

U.S. Representative Jim Jordan

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Date: 03 December 2010

Preacher: Jim Jordan

[0 : 00] All right, good to be with you again this morning. I'm going to, I'll save plenty of time for questions. I want to try to set a context. We're talking about the fiscal mess that we're in, and then just finish with a story that I'd carried around in my folder for a long time and was just kind of looking through it this week and wanted to share with you about some of our, maybe it's more appropriate for Memorial Day, but I think it applies today as well, about some of our soldiers and the sacrifice they make.

Yesterday I had the opportunity to speak to a group of Tea Party folks, about 600 or 700 folks, Polly and I were over in Columbus, and a luncheon meeting with these folks. And John Fund, some of you may read him, he's with the Wall Street Journal, was also one of the speakers.

And he made a, I thought, just an important point. He said every third generation America is faced with, you know, just those critical, critical issues and moments in our country's history.

And he talked about, you know, the first generation when the founders started this great country, obviously the holiday we celebrate tomorrow. Three generations later it was the Civil War where they abolished slavery and kept the union together.

He said three generations after that it was the group of Americans who endured the Great Depression and then dealt with World War II. And now here we are three generations later at a point in American history where, frankly, we are on the verge of bankruptcy.

[1 : 35] I mean, the fiscal mess, it just, I can't overstate this. You look at the numbers, and I'll talk about some of them here in a second. We're just at one of those critical moments in American history again.

And it's important that I think American citizens recognize this and are willing to step forward and do what those generations in the past did, the ones back in 1776, the ones in the 1860s, the ones in the 1920s, 30s, and 40s, that we be able to do the exact same thing and maintain this greatest nation in human history.

Back when I was involved in coaching, working with student athletes, one of the things we tried to get our student athletes to do was set goals.

A lot of them, at the start of the wrestling season, a lot of them were willing to, you know, say what their goal was. They wanted to be an All-American. They wanted to be a national champion, what have you. But it's much tougher.

It's pretty easy to get folks to set goals. It's much tougher to get them to do the work that's necessary to actually accomplish the goal. It's much more difficult to get people to fully commit to attaining the goal that they want to attain.

[2 : 47] And the reason it's much more difficult to do that is, I think, for a couple reasons. One is it involves a lot of hard work, obviously. But second is when you make a full commitment to accomplish something, when you decide you really want to do something and something's that important, there's the risk that you might fail.

And getting people to understand that they have to take that risk if they're really going to accomplish something of meaning and significance is tough to do. But it's a critical element.

You have to have it if you're going to make a difference in anything. I may have shared this story with you before, but I think it sort of helps set a framework for looking at where we are today. How many of you have ever seen the movie Chariots of Fire?

Anyone watch it? Maybe I shared this with you last time. I have talked so many times I forget what I've said. But in that movie, if you have not watched it, I would encourage you to get it. It's an older show filmed and put together in the 70s, I think.

But the storyline is a group of British athletes in the 1920s getting ready to compete in the Paris Olympic Games in the sport of track and field. And the movie really focuses in on two in particular.

[3 : 56] Harold Abrahams, Jewish athlete from England, and then is a countryman, Eric Little from Scotland. Both interesting guys.

Both the kind of guys, frankly, you want young people to emulate. Both wind up being Olympic champions. Abrahams wins the 100-meter dash, and Eric Little wins the Open 400.

But the best scene, I think, took place prior to the Olympic Games. Both are college-age athletes. Both are undefeated.

Both sprinters. Never lost a race. And being competitors, they just had to know, if there's a competition between the two of them, who's the fastest? Who's the fastest guy in Great Britain?

Is it Little or is it Abrahams? And so there was a competition put together. Best sprinters from all over Europe were invited to participate in this particular track meet. On the Saturday of the meet, it was the biggest sporting event in the nation.

[4 : 58] Everyone wanted to see who was the fastest, Little or Abrahams. So it came time for the race. They lined up the athletes. They're at the starting line. They fired the gun. They have the race.

And it's Eric Little first, Harold Abraham second. And after the track meet, the scene that I think grabs you the most is Harold Abraham is sitting up in the stands, mostly empty stands.

Meet's finished. He's sitting beside a young lady, a lady that he would later marry. And he's looking down at the track, looking out the empty track, and he's replaying this race in his mind over and over again.

And every time it's the same result. It's Eric Little first, Harold Abraham second. Little first, he second. And it's driving him crazy because he's never lost before. And, I mean, it's hurting him because he's lost this race.

So he's sitting there going through this mental exercise, and the young lady turns to him, and she asks the rhetorical question. She says, Harold, what's the problem? What's the big deal? So you lost.

[5 : 57] You finished second. You know, why the long face? Second's not that bad. You know what? What's the problem? And there was a pause, and he said, he says, I don't run to lose. I run to win.

And if I can't win, I won't run. He was going to quit. He just, I'm just not going to do it. He said, and what he was basically saying was the pain of losing, of taking the risk of trying to get to something, but the pain of losing and falling short is just too much.

I just can't do it. And there was another pause, and she turned back to him, and she said the best line in the whole show. And she said the line that I think captures really what America has always been about. She turned back to him, and she says, Harold, if you don't run, you can't win.

And if you don't get involved, you can never make a difference. If you're not willing to take the risk and make the full commitment to accomplish something that matters, you will never accomplish anything that matters. America has always been the country where people were willing to get off the sidelines, get out of the shadows, and get in the game.

And we are at one of those points in American history, I'm convinced of it, where we need, and this is what I told this group of citizens yesterday, because they're Tea Party folks, and they're making a huge difference, just like millions of others around the country are doing.

[7 : 11] I told them, thank you for doing it. Thank you for getting involved, because we're at one of those moments, as John Fund said, that third generation where we have a big, big hurdle in front of us, a big obstacle we have to deal with as a country.

And it is critical, not just for the politicians, but for the American people. I mean, the people always figure it out before the politicians anyway. We are at one of those moments where we need Americans.

I call it, you all understand this, it's an Esther moment for such a time as this. It's one of those moments where we need Christian citizens to say, look, we've got to put the pressure on the elected officials, we've got to get involved, we've got to make a difference, because if we don't, the greatest nation in history will in fact go broke.

The numbers are that bad. And you think about this weekend and what tomorrow means, you think about the risks the founders took when they started this grand experiment in freedom we call America.

Unbelievable. Read about the founders. We always remember Jefferson and Adams and Washington and Hancock, but most of the other guys who signed the declaration and were committing treason, not just treason against any old country, but the most powerful country in the world at the time, most of them lost everything.

[8 : 23] And so we use those lines like they put their lives, their fortune, their sacred honor on the line. They did. And most of them lost it all. I mean, the risk they took to make a full commitment to accomplishing something that really mattered was unbelievable.

Unbelievable. And we need to, I tell everyone, the words they wrote down that first July 4th, and then signed on to, that start the greatest, that start that great document that frankly started this great country.

I've said many times, next to scripture, I think some of the best words ever put on paper. We hold these truths to be self-evident. All are created equal, endowed by our creator with certain inalienable rights among these life, liberty, pursuit of heaven.

Unbelievable what the vision they had for what this nation would offer its citizens. And our responsibility as citizens, and frankly I think as Christian citizens, is to protect the promise, to protect the vision that the founders laid out for what this nation would in fact offer its citizens.

And it's as basic as, I think I shared this with you last time, my favorite verse is 2 Timothy 4, 7, fought the good fight, finished the course, kept the faith. That's what we have to, that kind of attitude and that kind of mentality that Paul talks about with Timothy is exactly what we need right now to protect the promise that the founders understood this country would in fact offer its citizens.

[9 : 54] Now the fiscal situation, the problem, and we have to have citizens willing to fix it, but let me get a little bit more back into the problem. I know I talked about this a few weeks ago.

It is really bad. Most economists now agree that within, we will have a debt crisis if we don't do something pretty serious here pretty quick.

And I'll talk about this debt ceiling debate that's going on because I think this is our opportunity to actually put the country on the right fiscal path. But if we don't, most economists now agree, and it's tough to get economists to agree on much of anything.

But they now virtually, there's a virtual consensus that we will in fact have a debt crisis comparable to what Greece is going through. We will in fact have one within two to three years.

The numbers are just so bad. When you think about, for three years in a row now, we've run a deficit, an annual deficit of over a trillion dollars. Three largest deficits in American history have been the last three years.

[10:54] 1.6, 1.4, 1.3 trillion dollar deficit we've run the last three years. Our national debt, 14.3 trillion dollars. And it's just hard to get your arms around it, but it's a lot of money.

I mean, our annual economy, the Congressional Budget Office came out with these numbers a week and a half ago. So the annual GDP of the country is about 15 trillion. So we're now, when you factor in our overall debt, it's about one to one, about that kind of ratio with our gross domestic product.

Anyone say when it gets that high, it's bad news. You start getting up to 80, 90 percent of GDP, it's bad news. We're currently spending, and I won't bore you with too many numbers, but I think it does give some context.

We're currently spending 200 billion a year in interest alone. Someone tell me what interest rates are like right now. Anyone know? Interest rates.

Are they low or are they high? Yeah, low. Record low. They can't get any lower. They're going to go up. And when they go up, it means we've got to pay higher. It's going to cost us more. In fact, if they just go up, I mean, we're not talking like back in the Carter years rates, but if they just go up some, within about eight to ten years, we actually spend more on interest just to service the debt than we would spend on national defense.

[12:17] And again, the one thing we're supposed to spend your tax dollars on at the federal level is defense of the country. So these numbers are just, I always use the example, what we're doing at the federal level, probably the best comparison is a family making \$50,000 a year, spending \$85,000.

And not just doing it one year because they got a college education or they're starting a new business or something that's going to give them some return on investment, but doing it year after year after year and just piling on the debt.

That's exactly what the federal government's been doing. And obviously everyone understands you just can't continue down that path. So it has to change.

I think the window or the opportunity to actually begin to fix the country and put us on a path that makes sense is the leverage we have in this debt ceiling debate.

I assume many of you are following this debate. According to Secretary of the Treasury, Tim Geithner, on August 2nd, we no longer have enough revenue to meet our obligations.

[13:27] And so we have to borrow more money. And to borrow more money, you have to get permission, frankly, authority from the Congress. You have to pass a law to do it. And so this is, I think, the leverage that we conservatives and, frankly, I think people with common sense need to use to actually fix the nation.

So what we're advocating, and when I say we, it's, frankly, a group of us conservatives. We had a big press event a week and a half ago where a bunch of us conservatives on the House side along with conservatives on the Senate, Senator DeMint, Senator Paul, Senator Mike Lee from Utah, and several others, where we're advocating a plan we call Cut Cap and Balance.

I would encourage you to take a look at this. You can go online, cutcapbalance.com, and you can look at what we're doing.

And you can actually sign on as a citizen supporting this concept. And what we're saying is, before we'll raise the debt ceiling, we think you have to do the following three things. First, you have to cut spending in a real way right now, fiscal year 2012.

Well, you've got to make real spending cuts, a real down payment on beginning to bring our fiscal house in order. Second, you've got to get back to where we've historically been as a country.

[14 : 45] Historically, the federal government has spent somewhere between 18% and 20% of gross domestic product. Currently, we're at almost 24%, a little over 24%, closing in on 25%.

So we're saying, let's bring it back down to its historic norms. And so we say, let's cap spending as a percentage of GDP. For at 24%, let's begin to ratchet it back down each year, percent, percent and a half, bring it back down until we get to 18%, where, you know, again, the founders understood limited government means more freedom.

We think it's not only good for our economy, good for our fiscal situation, but also it promotes liberty and freedom. And then the balance part is we actually believe we're at one of those critical moments where we could, for the first time in American history, get a balanced budget amendment to the Constitution, pass through the House and the Senate, and then send it out to the states for ratification.

It's never happened before. We think this is the opportunity to get that done. And truly, if you want to change the game and make a difference for future generations and ultimately deal with this debt and deficit problem, a balanced budget amendment to the Constitution is the only way to go.

And this is the hard part. You know, it's one thing to cut some spending. It's another thing to cap spending as a percentage. We've done this before. If you think back in the past, Graham Rudman and some of the caps we put on spending, those usually work for a while, and then subsequent Congresses will say, wait a minute.

[16 : 19] We've got some really important things you need to spend your tax dollars on, so we're going to waive the rule, waive the cap, and we're going to keep spending. So they work for a while, but a balanced budget amendment to the Constitution would actually force us to do what we should have been doing all along, which is only spending what we take in.

It's kind of interesting. Every family, every business, every local government, every municipality, every state government except one, 49 states have it, everyone has a balanced budget requirement except the federal government of the United States, the one entity that has a \$14.3 trillion debt.

So, I mean, the idea that we need this, I think, is just as basic and as obvious as it gets. And I know I shared with you last time, and this is one of the things that I think the left typically misses, and that is the world's a better place when we lead.

You know, it's a scary place out there. The world's a big, ugly place many times. It's chaotic. It's dangerous. But it's less chaotic, less dangerous, safer when the United States of America leads.

And the truth is you cannot lead militarily. You cannot lead diplomatically if you first don't lead economically. And there is no way to lead economically when you have the kind of fiscal policy in place and the fiscal mess we have.

[17 : 41] And so this next three weeks are going to be real intense in Washington. I can just sense it. My gut tells me it will go down to the deadline like it typically does. You know, August 1st at midnight we'll be still haggling.

Most likely, maybe not, but most likely we'll still be haggling over what kind of deal we're going to put together. But I've taken the position, in fact, many of us have, conservatives in the House in particular, that we're not going to vote to raise the debt ceiling unless we get a cut cap and balance plan put in place.

We would just rather, I would rather have a crisis now in the bond market versus kicking the can down the road and pretending we're doing the right things and have the big crisis in two to three years.

If we're going to have a crisis, let's have it now. Let's get through it. Let's deal with it and move on to the next thing. Let me just finish with this.

I wanted to save plenty of time. Last time I know we had questions and we kept going, so I told myself I'm going to just talk for a few minutes and let you ask any question you want. And I tell every, and I think I probably shared this with you, remember, you all pay my salary, and so you can ask anything you want.

[18 : 52] You can yell at me. That's the way it works. We have this wonderful thing called the First Amendment, and you should exercise it here in just a few minutes. But I wanted to close with this. It's a, again, I had this in the folder that I carried around in my briefcase, and I had not read it for several years.

We had a, back in my coaching days, he wrestled for, Ray Mendoza was his name, wrestled for us in the early 90s when I had the privilege of being an assistant coach over at Ohio State.

And wonderful young man, came from a tough home life in the New York City area, but we wound up getting him at Ohio. I went to prep school. We had a wonderful guy who kind of helped him out and paid for him to go to prep school, and then we recruited him, and he came and wrestled for us in Ohio State.

He was a Big Ten runner-up for us, heavyweight, one of these light heavyweights. Not a big guy. I mean, big enough to be a heavyweight, but not a huge guy. And a super guy married a wonderful young lady.

In fact, Polly and I were at Ray and Karen's wedding. They had two children, Alec and Kiana, just a super family. And Ray was killed in Iraq a few years ago.

[20 : 03] And his wife had asked some of the guys Ray served with to write a letter to their children about what their dad was like.

And one of the guys who wrote a letter was another major. Both were majors in the Marines. was another major in the Marine Corps who also, unfortunately, was killed five months after he wrote this letter to Ray and Karen's children.

And Doug Zimbiak, and I think I'm pronouncing his last name right, was the soldier who wrote the letter and subsequently was killed in Iraq as well. But Doug Zimbiak and Ray Mendoza were two of the most decorated Marines in the Iraqi war.

Zimbiak in particular, at his funeral, generals, the Secretary of Defense was there. This guy was an amazing individual. He was named the Lion of Fallujah.

And super, super, I never had the privilege of meeting Doug. I obviously knew Ray and had just the utmost respect for Ray. But Doug wrote this letter, and I think it captures this idea of the commitment that Americans have historically made to make this the greatest nation ever.

[21 : 20] And, again, we're at one of those, I believe, points. And so I just want to read this letter that Doug Zimbiak was also a wrestler. He wrestled for the Naval Academy. He was an All-American. I think that was one of the reasons him and Ray were probably so close.

But they just kind of had this shared the same mentality and outlook and perspective on life and on the United States of America. So I'm just going to read this, and then, like I say, we'll take questions.

It says, Dear Kiana and Alec, Ray and I had a conversation in late May in 2004 while we were deployed in Iraq. He spoke of why he fought.

He fought to give the people of Iraq a chance. He fought to crush those who would terrorize and enslave others. He fought to protect his fellow Marines. The last thing he told me that day was, I don't want any of these terrorists telling my kids how to act or how to dress.

I don't want to worry about the safety of my children. Kiana and Alec, your father fought for many things, but always remember he fought for you. As you fight this battle we call life, you will find your challenges greater, your adversity larger, your enemies more numerous.

[22 : 26] The beautiful thing is, you will grow stronger, smarter, faster, and you will overcome the obstacles in your way. No one could have better prepared you than your father.

In the month and a half your family stayed with us in Laguna Niguel, California, while waiting for base housing to open up. I saw how, with the help of your incredible mother, he instilled in you the essentials to life.

Live with integrity, for without integrity we deceive ourselves. We live in a house of cards. Fight for what you believe, for without valor we lose our freedom. Be willing to sacrifice, for anything worthy in life requires sacrifice.

Be disciplined, for it is discipline that builds the foundation of your success. You will encounter misguided people in your life who may question America's attempt to help the people of Iraq and the Middle East.

These pathetic windbags, who have nothing so sacred in their lives that they would be willing to fight for, will argue and debate endlessly on what we should have done. While they criticize, they forget the truth, or conveniently overlook the fact that it takes men and women of action, willing to make a sacrifice to free the enslaved and to advance the cause of freedom.

[23 : 34] Our great nation was built on the shoulders of men like your father. While the naysayers and the cowards hid in the shadows, sniveling that nothing was worth dying for, men like your dad carved our liberty away from the English, freed the slaves and kept the Union together, saved Europe from the Germans twice, rescued the Pacific away from the Japanese, defeated communism and right now fight terrorism and plant the seeds of democracy in the Middle East.

Your father was a warrior, but being a warrior is not always about fighting. He was patient with those he led, and he understood people make mistakes. He cared about the men he led as if they were his own family.

To him they were. His work ethic was tremendous, but he made time for his family to enjoy life. He was balanced. He was at equilibrium. He was an inspiration, and he was my friend.

In your future, when you are pushed against the wall in a tight spot, outnumbered and seemingly overwhelmed, it may be tempting to give up or even use the absence of your father as a crutch, an excuse for failure.

Don't. Your father's passing, while tragic, serves as an endless source of your empowerment. Your father would not want you to wallow in self-pity. I know you will honor him by giving your life in a positive example, he said.

[25 : 00] Respect and remember him. Drive on with your lives. Serve something greater than yourself. Enjoy all the good things that life has to offer. That is what he would want. Kiana, I have never met a more capable young lady in my life.

You are the most well-read, articulate, disciplined young person I know. Often I tell people of the arm bar you demonstrated on me in your parents' garage. When you become a worldwide judo champion, I will say with great pride, the woman nearly torqued my shoulder out when she was 11 years old.

If my daughter grows up with a quarter of the strength of your principles, determination, and intelligence, she will be an incredible human being. Like your mother, you are a beautiful woman, a fact of which you should be proud.

Alec, you are blessed with your father's strength of character and his unbreakable will and his broad shoulders. Your mother gave you determination and an unwavering mental toughness. Your mother told me the story of you hanging up this sign.

Be a leader, not a follower. My eyes well up every time that I think of you doing that. My eyes fill not with tears of sadness, but of pride. To know you grasped the mindset your father passed on to you.

[26 : 07] This mindset will allow you to be a leader and a protector like your dad and one day to raise an upright, solid family of your own. When I look in your eyes, I see your father, courageous, determined, and resolute.

Your father embodied all that is virtuous in a warrior. Even now you strive to embody his same character. Remember, there will never be any pressure for you to be exactly like your dad. Be your own man, but build your character in his image.

Many people may be concerned about your future because of the early passing of your father. I don't worry at all. Your dad gave you all you ever need to become a great woman and a great man.

I know your father would have told you to be your own hero, your own heroine. Don't wait for someone to rise up and lead you to victory, to your goals. If you do, you might wait for a very long time.

Ray died as a warrior, sword in hand, in service to his country, his comrades, and you, his loved ones. His spirit and example give us all hope.

[27 : 09] It reaffirms our faith. Your father reminds us there are men willing to fight for people they don't even know so that all may live in peace. I joined the Corps to serve beside men like your dad.

There is no other Marine I'd rather have protecting my flank in combat than your father. Even now, as I write this letter in Iraq, I will honor him on the field of battle by slaying as many of our enemies as possible and fight until our mission is accomplished.

You will always be in our lives. Please stay in touch. We will always be in your corner for assistance, advice, or just conversation. Pam and I plan to retire in Idaho. Would love you to visit us so we can take you whitewater rafting and mountain climbing.

Very respectfully, Doug. Five months, as I said, five months after he wrote this, he passed away. But when you read things like this, it just reminds you what a great country it is and why it is important that we understand the moment in history we find ourselves and be people willing to take action just like these guys did.

Just like they did in 1776 when they decided they were going to start this thing we call America. And that's our charge as citizens and I think more importantly as Christian citizens.

[28 : 28] So I told you I would be brief. Wow, I've never been that brief, have I? I thought I'd actually speak longer than that. But you get plenty of time for questions and I see two in the back, so fire away.

Thank you. I guess it's things that I heard and I didn't hear.

Number one, you're talking about the Tea Party, Republicans, Democrats. All that amounts to is two of the three have a finger to point at as they're the reason this is happening.

None of them are working together to resolve the issue. Human nature to me dictates the fact that the federal government is behind in money.

Sure enough, what are we going to do to get it? We're going to raise taxes. No other way. Where else is their income going to come from? They will not stop the programs because a congressman cannot get a bill passed without his pork barrel in there, which is income for his state, his re-election.

[29 : 49] Last point. Why are we spending or sending \$5 billion to Pakistan to a country who has absolutely no use for us over and beyond big oil's interests being protected by us?

And where's the world economy? Because that's exactly what they're pushing for. Sure. Okay, I'll take them. There were several questions there, but I'll try to take them in. I'll try to get to them all.

The first one, Pakistan. I think you will actually see we're at that point in the congressional calendar where we do the appropriations bills. And this is a fancy name for this is where we spend your money.

Typically, it's 12 different pieces of legislation dealing with the various agencies and parts of government that we fund. One of those is the foreign aid bill. I think you will see a real move to not send money to Pakistan, particularly, in fact, what was it, three weeks ago, many news sources reported that five of the informants who helped us, helped our country identify where Osama bin Laden was and helped us with the killing of the terrorists, were arrested.

And so the idea that we're going to send your tax dollars to a nation who's treating informants who helped us get the biggest terrorists in history, I just don't think it's going to fly.

[31 : 25] It's not going to fly with this particular member of Congress and I think a lot of others. So I think you're going to see a whole new look at the foreign aid bill, couple that Pakistan issue with the whole Arab Spring issue with what's going on in the Middle East and the fact that the Muslim Brotherhood now looks like greater influence with the government of Egypt.

I think you're going to see a lot of debate on what we do in the foreign aid bill. So I think you're right. I think you're going to see some changes there. Relative to dealing with, you brought up taxes.

Look, there are three ways that you can get revenue or deal with, I shouldn't say revenue, but deal with the fiscal situation. One, you can raise taxes.

I think that while you may get some short-term benefit, long-term I think you actually lose money because that hurts economic activity in your overall economy. You can cut spending and then you can have economic growth.

And frankly, the position I come from is we should cut spending. The old line we've all heard before, Washington doesn't really have a revenue problem. It has a spending problem. It is so true.

[32 : 33] We are taking in taxes. Our corporate tax rate is the highest in the world. I would argue it's just frankly un-American not to be for lowering the corporate tax rate now.

Why should American companies have to compete with a bigger hurdle and bigger weight on their back relative to foreign corporations? So you've got those three ways that you can think about the revenue situation.

I think the best approach is to reduce spending and then create an environment where you can get economic growth. I think I may have shared last, a few weeks ago when I was with you, when you have the wrong fiscal policy, the wrong regulatory policy, the wrong tax policy, and frankly the wrong energy policy, and all the uncertainty that surrounds those policies, you are not creating a context where business leaders can do the things that they want to do to grow our economy.

Many economists will tell you right now, all the uncertainty is keeping so much capital on the sidelines that would normally be spent and put to use creating jobs and growing our economy.

Everyone's kind of holding it back because they don't know what the politicians are going to do next. They haven't really figured out the health care bill yet. They know Washington Key's put more regulations on them. The tax code's a mess.

[33 : 48] They extended the tax cuts from 2001 and 2003. They extended them only for two years. So what's going to happen when those run out? All that uncertainty is making it difficult for economic growth. So you can also deal with your fiscal problems if you get a growing economy.

In fact, this was Reagan's approach. Reagan said, I'm going to lower the marginal tax rates. When Ronald Reagan took office, the top marginal bracket was somewhere around 70%. He brought it down to 39%. By doing that, he unleashed all kinds of capital, and we went on one of the longest economic growth runs in human history.

So that's what brought revenue into the Treasury. To me, that's a much better approach than this idea that some have about raising taxes. The Democrats, I think, and this will sound partisan, I think the reason they're talking so much about tax increases in this debate over the debt ceiling is because they understand the politics of it.

They understand that if Republicans went along with a tax increase and then some spending cuts and did this debt ceiling deal, that this would be comparable to when George Bush said, read my lips, no new taxes, and then two years later raise taxes.

It would be just terrible, politically speaking, for the Republican Party. And I think that's what they want to see the Republicans do. So the best approach is to cut spending and get the overall framework in place so we have economic growth.

[35 : 09] I think we had one in the back and then Mr. Moore. Yeah. Is there a possibility that the Republican Party will say, if you give us something, we'll give you something to get all this stuff taken care of by August 2nd?

And the one thing that I don't understand is, why can't we go ahead and cut some of these loopholes, get them out of the laws where people are happy at the situation?

Not that it's really going to do that much good for the country, but give the people the idea that it is, because I think that's where the Democrats are coming from. Yeah. I think you could get agreement on reforming the tax code as long as you didn't increase the tax burden.

I mean, even conservatives like me, I'm all for. I got a colleague, a freshman, Reed Ribble from Green Bay, Wisconsin. He's part of the Republican Study Committee, which I get the privilege of chairing.

And I went to his office. I went to all the new members of the RRC. And when I was in Reed's office, he keeps on his table a copy of the tax code. I mean, a copy of the tax code.

[36 : 27] It's this big old thick book. And he's a small business owner. And it's to remind him why he came to Washington. One of the things is to reform the ridiculous tax code. So you're exactly right.

We should reform the tax code. I think it's going to be difficult to get that done in the next three weeks. And I'm all for reforming it, getting rid of certain. And the one I always point out is some of the farm subsidies and tax credits that are out there.

We should move much more to a market approach to that. So I'm for doing all that. But the Democrats, I think, are talking about it because they want to raise taxes. I would do it, and I think conservatives would do, reform the tax code, but don't increase the burden.

The overall taxes should either stay where the level they're at overall or lower the tax burden would, frankly, in my mind, be even better. So that should happen. They're looking to raise taxes.

And I've yet to figure out. They always talk about big oil. I've yet to figure out how raising taxes is going to lower gas prices. If someone can tell me how that's going to work, if raising taxes is going to lower gas prices, really?

[37 : 35] Do you really think that's going to happen? So we need a reform of the whole tax code. Will there be some tradeoff? Probably. It's normally how it works to get some kind of agreement.

But that's, again, I think we're, our plan, the cut, and I'll, well, maybe we'll make some copies of this. There's a nice piece in the Washington Times about our cut cap and balance plan, and particularly the balanced budget amendment.

This is common sense. You go talk to Americans, and 90% of Americans would say, if you ask them, should we cut some spending next year? Should we cap it as a percentage of GDP so government doesn't keep growing and stay at 25% of our economy?

And should we have a balanced budget amendment requiring Congress to eventually, you know, only spend what they take in? You go ask that to, nine out of ten Americans will say, well, of course.

So we're on this side of common sense. And I just feel like we should hold out and say, Mr. President, if you want a debt ceiling increase, I'm Jim Jordan, conservative member of Congress, I'll vote to raise the debt ceiling.

[38 : 42] But not until we get cuts, we get caps, and we have a balanced budget amendment passed the House and the Senate. Now, there are some, I spoke at the Tea Party event yesterday. There are some that come up to me and say, don't even raise it then, Jordan.

Don't even raise it at all. And I say, I get that point. And if we don't do the right things, that's where I'm at. But if we could trade, you've got to think of it this way. If you're a business and you're in a bad financial situation and you need some cash flow to get you through to help so you can get things rolling again, you go to the bank and you tell the bank, you say, okay, look, I'm going to make a few tweaks around the edges here.

Can you loan me some more money? What's the bank going to say? I mean, they're going to tell you to take a hike. No way. But you go to the bank and you say, look, here's my plan. Here's our balance sheet. Here's what we're going to do.

Here's the folks I'm going to let go. We're going to bring them back later, but we're going to let them go now. Here are the assets I'm going to sell. Here are the changes we're going to make. Here's where I think we can get new business. And you lay out a plan that's credible, that makes sense and makes good common sense.

And you tell the bank, and you know what? I need some cash flow to get us through for the next year, year and a half. But then we're going to be on track and we can begin to pay back the loan and function.

[39 : 56] And the bank says, okay. That's exactly where the country is now. We are in a bad financial way. We need some cash to keep us from having this abrupt change and potentially this abrupt disruption in the bond market.

But if you don't put together a credible plan, we shouldn't go borrow more money. And to me, that's the point. And so for me, a credible plan is what can we do short term, what can we do midterm, and what's the long term game changing thing we can do?

Cuts in the short term, caps in the midterm. Long term, a balanced budget amendment makes sense. And if we could get that in place and fundamentally change America, I would vote to raise the debt ceiling. But if we don't get that, I'm not going to do it.

That's a long answer. Mr. Moore. I'm not sure how to put this now because you have touched on some of the points and some of the questions that I wanted to ask. By the way, Mr. Jordan ran cross country with my boys about like this.

He sure did. Yeah. If I remember correctly, your boys were a lot faster than me. In cross country, but they couldn't out wrestle you. Well. Okay. I'm a Republican conservative like you.

[41 : 02] And you've talked about balance the budget, and that's perfect. We all households need to do it, and we do it. And so I'm 100% with that there, too. But I have to think about what some of the Democrats are saying now.

Yeah. They make a lot of sense on some things. 80% of the worth in this country and the money made in this country is made by about 10% or 15% of the people. Yeah.

People don't realize that, but the worth and the money that's made in this country is made by about 10% or 15% of the people in this country. Yeah. And what you keep doing all the time is making them richer and richer and richer going up.

This 10%, 15% keep getting richer and richer and richer all the time because you didn't cut taxes. You allowed it to not increase. You'll go. Reagan's thing, you know.

You could have gone up. It could have helped some, but you kept it down there. You kept it on them. And you do that with, well, you talk about corporations, you know, reducing their taxes so the economy will get moving and so forth.

[41 : 59] But you've got to have people to buy refrigerators and stoves out here. If they ain't got no jobs, they're not going to buy this stuff. So these corporations, all this money, they're not going to expand and create jobs because there's nobody to buy this stuff.

They know that. Nobody's got jobs. Nobody's got any money to buy it. So somehow, you know, I think you've got to go two ways a little bit here. One, there's two ways to balance a budget. You can go out and get a job and make more money to pay for things you want and need.

And you can cut your spending on things you don't need. There's two ways to do it. Not just one, the way the Republicans are doing. And that's, you know, cut your spending, cut your spending.

That's one way to do it. But you can also go out and get a job or find some money in other places. And I think you've got a good source that you keep committing. I would agree. But when you talk about getting a job and bringing in more revenue, the way you do that is with economic growth, in my mind, not with tax increases.

So, for example, when Reagan... But if you think about tax increases on that 10%, 15%, they can only buy one or two stoves or two boats or three boats. They can't drive seven cars at one time.

[43 : 06] You know, they're not going to increase the economy. Yeah. Well, I would make this point. This has been tried before where, well, we use this, a tax on luxury items.

And what they found is that you've had, I think it was done in the 70s. I think it was done again in the Clinton administration where they decided, okay, we're going to tax yachts.

And we're going to get that 10% to 15% that you referenced in your comments. And what they find is actually the rich just say, you know what? Instead of buying that new yacht and trading in my old one, I'm just going to keep the one I got.

And so the people who were impacted when you put in the luxury tax were the folks, the middle class, who worked at the facility making the yachts.

And they actually wound up losing jobs. So you have to be careful. I would argue what government's done that contributed to the situation you described is when government starts picking the winners and losers, this whole too big to fail that we've seen play out the last few years, that's when it gets bad.

[44 : 19] The Wall Street Journal called it crony capitalism where businesses cozy up to government. Big business cozies up to big government, and they get their deal. And that's when you have problems.

The proper approach is government gets smaller. Don't pick winners and losers. Let the entrepreneur who's got this great idea develop his or her company and create the jobs and do the good things and good things happen.

The other thing that's neat about America is while you may have some of the wealthier Americans who are making a lot, this country is more than any nation in history and still to this day, people change places.

So someone who starts, if you talk about the quintiles, the 20%, 40%, 60%, 80%, the lower 20%, the next 20%, the next, there's always people moving in and out of them.

So while there may be 20% that are pretty wealthy, they're not the same 20% they were 10, 15 years ago. Someone who was in the lowest 20 can move up. That's very unique to this country compared to Europe and, frankly, most countries throughout most of history.

[45 : 31] If you're in a wealthy family, almost like a caste system, that's where you tend to stay. But in America, there's a lot of turnover. So poor families can become wealthy, and wealthy families sometimes lose it all and move to the middle class or become poor.

There's lots of turnover and change. But the government's role is not to pick winners and losers. The government's role is to set a framework where everyone has an equal chance to be the 10 to 20 wealthiest people or 12%.

They are, and it's wrong, and I'm totally opposed to it. And that's why I voted against every auto bailout, every bank bailout, because it's like, look, in a free market, you have the freedom to excel and benefit from taking the risk and being the entrepreneur, but you also have the freedom to fail.

All right. Terry. Wait, are you allowed two? I'm kidding you. Go ahead. I'm kidding you. Go right ahead. I just wanted to know how our Gross National product was ever able to grow when Roger Smith closed 11 factories, 10,000 people out of work making \$22 an hour under the UAW, and send the work to Mexico.

And since all major manufacturers automotive truck are in Mexico, the money goes to the Mexican government.

[47 : 08] They pay the workers. Now, in the other side, there's a million aliens a year come into the United States.

We have to buy their insurance for them, or they live in an area where they get taken care of.

Who's putting up the money for that? Yeah. Well, you're right. The whole immigration issue is big, and we do have to, I think, make real changes there in a couple ways.

And maybe I've shared this with you before. I have had the chance to travel to the Arizona-Mexico border and see firsthand that actually the fence works.

We just got to finish building it, frankly. It does work. And we need to do that. We need to enforce the law. But the other thing we need to do is we need to make the system work better for people who want to come for the right reasons.

[48 : 13] There are people who come here for the wrong reasons, no doubt about it. But most immigrants come because they want just what you want for your family. They want a chance to live in the greatest country ever. And they want a chance to set goals and work hard and make good things happen for themselves and their kids and their grandkids.

They want what we want. And we need to make the system work better. I've had the chance probably, what now, four different times to go to a naturalization ceremony. If you ever get an opportunity, go to one.

It is truly an emotional thing. It's a federal court proceeding. First one I did was actually in the federal court house in Toledo. But I've done others. They'll come out and do them in the district, and the federal judge presides.

But the last one I think there were 36 new Americans. And it is truly the rainbow. I mean, you see people from countries you've barely heard of.

They say the oath in English. They've been years at it. And on that particular day, it's official. When they raise their hand, say the oath, and the judge signs it, they are a citizen of the United States.

[49 : 16] And the smiles on their face when they complete the oath is truly amazing. So what we've got to do is enforce the law, certainly, build defense, certainly, but also make the system work better for people who want to come.

Most of them want to come for the right reasons. And then those who violate the law, we have to enforce the law. I mean, if you do that, it's amazing that the message it sends and how it starts to clean and clear things up in the future. So we have to do that.

I will tell you, while it's difficult when people, when manufacturing jobs leave, particularly a state like Ohio, the truth is manufacturing output is higher now than it was 10 years ago in our country.

It's just that much more efficient. I mean, think about the world. And this is not pleasant to always talk about, but it's the fact. Think of technology and the efficiencies and the productivity gains we have made as a culture and as an economy over the last 10 to 15, 20 years.

So we are producing more in manufacturing in the United States than we ever did, but unfortunately we're doing it with less people. And that's just a fact to life.

[50 : 19] I mean, my dad worked for General Motors in the auto industry for 30 years, so we don't always like to see that, but it's just the nature of our high-tech economy today.

What happens, though, is you, as citizens and as voters, we see the jobs that we lose. What we sometimes fail to see is all the new technology and the new jobs that happen that actually replace those.

And it requires a different skill set, I understand. And for the person who's impacted and no longer has a manufacturing job here in Ohio because it went somewhere else, or they just don't need it now because they can be more productive with less people, we don't always see those other opportunities that are out there.

And you get in trouble, I think, as, again, as policymakers, if you try to structure policy just to focus on that dynamic that's taking place. All right.

We've got a couple more now. I've got five more minutes. Yes, Barb. First lady. Oh, no, we've got to tear. I'm sorry. No, we got here. I forgot. You said we were at 24% of GDP.

[51 : 25] Yeah. And planning to go down to 18%. Can you kind of outline how that's going to be accomplished, especially since the baby boomer generation is now starting to retire and it's going to keep going and all the entitlements?

No, you've hit the key issue. You have to change. You have to change the way Medicare, Medicaid work. And in some ways, Social Security, you do have to change those because those are the ones where that's where the money goes.

And you have to move to a model. This plan has been critiqued a lot. The budget that was passed in the House under the sponsorship of Congressman Ryan.

Actually, I would argue his budget doesn't go far enough. Those of us at the Republican Study Committee, we introduced an alternative to his budget, which actually balanced. Paul's budget doesn't balance for 26 years.

Ours actually balanced in nine. We feel like that makes sense because that's about the time frame you need to actually fix everything. But what Paul's budget did do was start the debate on how we have to change the way Medicare and Medicaid work.

[52 : 40] And you do have to get to what's commonly called a defined contribution model versus a defined benefit model. Those of you in the private sector understand that every plan now, pension plan, retirement plan, is a defined contribution plan.

You put in so much and you get return versus a defined benefit. You're going to get X amount of benefit when you retire. You have to begin to go to that model.

And what we have to do with Medicare is begin to phase into that and let seniors at or near retirement age know that the system will stay the same for them.

But in order that the system doesn't go broke, you have to change it for younger Americans. And Paul's budget says if you're 54 or younger, it's going to change.

The budget we put together says if you're 59 or younger, it'll need to change. There's just no other way to do it. So you can grow out of this, but you've got to get started pretty quick.

[53 : 43] And if you wait much longer, if we wait much longer, then current beneficiaries are going to have to have changes made. If we start now, we can make sure we protect people who are close to retirement age or already in the Medicare system.

Nothing will change for them. If we don't, it's going to have to change for them too. But you have to deal with that. And you have to go to a model that says what I call an empowerment model, one that I think is consistent with American principles, which says to families, we're going to give you a scholarship, a health scholarship dollar amount.

You use it to purchase the kind of insurance that you think is going to help you and your family meet your needs. We think that's a good model. I equate it to a school choice model. There are all kinds of programs around this state and around the country now that say to parents, we're going to give you a scholarship.

You take that scholarship, you spend it where you think it's going to give your son or daughter the best education. And typically that scholarship doesn't cover everything. We had a program in Cleveland where the Cleveland scholarship program there where parents get a scholarship amount.

It doesn't cover the full cost, but it covers most of it. And then they figure out ways to make up the difference. And their kids are getting a great education and they escape to Cleveland public schools. We have to move to that same kind of model, I believe, in the health care system.

[55 : 02] And it's one, again, that empowers. It's a liberty model. It's a freedom model. It empowers the individual family to make the choice. And when you do that, you've got market forces at work, and that tends to bring down costs.

Right now there is no real market forces at work in health care. You know, insurance covers it. I always use this example. We have to buy our own insurance.

We get the federal health plan. We pick a plan. Polly and I, we select a health savings account plan. So we put money away each month in our health savings account, and then we have higher – we've got insurance on top of that for bigger expenses.

So I go in for my physical with the Navy docs there at the Capitol, go through the physical, get all done, and they say, okay, we can schedule you for a colonoscopy at Walter Reed.

And I'm like, fine. Not that I was looking forward to it, but I said fine. And they come to find out that our insurance doesn't cover it. And we could pay for it out of our health savings account, but it would basically depleted our entire account because it was like a \$1,500, \$2,000 procedure.

[56 : 05] And so all the guidelines tell you you should get this done when you're 50 years old. This was a couple years ago. I was 45. And so I just decided, you know what? I have really no symptoms. They were just going to do it as kind of a precautionary thing.

All the guidelines say you should do this when you're 50. So I just decided to wait. But if, in fact, our insurance would have covered that, my guess is I'd have probably went ahead and had the procedure done.

That's what's missing in health care today, where you have to at least think about the cost as a consumer and as a patient. You want that introduced back into the model.

And when you introduce that back into the model, you actually save a lot of money overall. And that's what we have to get back in the health care system. All right. Last one here. The plan that you have, well, you answered part of my question.

You already have a plan for balancing the budget. Is that listed on this website? You can go on the Republican Study Committee website and see our budget proposal that we put forward. Here's how it'll work. And I'll let you finish if you've got more.

[57 : 07] Cut cap and balance. A balanced budget amendment to the Constitution requires a supermajority vote in the House, a supermajority vote in the Senate. You need 67 senators. You need 292 in the House.

If you get the supermajority in both, it doesn't go to the president. It goes straight to the states. Then you need 38 of the states to ratify the state legislatures. So think about the dynamic. It takes a few years to get this done.

But we've never in history had it passed the House and the Senate. If you remember, the last time it was brought up was in 1995, Contract of America Congress. It passed the House and fell one vote short in the Senate.

And so it never was sent to the states for ratification. If we can get it passed the House and the Senate, sending it to the states, can you imagine what conservative voters, conservative groups, Tea Party activists would do?

Putting pressure on state representatives, state senators in their respective legislatures to pass this. I mean, this would become the issue in 2012 and in subsequent elections.

[58 : 08] And it normally would take a two or three, four-year process. So what we've put together at the RSC is we've put together a budget plan that would actually balance in eight to nine years. And we try to be consistent.

We say, here's what we have to do. Here are the changes we have to make in entitlement programs. Here's what we have to do in spending. Here's what we have to do with national defense. Down the line. And then if we get a balanced budget amendment to the Constitution, which will take several years to get ratified, we actually are consistent in that it would be five, six, seven, eight years when you actually have to balance by the Constitution.

So we think that, again, that's comparable to the business who's in a bad financial situation going to the bank and showing them how they're going to do it. And we think it makes sense.

So that's our plan to cut cap and balance coupled with the budget we introduced that would actually show how we get to a balance in the next eight to nine years. Did you have a follow-up?

Well, I was just going to ask, if we sign the petition that's on the website, is there something else specific that we can do to help this process along? Yeah. You can call.

[59 : 17] Many of you think live in Steve Austria's congressional district. You can give Steve a call. Our majority leader, Eric Cantor, has scheduled a vote on the balanced budget amendment the week of July 25th.

So we're going to have a vote in the House of Representatives coming soon. And I've told the Speaker, I said, look, the only way this thing can pass is if you make it the issue.

If this is just brought up for a vote and you have a normal vote where members, it'll probably fall short. But if it's John Boehner telling President Obama, we're not voting to raise the debt ceiling unless we get a balanced budget amendment passed.

And, Mr. President, you need to go talk to Democrat members and get them to support it. Then we have a chance. And that's the only way we have a chance of getting this done. I've said from before this Congress started, so much of what's going to happen this Congress comes down to it's really President Obama and Speaker Boehner.

President Obama is the number one Democrat in the country. He's president of the United States. John Boehner is the number one Republican in the country. He's Speaker of the House. And that's the battle. And I've told the Speaker, I said, if you make it the issue, we have a chance to win.

[60 : 32] And we saw this play out a few weeks back when Dennis Kucinich had a resolution on Libya about pulling out of Libya within 15 days.

And the president didn't want that to happen, obviously. And over half the Democrat caucus voted against Congressman Kucinich's resolution, even though deep down Democrats would normally want to vote for it.

But the president and the White House lobbied Democrat members not to vote for it. So the president, remember, he's still president of the United States, has a lot of influence on his party. And if he thinks we won't vote for this thing unless there's a balanced budget amendment, then he knows he has to go get Democrats to support it if he wants a debt ceiling increase.

That's the only leverage we have. And we conservatives are, you know, that's what we keep pushing. So we'll see. All right. Have a great fourth. God bless you all. Thanks.