—it's about our country.

In fact, the two are closely related. The best way for us to advance the prospects of our party is to do what we know is right for the country. This is what the American people expect of us. And that's what we should expect of ourselves.

This is a time of hardship and uncertainty for millions of Americans. The question is: whose leadership and ideas will turn things around. And in such a moment, it's our job to offer the clear answers, the proven solutions, and resolute leadership that will make this country strong again.

The new President and the Congressional majority are having a difficult time doing that. After all, they have a lot of campaign rhetoric to make good on. And they've got plenty of special interests to pay back. As the opposition party, we're entirely free to do what is right for the country. There are certain advantages to that kind of freedom, and I suggest we make the most of them.

That begins with a clear analysis of what's needed to get the economy moving again. Predictions that we are almost out of the woods, based on the length of prior recessions, are wishful

thinking. Americans have lost some 11 trillion dollars in net worth. That translates into about 400 billion dollars less annual consumer spending in the economy.

There's something else people don't talk much about: The pool of investment capital—all the money available for new investments, business start-ups, business expansions, capital expenditures, and new hiring. The size of that pool has shrunk by trillions of dollars. This was a huge loss in value, and the effect could be felt for years—in businesses that don't start up or grow, in jobs that don't get created.

Given these extraordinary conditions, I am convinced that a stimulus is needed.

So why not just spend and borrow with reckless abandon? Because we're in a very delicate situation that could easily get worse if Washington does the wrong thing. The package which passed the House is a huge increase in the amount of government borrowing. And we've borrowed so much already, that if we add too much more debt, or spend foolishly, we could invite an even bigger crisis. We could precipitate a worldwide crisis of confidence in America, leading to a run on the dollar ... or hyper-inflation that wipes out family savings and devastates the middle class.

We're on an economic tightrope. That's why it is so important to exercise extreme care and good judgment.

So far, the Democratic leadership hasn't shown a great deal of that. They've passed 355 billion in infrastructure spending, 60% of which won't be spent by the end of 2010. Billions for electronic medical health records—it's a fine idea, but it won't produce jobs for years and years.

Even worse are the liberal payoffs—50 million dollars for the National Endowment for the Arts, hundreds of millions of dollars to the states for STD prevention and education. Until your loud protests got it dropped from the bill, there even was 200 million dollars for the DC Mall. That might have grown some grass, but it wouldn't have grown the economy. And they're doing this when the economy is on a tightrope.

It's still early in the administration of President Obama. Like everyone who loves this country, I want him to adopt correct principles and then to succeed. He still has a chance to step in and insist on spending discipline among the members of his own party. It's his job to set priorities. I hope for America's sake that he knows that a Chief Executive can't vote "present." He can't let others run the show. He has to say yes to some things and no to a lot of others.

We need to stimulate the economy, not the government. A true stimulus package, one that respects the productivity and genius of the American people, could lift this country out of recession. And experience shows us what it should look like.

First, there are two ways you can put money into the economy, by spending more or by taxing less. But if it's stimulus you want, taxing less works best. That's why permanent tax cuts should be the centerpiece of the economic stimulus. Even Christine Romer, the President's own choice to lead the Council of Economic Advisors, found in her research that tax cuts are twice as effective as new spending.

Second, any new spending must be strictly limited to projects that are essential. How do we define essential? Well, a good rule is that the projects we fund in a stimulus should be legitimate government priorities that would have been carried out in the future anyway, and are simply being moved up to create those jobs now.

As we take out non-essential projects, we should focus on funding the real needs of government that will have immediate impact. And what better place to begin than repairing and replacing military equipment that was damaged or destroyed in Kuwait, Iraq and Afghanistan?

Third, sending out rebate checks to citizens and businesses is not a tax cut. The media bought this line so far, but they've got it wrong. Checks in the mail are refunds, not tax cuts. We tried rebate checks last year and they did virtually nothing to jump-start the economy. Disposable income went up, but consumption hardly moved. Businesses aren't stupid. They're not going to invest in equipment and new hires for a one time, short term blip.

You know, by proposing tax rebates, the Democrats are admitting that relief to families and employers works. Why can't they shed their ideological bias and give the American people the kind of permanent, broad based tax relief that even they must know will relieve the suffering our country is going through?

Fourth, if we're going to tax less and spend more to get the economy moving, then we have to make another commitment as well. As soon as this economy recovers, we have to regain control over the federal budget, and above all, over entitlement spending. This is more important than most people are willing to admit. I mentioned the economic tightrope before. There is a real danger that with trillions of additional borrowing from the budget deficit and from the stimulus that world investors will begin to fear that the dollars won't be worth much in the future. They may fear hyper-inflation. It is essential that we demonstrate our commitment to maintaining the value of the dollar. That means showing the world that we will put a stop to runaway spending and borrowing. Senator Judd Gregg is rightly proposing a new bipartisan approach. It should be part of this bill.

Fifth, we must begin to recover from the enormous losses in the capital investment pool. And the surest, most obvious way to get that done is to send a clear signal that there will be no tax increases on investment and capital gains. The 2001 and 2003 tax cuts should be extended permanently, or at least temporarily.

And finally, let's exercise restraint in the size of the stimulus package. Without restraint, it may grow as the days go by. Last year, with the economy already faltering, I proposed a stimulus of 233 billion dollars. The Washington Post said, and I quote: Romney's plan is way too big. So what critique do they have for the size of the Democrat's package? I'm afraid they've caught a bad case of liberal laryngitis. It's everywhere these days.

In the final analysis, we know that only the private sector—entrepreneurs and businesses large and small—can create the millions of jobs our country needs. The invisible hand of the market always moves faster and better than the heavy hand of government.

The difference between us and the Democrats is this: they want to stimulate the government, and we want to stimulate the economy.

Government does have an obligation to address some of the abuses we've seen in the markets, particularly in the mortgage finance market and the mortgage guarantee sector. But when markets work as they should, when they are effectively and efficiently regulated, free markets create jobs and boost incomes.

As Republicans, we remain the confident voice of limited government and free enterprise. These principles are going to face another test when it comes to healthcare.

We should be first to propose a Republican plan to bring health insurance to all Americans, one based on market dynamics, free choice, and personal responsibility. I think what we did in Massachusetts is a good model to start from, but whatever direction we take, let's not simply react to what the Democrats do. Their own plan would undoubtedly create a vast new system of costly entitlements and bureaucratic dictates, burdening the people and threatening the economy. Americans will be looking for a better alternative. Let's give it to them.

Let's also defend the rights of workers against coercion and intimidation. The working people of this country should be able to unionize the way their fathers and mothers did by free choice and secret ballot. The Democrats' plan to take away those rights would result in economic calamity. More than that, it's an insult to the dignity and common sense of working people. We're going to defend the freedom of workers and the rights of labor. Interesting, isn't it, which party stands up for workers and which one jumps for union bosses.

Ours is the party of freedom and enterprise, and we are the party of life. I know that I'm not alone in wondering why our new president, in the earliest hours of his administration, directed that international groups that promote and provide abortions be funded with American taxpayer dollars. Is that really what the world needs, more abortions?

In our party, we don't have perfect agreement on the life issue. But with an administration that is firmly on the side of abortion, that answers to the most extreme wing of the abortion lobby, our duty is clear. We should be a voice for moderation and compassion. And even if the administration will say nothing on behalf of the child waiting to be born, we must take the side of life.

The new administration has also gained the favor of liberal commentators by pledging what it calls reform in the treatment of detainees who have taken up arms against America. And of course, President Obama says he will close Guantanamo.

But I wonder if he noticed that some of the men already released from Guantanamo have turned up in new al Qaeda tapes? I also wonder where the President now intends to send the terrorists we capture. Will he send them to nations that will release them to kill Americans? Or will he send them to US prisons, to infect our own criminal population?

There may be more steps like closing Guantanamo and they will receive the predictable applause from law professors, editorial boards, and others who have no responsibility for protecting American lives. The Washington Post last week announced President Obama's actions with this headline: Bush's War on Terror Comes to a Sudden End. I hope this President knows that the terrorists are still fighting and killing Americans, and that they plan to keep killing Americans.

Here, too, our party will speak confidently. We have no greater duty than a vigilant defense.

This great party of ours has seen setbacks before. They have never defined us. For our party, I believe this will be remembered as the time when we demonstrated the strength of our convictions, when we defended the foundations of America's prosperity, security and liberty.

America will be tested. It's not for us to choose every new test that may arise. But we're entirely free to choose how we will face those tests. We'll face them as you did this week. And we'll face them as Republicans have done before in our finest moments—with the clarity and the confidence of those who put their country first.

That is the work you have undertaken as Republican members of the 111th Congress. You gather in smaller numbers than last year, but you have ideas, energy, and convictions—and the resolve to lead America to a better future. The comeback for our nation and for our party starts with you. You can count me as an ally in the work ahead. Thank you.