



COUNCIL FOR NATIONAL POLICY

ELECTIONS AREN'T ENOUGH: WINNING A MANDATE FOR A CONSERVATIVE REFORM AGENDA The Honorable Mike Lee



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Thanks to all of you for being here and giving me this opportunity to address you. As I look out across the room I see a lot of familiar faces and a lot of people who are familiar to everyone in America who believes in the cause of liberty. Who believes in American exceptionalism and I'm honored and humbled to be with you today? Tony, you have been a great friend to me and I especially appreciate your kind words in introducing me.

I've been in the Senate now for about 3 ½ years on some days it feels like three and half weeks on other days it feels like 3 ½ centuries. But, I have experienced a lot and I have learned a lot since I have been there. Not all of it has been pleasant, at times it's been painful. It was interesting though, when I first arrived in Washington I wasn't always recognized as a senator even by the Capitol Hill security personnel. Especially by the security personnel. I mean look I'm a nondrinking kid from Utah I wasn't used to getting carded but I found that was happening to me every time I walked into the Senate chamber to go and vote these heavily armed gentlemen would look at me and point in the other direction as if to say the door for the staff is over there and I would have to produce my ID they didn't want to see my driver's license. I'll show you what they wanted to see. It is my Senate ID and it looks like this and has my picture on it and it says that I'm a United States senator representing Utah. It has a little indication on it that says expiration date January 3, 2017. I had to assure my wife and my three children that that is not the day when I personally expire, just my term of office. These guys would look at this and make sure the tamper resistant strip was intact and the little holographic image of the figure on top of the capital was there and then they would have to let him in and they did. After a while I learned that there was a shortcut to this ritual. They had given me a lapel pin when I was sworn into office. I'm not really into jewelry or accessories other than my wedding ring, I don't wear any so I put it in my desk drawer and I close the drawer and I forgot about it. But someone reminded me of that one day, "Remember that pin they gave you when you are sworn in?" "Yeah." "That is designed so that the Capitol Hill police will recognize you as a senator. It is your permanent ID card." Now whenever I'm in Washington I wear the lapel pin and I have a nickname for it I call it the sorry Sen. pin because when I get carded while wearing it I point to the pin and the cops say oh sorry Sen. you can come on in. Most the time it works well. Most of the time it works flawlessly. It still occasionally has some opportunity for failure. One time after I had been in the

Senate for almost a year I was on the floor of the Senate standing there in between votes trying to figure out how the next vote was going to turn out. I had one arm gently leaning on the desk in front of me and I was thinking about the next two votes. And all of a sudden one of the non-uniformed security guys came up to me in the chamber and said to me in a very harsh tone of voice, "Excuse me sir, would you please not lean on the senator's desk." I'm terribly sorry." I respond well to authority. I thought he was upset that I was putting weight on it and I said, "I'm not putting any weight on it. I'll be more careful next time." You see, they're really protective of the desks in the Senate because some of them are original equipment, which means about 200 years old or so which means that there almost as old as some of my colleagues in the Senate. But apparently that wasn't what he wanted to know. That's not what he was concerned about because he kept asking me weird questions like are you with the minority? And I thought why is he asking me if I'm voting with my party? and I said, "Well, I don't know, on this vote are the next. Sometimes my party gets it wrong. Most of the time I vote with them and I'm not sure why you're asking." Are you with the minority leader? Mitch McConnell is our leader, he is the Republican leader in the Senate. I don't understand the question. "No." He said, "Are you part of the majority leader staff?" And only then did I realize that he doesn't know who I am. So I pointed at the sorry Sen. Penn thinking that would cleared up but it didn't do it. I guess he didn't get the briefing. All I got was a blank stare. So I had to do something that I didn't like to do. I still don't like to do. I had to use my title. It makes me feel uncomfortable. And as a result of the fact that I felt uncomfortable doing it I mumbled it. I said I'm Sen. Lee. I am Mike Lee I represent a state called Utah it is sort of square it resembles a chair, in the Rocky Mountains, lovely skiing. And it was only at that point that he figured out who I was and all of the color seemed to drain from his face in one instant. And he said and one hurried breath, "I'm terribly sorry for the misunderstanding my name is Steve if you want to report me and then he ran for the door. Yeah, I had the same reaction I felt bad for Steve so I chased after him but Steve was too fast but now every time I see Steve in the hall I waved to him and I smile and I say hi Steve so he knows that there are no hard feelings. Because this was an honest mistake it could've happened to anyone. Only recently did it occur to me his name is probably not Steve. I'm pretty sure his name is actually Bob Steve is the guy he works with that he doesn't like. This story reminds me of something. It reminds me of the fact that first of all, had I not used my title that day which was uncomfortable for me I did not like doing it. Had I not made myself a little uncomfortable that day by asserting my right to be there and telling them who I was I might have been removed from the Senate chamber that day. Some of my colleagues might have been all too eager to see me hauled off in handcuffs. And had that happened I wouldn't have been able to cast my vote and the 3 million people in Utah, that I represent, would not have had the benefit of my services that day. In a sense this carries a message for all of us not just for US senators and not just for elected officials in general but for all of us U.S. citizens. There is some things that we have that are rightfully ours just by virtue of who we are by virtue of being Americans. We have a birthright, we have the right to live in a land where now this 227-year-old governing document written as I believe it was by the hands of wise men raised up by their Creator for that purpose 227 years ago. We have the right to live under a limited government of the sort that they created. These rights, those rights in particular especially the more obscure among them but the most important among them the right to live in a land where our national government has just a few powers and doesn't consider itself to be the shepherd of 300 million people. That is an important right but it is slipping into obscurity. It is sometimes hard to assert that right to federalism. It is sometimes not the sexiest right to assert and yet we must assert it and together we will and we will restore the greatness of our country.

Now, an interesting thing has happened in recent years. We have seen a government that has taken on more and more responsibilities under its charge. As it has done so it has not increased in popularity. In fact, quite the opposite has happened. It is quite counterintuitive really when you think about the dismal failures of so many federal programs that as this government that keeps getting less popular is also trying to make itself more powerful. Now, we see this with the president in particular. We see that this president's approval numbers continue to slip and we see his disapproval numbers continue to climb. The president's disapproval numbers right now stand at 52% and that is 52% of Americans who now consider

Pres. Obama's presidency a failure. On its face this might seem encouraging to us as conservatives and it is encouraging that is until you read a little further in the same poll and you find out that 21% of Americans approve of the way Republicans are doing their job in Congress, 21%. By the way, that's a full 12% lower than how Americans assessed the performance of Democrats in Congress. So our disapproval is higher and our approval is lower than that of the Democrats. Now, it gets even more tricky when you stop and consider that a lot of that distrust of Republicans in Congress comes from Republicans not just from Democrats. So the primary source of the public's distrust of Republicans in Congress, I think, comes from the perception that the GOP simply does not care about people like them. That is something we have to fix. Now, these two statistics the approval rating of the president and the approval rating of Republicans in Congress help us capture something important about the political landscape we have to keep in mind that we as conservatives have to be focused on not only for the 2014 election cycle but also for the 2016 election cycle that will follow after it. Taken together these statistics, these numbers, cautioned us against thinking that the public's widespread disaffection with this sitting progressive president is the same thing as public affection for us. Public affection for the political party that happens to not hold the White House or the majority in the Senate at the moment. The fact is that despite this very growing dissatisfaction among the American people with Pres. Obama and his failed policies the American people still have some really justifiable doubts about the ability of the Republican Party to govern effectively. To care about the American people and their needs about whether or not it would be good for the country to put the GOP in charge of the Senate and the House and the White House. Exacerbating these same suspicions is the fact that, as I alluded to a moment ago, we have got some divisions within our own party that need to be healed, within our own movement. It's hard for the American people to trust the GOP when one in five registered Republicans happen to disapprove of their own party, one in five. So we have to fix that. So for all those candidates who are involved in tight races, house races or Senate races this year the lesson should be clear. We cannot and must not expect to win elections by default, it's not gonna happen. It's not going to happen just by some operation of gravitational pull. Some gravitational force set in motion by the unpopularity of this president. We have to earn it. We can't just hope that the president's low approval ratings will earn us victory in November. We need to earn that victory and we need to win it with a mandate. What we have today is an emerging anti-liberal majority but what we need more than anything, what we need tomorrow, is a pro-conservative majority. That is what we've got to achieve. To get from the one to the other, to the anti-liberal agenda of today the anti-liberal wave of today to the pro-conservative majority of tomorrow conservatives have to unite behind somewhat comprehensive and unabashedly conservative reform agenda that does a few things. It needs to modernize outdated government programs discarding the ideas of yesterday that have faded with time, have not been treated well by the many decades that have passed since so many of these programs were put in place or at least had their foundations laid during the FDR administration. We have to have an agenda that is capable of producing economic growth. We have to grow our way out of this. It can't be achieved simply by cutting, we've got to achieve growth and it is through growth that we will get our way out of this problem. And it's also got to bring the American dream back to where it's within reach of nearly all Americans. All Americans, that is, who are willing to work for it. A true conservative reform agenda in my opinion, has to do more than simply cut big government. It has to fix broken government and this isn't a talking point it is a reorientation of the way that both parties in Washington traditionally have approach public policy. The agenda of the left consists year after year decade after decade of defending and pouring money into the status quo. Saying that government can solve all of your problems. Government can cure all of Adams ailments when in fact what we have learned over the last century or so is that it has a tendency to make all of those ailments a whole lot worse and for the very same people that they are supposed to be helping the most. Meanwhile, the right has on many occasions had an equally insufficient and equally counterproductive strategy. And it's also an unappealing sales pitch. One that views cutting government as the sole tool that will restore us to prosperity. This is not to say that we shouldn't cut bad government programs but it is to say that we've got to be far more about reforming government than just cutting it. You see because just cutting it isn't going to cut it anymore. If conservatives want to win back the trust of the American people we have to transcend this traditional

divide. The goal of the conservative reform agenda is not, to be clear, to fundamentally transform American society or America's economy. Those things are always changing, they are always in flux, and they are always by their very nature going to be in a state of transition and transformation. Our goal is to transform our government so that it keeps up with the changes that occur naturally within our economy and within our society. Now, the specific proposals within a conservative reform agenda might vary depending on who you are talking to from one moment to the next but the purpose will be the same our objective has to be focused on developing concrete specific innovative solutions to the most pressing challenges facing our country today. And as I see it, most of the most pressing challenges facing our society today relate in one way or the other to what I refer to as America's large and growing opportunity deficit now this opportunity deficit describes something a malady that has taken hold within our society that threatens to undermine what has set us apart as a nation through the centuries. What has made us different? What has made us different and better and special and great is the fact that while wealthy people in any country in all ages have always been able to live well. It is only in America that someone can be born into poverty and have a reasonable hope and expectation that they can retire comfortably or even filthy rich. America is quite unique in that most very wealthy Americans can remember a time when their own family was poor. That is what has made us great and that is what we are being threatened to lose if we continue down this same path of progressive government. So this is how we move the agenda forward. This is how we explain why it is that we are conservatives. We are conservatives not in spite of our compassion but because we are compassionate. So, this opportunity deficit. It shows up in three principal forms within our economy and at every major level on the economic ladder. It shows up at the bottom of the economic ladder in the form of immobility among the poor. We see poor Americans trapped in poverty sometimes for generations at a time as a result of bad government policy. Policies that dis-incentivize work. Policies that punish those that go out and get a job. Policies that show up in the form of recent studies confirming that in 37 states and the District of Columbia a person on welfare would actually see his or hers standard of living reduce if that person chose to go out and get it entry-level job while on welfare. The welfare benefits disappear. The income comes in but it is less than the standard of living provided under welfare. Now this is bad. And it is bad and that is different from the reasons why many Republicans in the House who have said it's bad. It is not to suggest these programs are wasteful. It is to suggest that the programs are hurtful. They are hurting the very people who are supposed to benefit from them. They are keeping them trapped in poverty. Think about this for a minute especially among young people, among young parents you are talking about the most risk averse people in our society and justifiably so. Any of you who have had children will know that when you have kids the worst thing you can imagine yourself doing is anything that would make it less possible for you to provide for their needs. So when government policy puts you at risk if you get a job you are not going to get a job. When you don't get a job you remain on welfare. When you remain on welfare you are stuck in poverty as a result of government, bad government policy. That has to end. So it shows up as a form of immobility among the poor. In the middle class it shows up as a slightly different form, it is insecurity. Insecurity among the middle class people who are able to work get by from day-to-day, provide for the basic needs of their family but they discover that whenever they see a little bit of additional income if they are that fortunate no sooner had they achieved it then they have lost it. They have lost it because prices for goods and services have gone up as a result of bad fiscal policy. As a result of overregulation resulting in pass-through costs that result in higher prices of goods and services and diminished wages and unemployment and they see it eaten up sometimes by bad tax policy which we will talk more about in a minute. So we've got immobility among the poor and we have insecurity among the middle class our opportunity deficit also shows up at the top of the economic ladder. It shows up at the top in the form of corneous privilege. We see many of our fellow Americans having climbed to the highest rungs of the economic ladder are not content to simply stay where they are they think that is somehow necessary for them to pull the ladder up from behind them with the assistance of government, no less, to make it harder for others to climb that same ladder. This shows up in the form of direct government subsidies who chooses winners and losers in the marketplace where it robs Peter to pay Paul, think of Solyndra it shows up in all kinds of forms some of which we will discuss more in a few minutes. So this opportunity deficit needs to be the focus of our

conservative reform agenda because it demonstrates that we as conservatives are conservatives because we believe in two basic pillars of our civilization. Those basic pillars are provided by first by the free market and second by civil society. And by civil society I mean family, first and foremost, neighborhood organizations, churches, synagogues and other religious organizations, fraternal orders, charitable foundations and so forth. Free markets and civil society that is what makes it possible for us to care for the poor. That's what makes it possible for someone born into poverty to retire comfortably or even filthy rich. All of our government policies need to be oriented toward not only preserving but strengthening free markets and civil society because it's only by doing that that we help the little guy. We as conservatives are about the little guy because we are about strengthening free markets and civil society. So really what this focus is on, most importantly, is a type of agenda for the little guy. An agenda for the poor and the middle class that is what a conservative messages is about I believe that is what a winning Republican conservative message must be about if we are going to win elections and if we are actually going to restore conservative principles to American governments. This agenda has to begin by addressing the root causes of the economic insecurity holding back millions of working Americans who are either of or aspiring to the middle class. We see these working families today that are being squeezed. Their take-home pay has flat lined in our anemic economy and at the same time outmoded government policies make it harder for hard-working poor and middle-class families to afford the staples of the American dream. Staples like healthcare, education, homeownership and work life balance. So if we are going to win elections and if we are going to change the way we govern to reflect more conservative and therefore more compassionate policies I don't use the term compassionate conservatism because it is horribly redundant. We have to focus on those issues. True conservative reforms have to ameliorate both trends by increasing access to and opportunity within our free enterprise free market economy and our voluntary civil society. What are some of the ways that we can do this? Well, let me start by talking a little bit about tax reform. I think we've got a really bad tax code. One that occupies tens of thousands of pages of statutes and implementing regulations. One that no one has ever read or if they did read the entire thing they would immediately die sort of like the guy who ran the first marathon. We've got almost half of all households that pay almost no income tax and at the same time most working families are still overtaxed, some by thousands of dollars each year. How you ask? Well let me try to explain. There is a really nasty feature which most of you are probably familiar with in our tax code it's called the marriage tax penalty, it's really bad. It punishes you for being married I have sometimes commented to my wife Sharon that arguably people like us around the country would be better off if we divorced and lived in sin rather than stayed married. Of course we wouldn't do that because it wouldn't be right. But we shouldn't be punished for living the way that we believe God wants us to live and we've got to eliminate that. We've also got to eliminate another lesser known penalty that hurts American families. It is lesser-known, most of you might not have heard of it. It is what I call the parent tax penalty. Here is how that works based on the way our senior entitlement programs, Social Security and Medicare are set up they are set up on a pay-as-you-go system so the beneficiaries of those programs have their benefits paid by today's workers. Today's workers are paying yesterday's workers as they retire. Today's workers as they become tomorrow's retiree will have their benefits paid by the workers of tomorrow who are today's children. Which means that children and the raising of children is an absolutely essential ingredient. It is any essential indispensable component of maintaining the sustainability of our senior entitlement programs. And yet there is nothing in the tax code that even comes close to offsetting the disproportionate contribution that working parents make to these programs. So consider for example two couples. Couple A and Couple B. They both have the same incomes streams, they both have the same house the same mortgage payment the same patterns of charitable contributions they are identical economically and otherwise in all but one respect couple a has four children and couple b chooses not to have children. Couple A if they are consistent with the average American family according to a study performed recently by the Department of Agriculture incurred \$300,000 per child as they raise each child until the age of 18. That is actually a really low ball estimate it doesn't include a number of things that should have been included but let's just take that one at face value. That means that according to the USDA's lowballed figure of \$300,000 per child, Couple A will incur \$1.2 million in child rearing expenses as they raise their

children to maturity. Couple B will not. And yet there is almost nothing in the tax code that offsets that significant contribution which makes possible the survival of our senior entitlement programs. That has to be fixed. So we have got to fix not only the marriage tax penalty but also the parent tax penalty as well. Because this is hurting Americans it is hurting the very same middle-class families that we need to protect. Health care reform is another big area. One of the most important ways that we can relieve some of the economic pressure that is creating this immobility among the poor and insecurity among the middle class is to help reinvigorate the free market and our healthcare system. Tragically, Obama care does the exact opposite of that. It takes a bad system, and the system we had before Obama care was bad precisely because free market principles was not at play and it makes it much worse by making it even less responsive to free market forces. Repealing Obama care means more than just getting rid of it. Going back to the pre-Obama care status quo ex ante isn't an option. It's not an option mechanically, politically, mathematically or otherwise. It is also not desirable because the pre-Obama care status quo was not itself based on free market principles. But what we do need to do is have a proposal that not just repeals Obama care but replaces it. Replaces it with something better, something different. Something that allows Americans to buy health insurance in much the same way they buy their car insurance. To buy it and carry it with them as they move from state to state as they move from job to job that allows them to make their own health care decisions rather than having those decisions thrust upon them from people in Washington DC and at the headquarters of large insurance companies who are themselves the principal beneficiaries of Obama care. So this would empower patients and it would disempower people in Washington it would give poor families access to the quality care as everyone else rather than relegating them to second-class government provided health care. Next to healthcare one of the biggest expenses for working families is higher education. Higher education is important because not only is it a big expense but it is also a gateway for the poor into the middle class and a gateway for the middle class into higher rungs of the economy, into higher echelons that they seek to achieve. It has gotten a lot more expensive as government has poured more and more money into it as it has made student loans more and more available and generally speaking it is a great thing that people have access to a higher education if they want it. But here is the problem, as demand for higher education has been on the increase the supply of higher education has been relatively static. Due in part to the way we accredit institutions of higher education. Meanwhile, we haven't been able to take advantage of technological innovations. Developments that can and should and must and I believe ultimately will make higher education a lot more affordable and accessible for a lot of poor Americans. So that is why I've got a proposal that would make it possible for states to adopt their own alternative accrediting mechanisms. You see right now in order to participate in federal student loan programs you have to go to an institution that has itself received an accreditation from an accrediting body recognized by the US Department of Education. There needs to be a workaround. There needs to be an alternative path and there needs to be more providers. Providers like massive open online courses that are a recent technological innovation which could be recognized by these alternative state recognized accrediting bodies. If we did that then we would be doing a lot more than what we are doing in Washington right now when we talk about higher education which is usually a discussion of tinkering around the edges. Discussions of marginal adjustments to the interest rates that people pay on student loans. When we talk only about this we never get to the real problem which is the principle which is the root of the problem which is tuition. But under this kind of proposal that I'm describing that I have introduced to the Senate we would increase the supply of higher education opportunities. And what we know about increasing the supply is that price tends to go down it also results in more competition which leads not only to further reduction in prices but also improvements in quality. We also see a need when it comes to transportation and workforce flexibility. Healthcare and education may be the largest cost for working families but in some ways their most precious commodity is time. True conservative reform would fix our broken transportation system and limit the application of certain national labor laws that limit how people can use their precious free time. Let me explain what I mean. When we fund our transportation infrastructure in this country we send an inordinately large share of the money to Washington DC. Every time you put gasoline in your car out of every gallon that you put in your car you pay 18.4 cents per gallon in federal taxes that money goes straight to Washington. It gets run

through a filter some of it gets spit back out to your state based on a very complicated formula and then the state takes that money and it is supposed to build roads. but when it gets that money back not only is it generally less than what taxpayers in the state put in but it goes far less than it should. It goes far less than it would if you stayed in the state to begin with in fact, it goes 20 or 30% as far in many states like mine. For the simple reason that when we get federal funds back funds that taxpayers in each of our states have paid into the system their subject and the expenditure of them is subject to a huge stack of federal regulations that in many states will add 20 or 30% to the cost of each transportation project. Well, this makes no sense. Especially because the federal gasoline tax was created in the 1950s for the purpose of developing an interstate highway system. Well, that interstate highway system is now built. It's there. And we could maintain it with just 3.7 cents per gallon. So my proposal involves lowering the federal gasoline tax from 18.4 cents per gallon down to 3.7 cents per gallon. You let the states collect 14.7 per gallon differential you let them spend that money each dollar goes farther. That results in more concrete and steel actually going into the ground and less money going to lobbyists and environmental studies and lawyers who are currently getting far more than they should. What this all translates into is that if you put more steel and concrete into the ground with less tax money, by the way, you allow hard-working Americans to spend more time with their families and less time stuck in gridlock traffic. We also need to re-energize our economy with aggressive anti-corruption and regulatory reform. If any of you are ever in Washington I invite you to come by my office. My office is in room 316 of the Hart Senate office building. By the way, every week we hold an open house reception, every Wednesday at 3:30, we refer to it as Jell-O Wednesday because we serve free Jell-O. Jell-O is Utah's official state snack. I'm not sure why but Utah for some reason consumes more Jell-O than any other state on a per capita basis. I would really like to see a study at some point explaining why this is so. Many senators will host a weekly coffee with the Senator reception and I don't drink coffee so naturally I went with Jell-O. Rand Paul and Ted Cruz when they found out about this tradition approached me and said, "Hey, is it true you're doing Jell-O shots in the Lee office?" I had to explain to them that it was something very different than Jell-O shots. When you come into my office you will see a display that will show how severe our regulatory problem is in America. I have a bookcase that contains last year's federal register. Does anyone here know what the Federal Register is? My condolences if you know what that is because that means you have felt the pain of it. The Federal Register is an annual cumulative index of all federal regulations as their first introduced to the public as they are circulated for notice and comment and later as they are finalized before they take effect. These are basically laws. Laws written not by men and women of your own choosing. Laws written instead by men and women however well-educated and specialized and hard-working and well-intentioned they might be don't work for you. They don't stand for election. Not now not ever in fact they're not really even accountable to anyone who is in turn subject to an election. This is a big problem. Especially when you consider the fact that last year's Federal Register as you will see it if you come to my office contains about 80,000 pages of text. Now on top of that same bookcase where I have last year's Federal Register I have a stack, a much smaller stack of the documents that were passed into law by Congress last year about 800 pages. What that means is for every one page of law we make they are making 100 pages of law. Now, you might be thinking 800 pages of law passed by Congress that is 800 pages too many and you might well be right but there is a big difference between the law we pass and the law that they pass the laws that they pass can't be repealed they are not subject to anyone who is subject to recall. Now I shouldn't say they can't be repealed but the problem is they can't be stopped through any process that is under the control of the citizenry. They are very difficult to get rid of once they are put in place. It has to be reformed because this interrupts our system of political accountability in this country and it has several harmful effects. Number one, we have already alluded to which is the fact that when we pass bad laws you can't hold us accountable. I can be fired every six years. My colleagues in the house can be fired every two years and if we make bad laws I can rest assured you guys are going to fire us and you should. The problem is when the executive branch bureaucrats make the laws no one stands accountable. Usually what happens is people hire lobbyists and they fly out to Washington and they come and meet with people like me and they say can you believe this new clean air act rule can you believe that the EPA is trying to regulate ozone, they are trying to restrict ozone down to a point that in many parts of

the country is actually lower than naturally occurring ambient ozone for example. Well, you say that to a member of Congress and you say, "hey I agree with you that is horrible they shouldn't do that those barbarians their awful." Don't look at me for that though I didn't vote for that. If the members been there long enough they would say I voted for clean air just for the clean air act but I never voted for that. You see that's the problem. Congress has gotten into this addictive habit of passing really broad really nice sounding laws that nobody is going to object to and then they discharge all the duties of putting in place the fine details, the fine print to somebody else. So we'll pass a law like the clean air act which reads roughly as follows, I'm oversimplifying a little bit but it basically says we shall have clean air. Now, what idiot is going to vote against that? No I want dirty air. We shall have clean air and we hereby delegate to the environmental protection agency the authority to make promulgate implement and enforce rules and regulations carrying the force of generally applicable federal law that define what clean air is that define pollution in all of its forms that decides what horrible fate will come to those who pollute the air and by the way the same people who will be making those laws will also be enforcing them thus bringing to pass the great warning issued by Charles de Montesquieu hundreds of years ago. Charles de Montesquieu was the greatest philosopher in terms his impact on American's founding fathers who warrant that you can't give the same person or people the power to both make and enforce laws because the same person or people will make tyrannical laws will enforce them tyrannically. And yet that's exactly what we have done. So, back to the example, when that happens there is nothing you can do about it and when you complain to members of Congress about it they will claim to be on your side they will say don't look at me I just voted for clean air go complain to EPA. You can complain to EPA, they don't care because they don't work for you. Meanwhile, this has another really nasty effect when it gets to the second layer of the problem compounded by the political accountability problem that it creates. The second layer of the problem is that it tends to benefit bigger wealthier companies. Those players already within a particular industry who find it easier to hire the army of lawyers and consultants and accountants and lobbyists that it takes to deal with those kind of regulations. It makes it almost impossible for newer entrance in the economy to compete. It is a natural restriction on entry you almost can't get into a number of businesses anymore just because of the regulatory burdens alone. Now, for many of these industries this is a feature of our regulatory system not a bug. This is by design. This is how they want it. This is great for big business incumbents in the marketplace because it keeps the marketplace from ever becoming free. Here is why that is such a problem for America's poor and middle-class. Do you want to know where all our new jobs come from and I mean all? Small newer businesses. There was a study that took place over the course of about 35 years and concluded just a few years ago I think in 2007 that determined that during the 35 year period ending in 2007 fully 100% of net new job creation occurred within businesses that were five years old or younger. What that means is that older more established firms also created jobs but there were also losses within those firms. But the net job growth where we picked up the difference, where we made up the difference in the real growth areas was all within small businesses, newer businesses. So that's where we will be killing job growth because that's where our job growth occurs all because of bad regulation. So it hurts you because it makes these guys who make the law immunize from political accountability. They are immunized. It helps incumbents in the marketplace who have bigger wealthier businesses. Who else does it help? Well it helps incumbent politicians in Washington. They like this for whatever reason. There was a time when members of Congress rather jealously guarded their power and they would have been suspicious of anyone else being able to exercise it. When the modern regulatory bureaucratic state started to blossom during the FDR administration Congress adopted a practice of saying okay we will give this power to make rules carrying the force of generally applicable law but we want the last word. Congress could veto those regulations. then along came the decision by the United States Supreme Court in 1984 called the *Ins v Chadha*, incidentally my dad argued that case, but never mind. The Supreme Court said those legislative veto provisions that gave Congress the last word were unconstitutional. Many people at the time believed that the big burgeoning regulatory state would start to dismantle itself because Congress wouldn't put up with the fact that they had lost all this power because Congress could no longer have the last word. It could no longer stop a bad regulation that Congress disagreed with. Just the opposite happened. If anything Congress's delegation of the lawmaking

power exploded and so in a law like Obama care, 2700 pages long, there are countless references, too many to count, references to lawmaking authority given to this or that cabinet official. Given to this or that executive branch department. The same with Dodd Frank, the same with more laws of recent passage than I could possibly count. Every time that happens we become less free. Every time that happens America's poor and middle class have fewer opportunities available to them. There is an additional problem to this regulatory structure that I am describing. I remember being shocked while in law school in the mid-1990s we had a guest speaker, an expert from Washington DC, who came and spoke to us through something sponsored by the Federalist Society. Who told us that federal regulations imposed an astounding \$300 billion cost on the American economy every year. He explained that this is tandem to a backdoor tax, a backdoor invisible tax that ended up being paid for by all Americans and he said it's actually more dangerous than actual income taxes because people don't realize they're paying them. Everyone pays for it they just pay for it in the form of higher prices on goods and services, diminished wages and unemployment. And I thought \$300 billion, that's inexcusable. If Congress raised taxes by \$300 billion we would be really upset. But when we do this by regulatory fiat people don't realize it. Well, what has happened since then? Federal regulations cost us about \$2 trillion a year today. Just since the mid-90s that is how much it's exploded, \$2 trillion. That is about two-thirds of what we pay through our income tax system at the federal level. We are paying that every single day. Now guess who pays for that disproportionately? America's poor and America's middle class. Many people would have you believe those expenses are born disproportionately or even exclusively by America's wealthy and especially wealthy corporations. That is not true. Everyone pays for that. Disproportionately those things are paid for by the poor and the middle class who pay higher prices for everything they purchase and who also pay for it in the form of diminished wages and unemployment. So this is a complex problem but there are some easy solutions to it. Solution one the Reins Act, of which I'm an original co-sponsor in the Senate. The Reins Act says that at any time an executive branch agency promulgates a new rule that is deemed a major rule based on its economic impact on the country Congress must first approve that and pass it into law as if it were a freestanding piece of legislation. It has to pass the House. It has to pass the Senate. Then it has to be signed into law by the president. If it can't get that level of support it can become law because it doesn't deserve to become law because otherwise you couldn't hold them accountable for it. The Reins Act would fix this problem. The Reins Act has been passed by the House each year, every year for the past three years in a row and yet it is one of the almost 400 bills passed by the House that still have yet to receive so much as a whisper of a vote in the Senate. We are also working on new legislation to supplement the Reins Act that would create a regulatory budget. Creating a limit on how much regulatory costs each executive branch agency can impose on the American economy each and every year. Look, from top to bottom, as we review these problems we can see that there is good news and the good news is that there are solutions. For every one of these problems that I have identified today, of which there are many, there have been at least one and in many cases many proposals introduced in Congress that would bring about the necessary change and would bring about the corresponding benefits to America's poor and America's middle class without the pomp and circumstance accompanying official roll out of an official national party platform. There is a rising generation of conservative leaders who are committed to this project we are going about our work sometimes quietly sometimes without being noticed but it is making a difference and the more this message gets out there the more it works. It is often said that there is kind of a rift within the Republican Party right now and there is some truth to this. The truth is that within any political party there is a natural tension that exists between on the one hand the base of the party the grassroots organizers, the true believers who are willing to invest a lot and chew leather and blood and sweat and tears to promoting causes they believe in and on the other hand the leadership of that party. That tension exists in our party right now, there's no question about it, and I think it has created a hole in the party quite frankly. The good news is that whole is exactly the size and the shape of a reform agenda just like the one that I'm describing. A reform agenda that shows the American people what we can do for the most vulnerable among us. What we will do to make the lives of hard-working moms and dads poor and middle-class throughout the country better. What we can do to grow the economy and thereby benefit those who have been left behind. It is interesting to note that with the

progressive government of the last few years the very people who are supposed to benefit, the poor and the middle class, have been doing worse. The top 1% just keep getting wealthier, now there's nothing wrong with them getting wealthy the problem is that we've got the government facilitating the holding of the poor and the middle class where they are. We needed dynamic economy. We need an economy that is always growing. In order for that to happen we have got to return to conservative principles. But in order for those conservative principles to have a chance to work we have got to win elections. This is where we bring it all home. This is where we see that good policy makes for good politics. You don't have to choose between the two in fact, you never should. You have to choose good policy having faith that if its good policy if it will help your fellow beings they will come along and that means it will be good politics. That is how we bridge this gap. That is how we expand the tent of our party. Not by diluting our commitment to conservative principles and to conservatism in general but by strengthening it and backing it up by showing what we mean by demonstrating it in word and indeed why it is that we are conservative. We are conservative because we are compassionate. We are conservative because we believe in American exceptionalism. At the end of the day we have to harken back to the origins of our country. How it is that we got to where we are. Back in 1773 a group of American patriots, British subjects at the time boarded a ship in Boston Harbor and they seized crates of tea, English tea, and in an act of defiant symbolic protest against the kind of government they did not want against their national London based government they threw that tea into the harbor destroying it showing that they would no longer tolerate a large distant national government that taxed them too much, that regulated them oppressively, that was so far from the people that it was slow to respond to their needs. That recognize no outer bound limits around its authority. They said we do not want this. Fortunately for all of us they didn't stop there it was important for them to demonstrate that they were inclined to approve of that kind of national government but had they simply stopped there in Boston Harbor in December 1773 what we now call the Boston tea party would have at best been relegated to an obscure footnote in history. They didn't stop. Over the next few years they declared, they fought for, they won and they secured their independence until 14 years later they got to Philadelphia. It took them 14 years to get from Boston where they started protesting against the kind of government they did not want to get to Philadelphia where they embraced the kind of government they did want. We have to do that again today. It is important and it always will be important for us to protest against the kind of government we don't want and there is plenty to protest about. But that's not going to cut it. We have to start talking about and embracing and marching toward the kind of government we do want and we don't have 14 years. I believe that our best days as a country remain yet ahead of us. I believe that because I believe that the God Abraham and of Isaac and of Jacob wants the sons and daughters of the United States of America to be free. To be that shining city on a hill. He will suffer for nothing less. Our best days will remain ahead of us because we are great and we are great not because of who we are but because of what we do and what makes us better as Americans is the fact that we have chosen to honor that same God and the fact that we have chosen to honor that same God we have done so by forming voluntary institutions of civil society by having strong families, strong churches and synagogues, fraternal organizations, charitable foundations. We help our fellow beings by entering into such associations and we help our fellow beings by strengthening free markets where your ability to earn a living depends on your service to others. As we march in this direction with charity towards all and malice towards none we will see that our best days as Americans remain yet ahead of us but to do this we have to unite behind an agenda that will inure to the benefit of all Americans. My fellow Americans, my fellow conservatives there is a lot of work to do. Let's get to work. May Almighty God continue to bless the United States. Thank you very much.

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