



AMERICAN ENTERPRISE INSTITUTE

RESETTING AMERICA'S ECONOMIC FOUNDATION

INTRODUCTION:

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SPEAKER:

**REP. JOHN BOEHNER (R-OH),
SPEAKER OF THE HOUSE**

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ARTHUR BROOKS: Good afternoon, ladies and gentlemen. I'm Arthur Brooks, president of the American Enterprise Institute. I'm delighted to welcome you all here today for this important address from the Speaker of the House John Boehner.

It's a distinct honor to introduce my friend, John Boehner, back to AEI. As most of you know, he's the 61st speaker of the House. When he was first elected in 1990, he had little idea what his trajectory was going to lead to, I dare say. He served as the House minority leader, the House majority leader, the chairman of the House Committee on Education and Workforce, the chairman of the House Republican Conference, and on and on – one leadership position after the other, up to the highest leadership position in the House.

He's known not just as someone who holds leadership positions, but who is authentically a good and courageous and fair leader. Today, he's here to discuss a five-point plan for the Congress to reset America's economy. Please join me in welcoming Speaker John Boehner. (Applause.)

SPEAKER JOHN BOEHNER (R-OH): Well, good afternoon everyone and let me just say how happy I am to be back at AEI. You know, I last spoke here shortly before I became speaker. And it's a job I love, but looking back, a job I never really thought I'd have. You know, after I first got elected to Congress, I thought, you know, I'll probably do this for about 10 years and go back and run my business or do something else, but I'm still here and still on the journey for the same reason many of you are. Each of us was fortunate that we had a chance to succeed, a chance to realize our potential. And our work isn't finished until we pass that same chance on to our kids and theirs. And I've got some ideas about how to do that, and today I'd like to share those with you.

But let me start by picking up where I left off when I was here nearly four years ago. That day I talked about how we would run the House differently, differently than the Republicans had run it in the past and how Democrats were running it then. And today I can report that the people's House is more open and more transparent than ever.

For the first time, legislative data is posted online in XML and in bulk. House proceedings and committee hearings are all streamed online. You can even bring your iPad to the House floor, which was prohibited in the past. Earmarks used to crash our coffers at the rate of about 10,000 at a time and they've been eliminated. The cost of the House has been reduced by 13.8 percent. And we've considered at least 33 bills under an open process. And consider that my predecessor had no bills on the floor under an open process. So we're on the right track, but much of the credit goes to the people in the institution who do all the heavy lifting.

All of this is about delivering what my friend Newt Gingrich calls a 21st-century, citizen-directed government, one that is smaller, less costly, and more accountable to the

people we serve. And it's why, despite being the minority party here in Washington, Republicans have gotten some important things done. We cut total federal spending two years in a row, which hasn't happened since the Korean War. We've completed major trade agreements with Colombia, Panama, and South Korea; made it easier to pay for college by tying student loan rates to the markets instead of some political whim; improved our job training system so more people can gain high-quality skills to advance in our economy. We've protected 99 percent of American people from an increase in their taxes.

Now, there's a lot more that we can do, and our focus continues to be on what we call better solutions – solutions to help get people back to work, lower costs at home, and restore opportunity for all Americans. And to that end, we've passed now over 380 bills that are pending in the United States Senate – 380, almost all of them done on a bipartisan basis. Dozens of those would improve our economy and improve the prospects for jobs in our country.

And as we speak, the House is considering a big energy bill, and with good reason. We've got an energy boom going on in America. Oil and gas production is soaring everywhere from Colorado and North Dakota to Texas to Louisiana, to Eastern Ohio, Pennsylvania, West Virginia too. The boom is driving real economic growth. In Youngstown, as an example, unemployment today is half of what it was four years ago. It's a big deal. Except that Americans aren't really hearing a whole lot about it because it's happening entirely on state and private lands, and the federal government really is not involved in this at all.

We take this approach to the national level by doing things like approving the Keystone pipeline, opening more of our federal lands for oil and gas exploration. If you really want to get our economy humming, that would do it.

But last, let's not stop there. I think – I want to think beyond just moving the numbers a little bit. In my view, America's energy boom presents a once-in-a-generation opportunity to reset our economic foundation from the bottom up. And here's what I mean. North America's on track to be energy independent in the next few years. That's going to mean more growth, but it's also going to mean lower prices – energy prices in North America.

We're already paying anywhere from 30 to 50 percent less than our big competitors around the world, industrial competitors, especially the Europeans. This disparity is going to grow, and as it grows more manufacturers are going to look at moving their facilities here. It actually is already underway. And if you are an energy-dependent industry, you really are going to have no choice but to move your operation here, because you can't produce anything without energy and you can't produce anything without electricity.

And so they're going to be doing this and our job is to make sure that they continue to look at moving their facilities here. The problem is, Washington's approach is

always top-down, and the bureaucracy is so lumbering that the government is keeping us from where I think we need to be.

Now, let's look at the state of things, where we are today. Flat wages, higher prices, a six-year slog to regain the jobs that were lost during the recessions, and millions continue to ask the question: where are the jobs? So we can do this the Washington way. We can move around some dirt and we can see what happens. Or we can lay a solid foundation for economic growth and mobility. Not pick one over the other, but to do all we can to reap the benefits of this boom. Bring these good-paying jobs home, get our workers off the sidelines, build a culture of hard work and responsibility around them, and make America the place to work, save, and invest.

It can be done, and there are five things that I think need happen in order to bring this about. You know, the first is fix our tax code. You've all heard a lot lately about corporate inversions. And inversions are really just symptoms – visible symptoms of a much deeper problem, our tax code's terrible. Nobody understands it, not even the IRS. People pay accountants hundreds of dollars so they can try to lower their tax bills. And they've had to, because over the years thousands of changes have been made to the tax code, and mostly for the benefit of those who were well connected.

So all this talk about inversions is just making the problem smaller. It's like fussing over a divot when the road is loaded with potholes. Let's fix the whole code, corporate side and personal side. Make it pro-growth. Make it pro-family. Bring down the rates for every American, clear out the loopholes, allow people to do taxes on two sheets of paper. Look at the Camp plan, 95 percent of the American people could do their taxes on two sheets of paper. I know I can feel the blood pressure going down in the room already.

So we do this, we get one of the biggest reasons that jobs are moving overseas, and we make it easier for families to do everything from build a house to save for their college costs for their kids.

Secondly, we've got to solve our spending problem. For 53 of the last 60 years, we've spent more than what we've brought in. This is where people get on me about comparing apples to oranges, but hear me out. Now, would you do this in your own home? Of course you wouldn't. You can never get by with it. Can anybody run a business this way? Absolutely not.

Well, guess what: we can't do it as a country either because it's bad for our economy. It's stealing from our kids and grandkids, robbing them of benefits they'll never see, and leaving them with burdens that are nearly impossible to repay.

The question isn't what's driving this debt, it's who. It's baby boomers like me retiring at the rate of 10,000 a day, 70,000 this week, 3.5 million this year, and this is going to go on for another 20 years.

Our entitlement programs weren't designed for almost all of us retiring at the same time, and they certainly weren't designed for the fact that most of us are going to live well beyond 80. These programs are important to tens of millions of Americans, so you can't throw them out and you don't want to throw them out. But they need to be fixed and put on a sustainable path, and we can, in fact, do that.

Thirdly, we've got to reform our legal system. You know, we let anybody in America sue anybody, any day, for any damn reason they want. This is crazy. And we all pay for it in everything that we buy.

Listen, the costs are staggering. We spend more per person on litigation, like two and a half times more than the average industrial competitor we have around the world. And they don't show up just in higher premiums. They show up in literally the cost of everything that we buy. It's inefficient. It makes America less competitive. Listen, there's got to be a better way. I'm all for taking care of people who've been injured and having them have just access to the system, but there ought to be reasonable standards and reasonable limits on compensation.

Fourthly, our regulatory system. The way the federal government hands down regulations – it's coercive, it's combative, and frankly, it's very expensive. You take the Dodd-Frank law as an example, with its 849 pages and \$21.8 billion worth of compliance costs. Now, the interesting thing about this is that Dodd-Frank was past to end the bailouts and get rid of “too big to fail.”

Well, not only has it failed to do that, the compliance costs are indiscriminately hitting small community banks and credit unions. And for those small banks and credit unions, their bread-and-butter are small business loans and family loans. But now, you've got more uncertainty. You've got more money going into compliance. And what happens? The cost of borrowing goes up, and access to credit goes down. It's the last thing that Main Street needs right now.

You know, other countries have a more collaborative process for deciding what is the problem, a more collaborative process for how to address that problem. And the result is that you've got fewer regulations, but the ones that you do have are more meaningful and don't unnecessarily drive up the cost of doing business in that country.

But even if we did these four things, I don't think we're going to maximize our potential out of this energy boom. So the fifth issue is real simple. We've got to find a way to educate more of America's kids.

You know, aside from Arthur Brooks, you're not going to meet a more half-glass-full guy than me. But some of these figures are really rather depressing. Last year, one out of every five high school students didn't graduate with their peers. One out of five. And among those who did graduate, one in five need remedial education before they can start college. And that's because, according to the nation's report card, only 38 percent of

12th graders performed at or above proficiency in reading. Only 26 percent performed at or above proficient in math. We're simply not educating enough of America's kids.

Now, one thing No Child Left Behind did was require every state to adopt standards and make assessments of progress. This frankly is there, so we can track whether kids are learning. That's the good news. The bad news is that too many children still aren't learning. And many aren't learning because they're sentenced to attend a struggling school. That's why one of the things that we've done was to create the first federally funded private school choice initiative in America – the D.C. Opportunity Scholarship Program.

And I'll tell you what, it's succeeding beyond anyone's highest expectations. Ninety seven percent of these kids are graduating from high school, a 92 percent approval rating from the parents. And so why wouldn't we go ahead and start expanding this program to the rest of the country? Let's give more poor kids and their parents a chance to find better schools that they deserve.

There're other things that we can do in the education arena, but we all know if we're going to have a growing economy, we're going to need workers. And we can't have workers who don't get the basics of a decent education in America. Here's the whole point. If we're going to do these five things in a meaningful way, along with this coming energy boom that's right here in front of us, you can reset the economic foundation in American for the next two or three generations and beyond, provide a reliable stream of good-paying jobs, more stability and security, all the way through retirement, more opportunities for Americans to get ahead, not just get by.

There's one more reason to do that and not more important than the rest. You know, when fall comes around I'm reminded of how, after the First and Second World Wars, many cities and universities built memorial stadiums in honor of the fallen. And one of the classics is the Navy-Marine Corps Memorial Stadium over in Annapolis. If you've never been there, on the façade surrounding the football field, the great battles are listed: Guadalcanal, Midway, Sicily, Iwo Jima. And the story goes that a few decades ago a William and Mary player, who was there to play a game, looked at the names and said, man, these guys have a tough schedule. (Laughter.)

Let me tell you, America has got a tough schedule in front of it and we can't avoid it, nor should we try it. We're not just obligated to lead. We're called to lead. And we're driven to serve in the same spirit in which our parents and grandparents built those living memorials – with humility and a desire to do something that outlasts us.

So for what lies ahead, the world needs a strong America, and that means we need a stronger economy, one in which our people can strive to fulfill their God-given potential and show us that there's no greater enterprise than free enterprise, and that we'll never settle for a safe route. We will lead for freedom in every sense of that word.

So today I've tried to lay out a path that speaks to both parties and frankly to all Americans, because I trust in them. I know that they can do anything. And I know their labors will justify our faith.

Thank you all for being here today. (Applause.)

MR. BROOKS: Thank you, Mr. Speaker. He's agreed to take a few questions from the audience, looking forward to hearing yours. Let's start with AEI Scholar Derek Scissors. Wait for the microphone please. I've already said who you are and your institution.

Q: Great. Thank you, Arthur. Mr. Speaker, I really appreciate the foresight you're showing in the speech, talking about taking this energy boom and how we can maximize it. That's a rare and valuable thing. Unfortunately – and I'm afraid I'm going to get in trouble with my boss – I'm definitely a glass-half-empty guy, not a glass-half-full guy. So I'm worried about this energy boom being cut off at the knees. That there are forces in this city that are going to prevent us from sustaining this energy boom, and realizing all the gains that you're talking about that would be so valuable.

Can you talk a little bit about how we're going to overcome those obstacles and sustain this progress over, not just five years, but more like 15, 20, 25?

SPEAKER BOEHNER: Well, this energy boom is real. Frankly, the states regulate the fracking. States have a record of regulating fracking. And while EPA continues to try to stick their nose into this, they really can't find a reason to do so. But when you look at where the Congress is, I don't think the Congress is going to get in the middle of this. This good – is creating good paying jobs.

You know, if you look at eastern Ohio, where we've got this big oil and gas find they've been developing now, over the last three or four years, it's a really – it's a big deal. Now, you have to understand, this is – this was the heart of the so-called Rust Belt. This is where it started. And what's happening there, the development, all the good jobs, literally is like manna falling from heaven. And I don't think the Congress, either side of the aisle, wants this to go away.

Now, what I didn't spend much time talking about was how much oil and gas we have in the Intermountain West on federal lands and in the Outer Continental Shelf. We have abundant oil and gas reserves that they can help fuel our economy for hundreds of years. This is a lot different than what was being preached 20 and 30 years ago. Let's make sure that we use it in a way to maximize the potential for our entire country for a long time.

MR. BROOKS: Let's go next to Joe Lawler from The Washington Examiner.

Q: Thank you, Mr. Speaker. I wanted to ask you about two things you didn't mention. One is immigration reform and housing. The Obama administration says

immigration reform is a key part about spurring growth over the next few years. Do you agree with that? And also with the housing market faltering this year, is resolving the status of Fannie Mae and Freddie Mac a priority for Republicans? Thank you.

SPEAKER BOEHNER: Well, you know, there's a lot of things you could add to this. I remember I gave a version of this speech a year ago and somebody said, you've got to have a fifth point, let's get this, you know, pointing the chest. You know, the issue was legal reform. And I gave it some thought over a period of a couple of months and I thought, yeah, legal reform really needs to be part of this. But there could be a lot of other pieces to this.

Yeah, I think immigration reform would help our economy, but you've got to secure the borders first. We've got a mess. And I think everybody knows we have a mess. Our legal system is broken. Our borders aren't secure. And then we've got the problem of those that are here without documents. It needs to be fixed. We're a nation of immigrants. The sooner we do it, the better off the country would be.

When it comes to the housing market, I don't know that – what's going to happen to Fannie and Freddie, but I don't think it's going to have any sizeable impact on what happens in the housing market.

MR. BROOKS: Let's go back here to this side. If you can wait for the mic, give us – as you stand, give us your name and your affiliation, please.

Q: Thank you. My name's Roberta Stanley and I'm a K-12 public education advocate. I happen to be from the great state of Michigan. The chairman of the House Ways and Means Committee, hails from Michigan, too, Dave Camp. He put together a tax reform plan, unfortunately with Max Baucus, who had a premature exit. Did you have a chance to go over that and did you think it had substance that you'd like to support?

SPEAKER BOEHNER: Well, you know, when you look at Camp's tax reform proposal, you know, there's a few things in there I've got my questions about. But let me tell you what, it's been out there since March. And I am shocked at how little I've heard about it. Now, there're some quarters that show some criticism about this issue or that issue. But for a plan to completely overhaul our tax system, I would have thought I would have heard more complaints. And so I think it's a good starting point. The next chairman may start someplace else, but you're not going to get those done by just keep talking about it. At some point, you've got to lay out your ideas in writing and let people comment and have the people engaged in this.

You know, we're Republicans. We actually think you should read the bill before you vote on it. (Laughter.)

MR. BROOKS: Come over to this side, here, this – our friend here right in the middle.

Q: My name is Barbara Dallow (sp) and I'm a nurse. "Obamacare" is a large part of the economy, so I want to ask about two comments I heard in D.C. One is to a large degree "Obamacare" is a jobs program. And one is that there are people on both sides of the aisle that are focused on the economic burden of health care. In light of that and the cuts to Medicare, are you still committed to protecting the frail and elderly, because I know you're one of the great people on this? And do you have a strategy that both the politicians and the American people will support?

SPEAKER BOEHNER: Well, when it comes to – I think the essence of this is Medicare. When it comes to Medicare, let's just all be honest: This program is not sustainable in its current form. Our kids and grandkids don't have enough money to pay for all the Medicare we're going to consume over the next 30 years. So what are we going to do about it? I think that there've been a lot of small steps that we could take. You could combine Parts A and B. You could change the pre-insurance program. There're a lot of things that can be done. But I can tell you, sticking your head in the sand and doing nothing is a prescription for disaster.

MR. BROOKS: Bring the mic back here, right into the middle.

Q: Hi, thank you. My name is Michelle Stern (Vaughn ?). I'm with the Jewish Council for Public Affairs. A few weeks ago or perhaps a month ago, I heard a very compelling speech here by your colleague, Representative Ryan, talking about poverty. And I'm interested in getting your perspective on two points that he made, particularly around expanding the Earned Income Tax Credit for childless adults and the criminal justice reform.

SPEAKER BOEHNER: Well, Paul's doing some very good work on the issue of poverty and that's going to get a lot more attention. We've got a record number of Americans not working. We've got a record number of Americans stuck, if you will. And I think it's our obligation to help provide the tools for them to use to bring them into the mainstream of American society.

I think this idea that's been born over the last – maybe out of the economy, over the last couple of years that, you know, I really don't have to work. You know, I don't really want to do this; I think I'd just rather sit around. This is a very sick idea for our country.

I grew up – most of you know, I grew up in a family with 11 brothers and sisters. My dad owned a bar. And if you wanted something, you worked for it. Now, I don't know that was any moment my entire bringing up that I didn't have some kind of a job, whether throwing newspapers, cutting grass, mopping floors at the bar, tending the bar, dealing with those characters that are walking every day. Trust me, I did it all. But I do think that his idea on the Earned Income Tax Credit has an awful lot of merit.

And the other issue was – oh, yeah. I think – I thought a lot about criminal justice reform. I was in the state house when every state house in the country was into this

mandatory sentences and we decided we weren't going to trust judges anymore. I think – I think we'll have a real, honest conversation about this.

MR. BROOKS: We have time for one more, and I'm going to give it to Steve. Yeah. No, no, right here. Yes, sir.

Q: Steve Lockett (sp), thanks a lot, Arthur. I work and study here in the city. Mr. Speaker you had about 500 or so of your closest friends for a discussion this afternoon. If you could give us a survey of Mr. Poroshenko's remarks –

SPEAKER BOEHNER: On his remarks?

Q: The president who spoke earlier. And there are a lot of students in the audience today, so could you also give a view of the waterfront of the international state system, Syria, Ukraine, et cetera. And thanks a lot. Oh, and I guess a bonus question –

SPEAKER BOEHNER: You want me – I think he wants to get me – he wants me to give two or three more speeches. (Laughter.)

Q: Is President Putin making a pretty good case for man of the year or is he sort of beating up Roger Goodell? Thanks. (Laughter.)

SPEAKER BOEHNER: You know, I gave a speech about Vladimir Putin and the Soviet Union about 2011, and I'm sure you can find it at Speaker.gov. It's probably somewhere in the archives. But if you read it, you're going to find out that everything I said in 2011 is exactly what he's done.

And, you know, the message from President Poroshenko today was very straightforward: America, we need your help. We can't do this by ourselves. And they can't. And the President's worked with the Europeans, put some sanctions in place, but sanctions are not going to bring freedom and security to Ukraine. They need weapons. They need advisors. And I think he made the case today that if not now, when? And if not there, where? You know, when I talk to our allies in the region, you know, they all ask me, where are you going to draw the line? How much is enough? And so the line has to be drawn and the sooner, the better.

When it comes to the issue of the Middle East, for over a year I've called on the president to develop an overarching strategy to deal with the spread of terrorism. And when ISIL came across the Iraqi border in January, I really got all over the president about where is the plan. And the president outlined the mission. The mission is to destroy ISIL. Well, if that truly is in fact the mission, I don't see the overarching strategy that's going to allow us to accomplish that.

Now, having said that, there was no reason not to do the minimum the president's asked us to do. He asked us for the authority to train Free Syrian Army types to help ISIL in Syria. The House approved that yesterday. I expect the Senate will approve it today.

But I am still waiting to see the bigger picture of how we win this war, how we destroy ISIL. And I've not seen it yet.

Thank you all for the opportunity to be here with you.

MR. BROOKS: Thank you for joining us. (Applause.)

(END)