

NATIONAL PRESS CLUB LUNCHEON WITH MINNESOTA GOVERNOR TIM PAWLENTY (R) SUBJECT:  
TARGETING "SAM'S CLUB REPUBLICANS" MODERATOR: JERRY ZREMSKI, PAST PRESIDENT,  
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MR. ZREMSKI: Good afternoon, and welcome to the National Press Club.  
My name is Jerry Zremski, and I'm the past president of the National Press Club  
and Washington bureau chief for the Buffalo News.

The National Press Club is the world's leading professional  
organization for journalists. And on behalf of our 3,500 members worldwide, I  
would like to welcome our speaker and our guests in the audience today. I'd  
also like to welcome those of you who are watching on C-SPAN or listening on XM  
Satellite Radio.

The National Press Club celebrates its 100th anniversary this year.  
And we have rededicated our club to building a strong future for journalism  
through informative programming, journalism education and advocacy for a free  
press worldwide. For more information about the National Press Club or to  
blog about today's event, please visit our website at [www.press.org](http://www.press.org).

We're looking forward to today's speech. And afterwards, I'll ask as  
many questions as time permits. Please hold your applause during the speech so  
that we have as much time as possible for questions. And I'd like to explain if  
you hear applause during the speech, it may be from guests and members of the  
general public who attend our luncheons and not necessarily from the working  
press.

I'd now like to introduce our head-table guests and ask them to stand  
briefly when their names are called. From your right, Tony Cerise, senior  
program manager for the Washington Center for Internships and Academic Seminars;  
Richard Sammon, political correspondent for Kiplinger Letters and former  
president of the National Press Club; Kimberly Berryman, production coordinator  
for ABC News, who just became a member of the National Press Club two weeks ago;  
Al Easley, editor at large for The Hill, who is a Minnesota native and former  
Washington correspondent for the St. Paul Pioneer Press Dispatch and who just  
returned from his second visit to Iraq; Theresa Werner, planning editor for  
Associated Press and a member of the National Press Club Board of Governors;  
Mike Quaranta, chief of staff for Congressman Mike Castle of Delaware and a  
guest of the speaker -- skipping over the podium -- Melissa Charbonneau of CBN  
News, the vice chair of the National Press Club Speakers!

Committee -- skipping over our speaker for just one moment -- David Anderson  
of the U.S. Department of Housing and Urban Development, the member of our  
Speakers Committee who organized today's event; Ed Chen, senior White House  
correspondent for Bloomberg News and the president-elect of the White House

Correspondents Association; Dipka Bhambhani, correspondent for Platts McGraw-Hill and a member of the National Press Club Board of Governors; and Alan Bjerga, reporter for Bloomberg News and treasurer of the National Press Club.

(Applause.)

At a Pres Club committee meeting earlier this week, one of my colleagues said, Pawlenty, that sounds like a side dish! (Laughter.) And for John McCain, it just may be.

Governor Tim Pawlenty of Minnesota, our luncheon speaker today, finds himself at the top or near the top of all of the list of likely running mates for the presumptive Republican nominee for president. And that should come as no surprise given that Pawlenty's career has thrived at a time when the Republican brand has been suffering.

Perhaps that's because Pawlenty offers a new vision of the Republican Party that stands in sharp contrast to the one that has evolved over the past seven years of war and tumult. And it stands in even sharper contrast to the even older image of the GOP as the party of the economic elite. Pawlenty is a man determined to make the GOP the party of Sam's Club, not just the country club, and to aggressively reach out to the working class and to younger voters.

Pawlenty is a son of the working class himself. His father was a truck driver and a member of the Teamsters. And young Tim Pawlenty was the first in his family to attend college. Armed with bachelors and law degrees from the University of Minnesota, Pawlenty entered the state legislature in 1992 and became governor a decade later.

Governor Pawlenty is known as a fiscal conservative, an advocate of health savings accounts and a champion of raising fees and imposing toll lanes on roads to discourage excessive traffic. His family-friendly conservatism won him a narrow reelection victory in 2006, a tough year for many Republicans. And that reelection helped put him on the radar screen as a likely vice presidential contender.

He's well known to be close to McCain, whom he endorsed for the presidency in late 2006. Pawlenty became the McCain campaign's national co-chairman in January 2007. And the governor remained supportive of the Arizona senator's campaign throughout all of its troubled times last year when it seemed that the McCain campaign might be too poor to even afford office supplies from Sam's Club.

And now, Sam's Club Republicanism could become one of the hallmarks of John McCain's battle for the presidency. Here to tell us all about it is the chief advocate of Sam's Club Republicanism Governor Tim Pawlenty of Minnesota.

Governor Pawlenty, welcome to the National Press Club.

(Applause.)

GOV. PAWLENTY: Well, I thought I would start out today by just making some news right off the bat. I know one of the questions that inevitably will come is, when will the decision be made? Who will he pick? And I just want to address that right off the top.

I don't have any particular insights as to where Brett Favre is going to play next year. (Laughter.) We are all awaiting that decision, including on behalf of the Minnesota Vikings. So let's just get that cleared up right off of the top.

I am very grateful to the National Press Club for the invitation to come and speak today. It's an honor to be here in these hallowed halls and to share a few thoughts with you about the state of the Republican Party and, from my perspective, how we might do a better job of servicing our customers, namely the voters across this great country and our respective states.

I shouldn't admit this, but my family and I, when my daughters were much younger, went on a family vacation in a neighboring state, not in Minnesota, some years ago. And it was early August. A heat wave had rolled through the upper Midwest, and it was 100 degrees and humid. And you know how these long car trips go with young kids. About an hour into the trip, there in the back seat of my little Dodge Stratus -- my wife and I are in the front -- and they are elbowing each other in the ribs and pulling on each other's hair and throwing juice boxes at each other. And pretty soon, the tensions in the car were about matching the temperatures outside.

So I pulled off into a gas station, and I'm kind of grinding my teeth and mumbling to myself about these misbehaving children. And I get the doors to the car open, and I'm pumping gas into the car kind of mumbling to myself. And there was a gentleman who was pumping gas right next to where I was at. And he was kind of looking at me and looking at my family. I think he could sense there was some tension in my family.

And our eyes met as we were pumping gas. And he looked at me, and he said, oh, I wish I had two kids. I thought to myself, oh, Pawlenty, you jerk! I mean, here you have these cherubs, I mean, these gifts from God, these wonderful children, and this poor guy doesn't have any of that. So I turned to him, and I said, oh, I'm sorry, sir. You don't have children? He said, no, I got five kids. I wish had two kids! (Laughter.)

That's just a story about putting things in proper context. And the context I want to talk to you a little bit about today, as I said, is the state of the Republican Party nationally and in states like Minnesota.

And one of the hallmarks of the Republican Party is we are the party of markets, right? We look to markets as a device that allocates resources and helps us sort out and makes decisions in the private sector and beyond. We use and look to marketplace principles as one of the hallmarks of our party.

Now, as it relates to elections and campaigns, what is the ultimate measure of the marketplace as applied to elections or as applied to political parties? It's called an election. And so each election cycle, our customers or potential customers have a chance to vote on the products and services and marketing of the candidates who are offering themselves in a marketplace.

And even the most optimistic, even the most positive, even the most revisionist-oriented Republicans have to step back from the marketplace measurements of 2006 and the subsequent special elections and recognize and acknowledge and admit that we didn't do very well, that we had lost, at least for now, for this moment of time, market share to our competitors.

And so as you are a party of the marketplace, one of the things you ask is, well, why are we losing market share? Why for now are the voters tending to select the products and services and candidates of our competitors?

So stepping back from that, one of the things that the party has to do, of course, is grow the party. In a place like Minnesota, you can go out and get all of the registered or reliable or predictable Republicans. In a statewide election in an average year, you'll get about 35 percent. Now, that's not going to win you many elections. In fact, it won't win you any elections. So the ability to go beyond and certainly contain and maintain the support of the Republican base but grow it beyond that is critically important. So that speaks to a message and messengers that are appealing to groups that we don't do as well with currently, that includes women, that includes communities of color.

But the group I want to focus on today -- and it's just one of the groups, is a group that I have called "Sam's Club Republicans." And, I said some years ago, that we have to be the party not just -- of Sam's Club, not just the country club. But what I mean by that is we do pretty well with our country club members, or the stereotypes of what would be a country club member. And we do not want to lose support with any group, but we want to grow that. We want to add to it, so it's -- we want to be the party of Sam's Club, not just the country club. It's meant to be expansive. It's meant to be inclusive. It's meant to be growth-oriented, not exclusionary or looking towards reducing the party in any manner.

So a question arises, who are these so-called Sam's Club Republicans, and what are they looking for? What type of perspective or measurements do they bring to how they'd like to see leadership, and public service and politics play out in their states?

Well, one of the things that is characteristic of people who shop at Sam's Club is people who are looking for value. They have a economic profile that indicates they may not have a great deal of additional money to spend, or any additional money to spend, but for the money that they do spend, they expect value.

When you walk in the door in a place like Sam's Club, or Target or Costco, or similar operations, you have an immediate understanding and knowledge that you're not getting ripped off; that the price you pay is going to be competitive; and the value that you get at that place is going to be pretty good, in terms of the competition or the comparison.

So, in essence, if you boil it all down, as applied to government, I think people deserve and expect a more effective government at a better price. And that's a window of opportunity for Republicans to do a better job of reaching out to, and meeting the needs, and addressing the needs of people who are understandably limited in their economic capacity, their ability to pay more; but also, increasingly, people who are worried about the fact that their social and economic mobility is at risk and may be declining. And that worries Americans and Minnesotans, understandably, to a very profound degree.

Now, I would like to take great credit for this concept, but it's not a new one. This is a concept that is simply an updating, or modernization, of what we knew to be the Reagan Democrats. These are folks like my immediate family, who I love very much and they are wonderful people. I've got two brothers and two sisters. For big chunks of their careers, they were things like workers at oil refineries, and municipal workers, and grocery store clerks,

and one- on-one paraprofessionals for special education students in the public school system, and administrative assistant or secretary for many, many decades at a corporation.

Those are -- that's the profile of my family. We grew up in one of the largest meat packing towns in the country -- South St. Paul, one of the -- the home of the world's largest stockyards, or one of the world's largest stockyards (sic). And I'd have discussions with my family members -- who, for the most part, were Democrats, over-generalized, for six or seven people, but the conversation's paraphrase would go something like this: You know, do you think you're taxed enough, particularly in a state like Minnesota? Or do you think we should raise taxes? Oh, no, we're taxed enough. I think the tax burdens are sufficient. I don't want to have my taxes increased.

Well, how about education? Is it just about getting more money into the system, or would you like to see some more reform and, sort of, more accountability for results in education? Yeah, that sounds good. I'm for that.

Well, what about health care? Do you think -- knowing what you know about the federal government or large forms of government, do you think they should just take the whole thing over? Or do you think there should be consumers in charge, along with their doctors, in the system? No, that sounds good. I'm for that too.

How about immigration? Well, we want to be respectful of immigration. We're a country of legal immigrants, but we're also a country based on the rule of law, and so it needs to be legal.

What about -- what about issues that are even provocative, for example, the Second Amendment rights? Well, no, we'd like -- we like to hunt and fish -- particularly, one of my brothers. We don't want people impeding on our Second Amendment rights. And you go down the list of the, say, top 10 issues of the time, and they would agree with what would be the conservative or Republican perspective on seven of the 10, eight of the 10, nine of the 10.

You say, well, how come then you're a Democrat? How come you vote Democrat? Well, because the Republicans aren't for the working person, they'd say. Not for the working person. But yet agree with us on most of those issues.

Now, that is a, kind of, antidotal (sic) application, or a reflection, or a remembrance of the Reagan Democrats. And my brother and sister -- probably because their brother's a Republican governor now, and otherwise they've migrated politically, thankfully, to at least being Independent, in some cases Republican.

Well, so what does that tell us? Well, one thing I'd like to just stop on for a moment and say, well, what was it about Reagan -- what was it about the Reagan playbook that we can learn from today and apply to the issues and challenges of our time?

Now, I'd like to just say I love Ronald Reagan. I came of age when he was president of the United States, or running for president of the United States. He's going to go down as one of the best leaders the world has ever known. I admire him greatly. But we also, as a party, have to remember Ronald Reagan was a president a long time ago. And so if you're younger than me, the memories of Reagan are not particularly fresh. And so when you have all

the Republican candidates always hearkening back to Reagan it's a good thing for the middle aged people and older, and it's good, educationally, for younger people, but it's a party that has to take those principles -- that I'm about to describe, but apply them to our time, to the emerging issues of our time.

And what are they, quickly? Number one -- just some of these are stylistic, and then I'll get into the substance of it -- on the stylistic matter, Ronald Reagan was a hopeful, optimistic and positive, energetic leader. I mean, how many times did anybody in this room see Ronald Reagan become scornful, demeaning, negative or a bitter person?

And the answer is, not many if ever. You know, there was that one time where he grabbed the microphone up in New Hampshire and said, this is my microphone. But he was indignant for good reason.

But the point is, people want to follow leaders, and they want to have leadership for the country that is hopeful and positive and optimistic. And the tone, and tempo and nature of the Republican Party has to make sure we understand that, and reflect that, and we own it in a genuine way.

Number two, Ronald Reagan was pragmatic. We have this hyperpolarized political environment -- as, to some extent, obviously, Reagan did in his time as well, but when push came to shove, he got things done. And so he was able to say, yes, I am a bona fide conservative. I'm not talking about diluting my beliefs, or my values or my core principles, but for those things in which he -- were in the range of the doable, he made compromises and got them done. That's a good lesson, I think, for Republicans who want to govern, Republicans who want to lead, that it's okay -- within the range of not violating core principles, to compromise and get things done on behalf of the people that we're serving.

Number three, Ronald Reagan was a gifted communicator. He could communicate very profound and large and complex topics, and connect them with people in terms and in ways that they could understand and appreciate and relate to, and they addressed the topics and issues and needs of the day.

And then lastly, and importantly -- and this switches now from, kind of, tone and style to substance -- Ronald Reagan and the conservative movement in the Republican Party had ideas -- a novel concept. Ideas matter. And you have to have ideas that are relevant for these times, and they have to be consistent with the Party's values and principles. I'm not talking about, at all, watering those down or changing them -- in many ways we've got to get back to them, but they have to be applied, like I said, to the issues of our time.

So, what are some of those ideas or values that relate to the needs and concerns of all Americans, or all Minnesotans, that might have particular appeal to the so-called Sam's Club Republicans? And time doesn't allow to go through all of them, but I'll give you just a few by way of example, and then invite your questions for further discussion.

And the first I'd like to talk about is the concept that if you are a family like mine -- my family of origin, or you're shopping at Sam's Club, they profoundly understand the need for people and institutions to live within its means. And so we have a Republican Party, even in the places where we are getting elected, where we have drifted away from that.

But if you go out to people -- when I was trying to deal with a big budget deficit, we'd had a potential proposal from the other side to increase

spending by 10 or 15 percent over two years. I'd ask the people in the room, all across Minnesota, raise your hand if your paychecks are going up more than, say, 3 percent a year, (in a time of great ?) -- you know how many hands went up? Hardly none.

I had one person in Alexander, Minnesota raise his hand and he said, my paycheck's gone up, like, 50 percent. I said, wow, what do you -- what do you do? I'd like to know about that growth factor. And he said, well, I was unemployed -- (laughter) -- and now I've got a paycheck.

But the point is, people who, day-by-day, week-by-week, month-by-month are trying to figure out how to get gas in the gas tank, how to pay the mortgage, how to get the visa card paid up, they understand the concept of living within their means. That is an area where if Republicans would re-embrace that concept that we are going to be the party of fiscal discipline, that we are going to say to our people we -- just like your family, just like your small business, we expect government to live within its means, particularly in highly taxed places like Minnesota, that we expect that -- you expect that of your family or your business. We're going to apply that same principle to government.

In Minnesota, we had some benchmarks. We said we're going to get Minnesota out of the top 10 in taxes. We did. We're going to slow down the rate of growth of the state government. We did. And we closed some big budget deficits by doing a number of things, including not raising taxes. That's one principle.

Another principle is -- right now, of course, all the attention is on energy. But this is not a new issue. This emerged in a dramatic fashion in the 1970s. And as a country we sort of went back to sleep at the switch because the prices subsided, but the roots of this crisis are 30 years old. And so this is an emerging issue that we should have been in front of.

But what do we do about it? Well, I can tell you, in Minnesota and across the country, people who are Sam's Club Republicans, I'll tell you, it hits them right in the soft spot if you can't get your gas tank filled, if you are worried about how you're going to heat your home, if you're worried about just generally the pressure that energy costs are putting on your family, your ability to get to work, your ability to pursue your recreational activities.

And the Republican Party, I think, has enormous running room in this regard, for all the reasons that you're seeing play out right now in the presidential campaign with, I think, substantial advantage to Senator McCain in that regard.

But we also have to increase supply for the future in the new forms of energy. And just -- the Minnesota experience in a nutshell is this: We said as a matter of law we're going to get 25 percent of our energy by the year 2025 from renewable sources. We're going to have an 80 percent reduction in greenhouse gas emissions by the year 2050, benchmarked against the year 2005.

We're going to have measurable conservation goals for our state. We are the third or fourth biggest producer of wind energy in the country. We are a state that uses more renewable energy per person than, we believe, any other state in the country. We've got a lot of -- big use of ethanol, big use of biodiesel, solar, biomass, biogas, geothermal, and we are very big into renewable energy in Minnesota.

That is, by itself, a part of the picture, but it is not an either/or scenario. If you look at world demographic trends in terms of the rise of China, the rise of India, we're going to need it all. We are going to need it all. So it's not either/or; it's all of the above.

And I think Republicans -- preferably earlier than now, but now is better late than never -- need to boldly, aggressively tackle this issue with the goal in mind being more supply, lower the price, more affordability and availability of energy of all types for our citizens.

Just -- third, on education. People understand that for them and for their children you cannot connect to the quality of life that we want to provide for our citizens and have social and economic mobility without a skill or an education that is relevant to the economy of today and tomorrow.

How many times have you heard education meaningfully addressed in the campaigns that played out in 2006 and subsequent? This is a profoundly important issue, not just to the strategic future of our country, but to the economic and social well-being of the current generation, and certainly the generation that is to follow.

In a place like Minnesota, we're very proud about the fact that our educational performance leads the nation in many respects. But those numbers lie, and they lie for two reasons. One is we don't compete anymore against just the rest of the nation. We compete against the rest of the world, and the rest of world, in significant portion, is catching up to us and surpassing us in key measures.

And the other thing is those averages lie, because the bottom half or the bottom third of our students are not doing well. And they tend to be students who live in areas of concentrated disadvantage, socially and economically, and it has become an intergenerational crisis. And I use that word seriously, not throw it out like it gets thrown out with everything else.

Our educational system is not serving a very large swath of the United States of America very well at all. If you pick up Time Magazine from a year and a half ago, you will see a cover article that says "The Dropout Nation." The United States of America, in the year 2007, perhaps (then/in ?) 2006, the dropout nation. A third of our kids dropping out of high school. If you drop out of high school, there's a 60 percent chance or more you end up in the criminal justice system. There's an equal or higher chance you end up on all of the government programs -- government housing, government health care, government transportation and the like. It's bad for them and it's bad for us.

This system has served us well. It's filled with really good people who are trying hard. They're not the problem, but it's a 1940s industrial, one-size-fits-all system in an iPod world.

And time doesn't allow to go through it all, but we need school choice. You need to be able to take a child and allow that child and their parents to make a decision to go anywhere they want in the iPod world.

And the critics say, well, wait a minute. You're going to take the rich. You're going to take the healthy. You're going to take the smart and you're going to strip them out of the public schools and they're going to leave,

and then you're going to leave behind the more challenged population with less money, and it's going to get even worse.

And I say to the opponents, well, what about then if we just gave the scholarships in this case to the poor and to the failing and to the disabled? Then what do you say? And then the room gets very quiet. Who is against giving poor, failing or disabled children another shot? The answer is nobody should be. And that is not a new issue, but it's one that I think is profoundly important for our country.

We also have a system where most of the money in the schools is aligned to people, and that's a good thing. It's a people-intensive business.

But the money gets aligned to one thing: how much seniority do you have? If you're not in government -- how many of you in this room get paid just for seniority?

It's an outdated system. The whole rest of the world has moved on. The money needs to be aligned to the core mission, the core outcome that we desire, and that's improvements in student learning. So whether it's by individual teacher, whether it's by sites, whether it's by school district, the additional money that we put into the system, and we should put some in, needs to be correlated to whether students are learning or not.

We also have a crisis in our country in terms of the teacher preparation, availability, retention, and recruitment that is profound and has not been addressed but should be, and the Republicans should lead the charge.

The number one determining factor how a child's going to do in school, after their parents, is the quality of their teachers. We have a situation now where the universities across this country do not have the kind of rigor and amount of preparation and type of preparation to have our teachers ready to teach in school.

It is a -- I think a near-scandal in terms of how bad it is, in certain circumstances. That needs to be changed. The money needs to be -- the additional funding for our schools of education need to be correlated to higher standards and better results for our teachers.

We also need to have alternative pathways into teaching. We're going to have people with 14 or 15 different jobs by the time that they're 38. And so we need to allow people who are at the front-end of their career who are very bright with subject matters that we need expertise in, like science and math and engineering and chemistry and the like, to come in.

Like Teach For America, say to the best and the brightest, come into teaching, at least for a while and share that deep subject-matter knowledge that you have with kids -- and ideally, in the most challenged sites where the need is the greatest.

And the school districts should be leading the charge to do this, not having outside groups trying to force it upon them. Policymakers at the state and federal level should be requiring, or at least incentivizing that type of approach.

On the other end of the career spectrum, people maybe 55-year-old chemists at 3M who might want to come back for the last five or seven years as a

matter of public service, and teach -- if you're a Ph.D. in chemistry, teaching for a while, it shouldn't take you four years to get certified to get back in the classroom. Alternative pathways to teaching is another idea.

And then lastly, technology is going to disrupt education like it's disrupted major sectors of the rest of our economy in ways that our educators don't even see coming. And you see this starting to unfold in places like the University of North Carolina, led by Erskine Bowles, former Clinton chief of staff --

They have 99 (zero ?) full-degree programs online at the University of North Carolina. He said within the next five to 10 years they will have more graduates from their online program than they do in their traditional program.

If you think about this generation that is behind us, the way they text-message, the way they e-mail, the way they socialize, the way they communicate, the way they interact, so much of it is digital, and it is increasingly robust.

Why would you drive from Stillwater, Minnesota, in January, an hour in rush hour to get over to the University of Minnesota campus, park in a remote parking lot, put on your backpack, haul across campus in challenging weather conditions, get into a lecture hall, unpack, sit in a chair and then have a sometimes-gifted, sometimes-not assistant professor lecture you on economics 101, and pay a great price for it?

Why would you not get out of bed in your pajamas, pour yourself a cup of coffee and sit on your sofa and dial it up on digital storage from any university in the world, the best of class?

The marginal cost of educating a student in a class like that, once the program is up and running, is zero. For many of these classes, we could cut the cost of higher education by 70 (percent), 80 (percent) or 90 percent. That is a big chunk of the future, higher ed and high school.

And in many cases, it's better. I play road race games with my daughters. We can pick the car, the color, the engine, the road surface, Le Mans, in-track, Baja -- whatever you want, in Surround Sound, in our living room. You can play with each other; you can play with kids who are playing simultaneously in the Czech Republic. Can you imagine the power of that, applied to eighth-grade algebra? As a nation or as states, as consortiums of interested groups, we should have a world-class, best of class, online university that's available to the entire country, essentially for free, and go as fast as you want. And as applied to high school, if you can learn Spanish in three months, check the box and be done and move on, do it.

I'm going to run out of time. I'll save the rest for questions, but I want to close with just one quick thing about healthcare.

The fundamental problem with healthcare in this country is if I say to you, go home and buy a TV on your way home tonight and I'll pay for it regardless of cost and quality, how many of you would come home with the 12-inch black and white? (Laughter.) Nobody would. We have a healthcare system where consumers, or the payers, consume healthcare goods and services without any knowledge about cost or quality, and a third party, namely the government and HMO or insurance company, manages and pays for the relationship. It defies what we know about markets; it defies what we know about human behavior; it doesn't

work. There are other problems with the healthcare system, but it needs to be dramatically realigned. People are worried about how they're going to pay for their healthcare. It's going up faster than they can afford.

We have to drive down and make healthcare more affordable. And reforms in Minnesota that we've done, as one example, we've tiered providers for our state employees: You can go anywhere you want, but if you go to a low-quality, high-cost place, you're going to pay more. If you go to a high-quality, high-efficiency place, you'll pay less. They migrate real hard to the high-quality, high-efficiency providers, and we have driven down premium costs to the point where they're now 3 percent for next year and we're giving rebates back to our employees, to each employee, and much more to be done on that.

Michael Jordan was the best basketball player that ever played the game in the NBA. One night in Chicago, as the story goes, he scored 56 points by himself. The coach recognized that as a remarkable feat, and with one minute left to go in the game he pulled the M.J. out of the game so he could walk off the court and receive a deserved ovation from the crowd. And into the game went a rookie who had never played in the NBA before, and with just seconds left, the rookie got the ball. He was about to shoot; he got fouled. So he went to the free-throw line to throw two free throws. He made one; he missed one, so he got one point. The buzzer went off. The game ended. Everybody went into the locker room, and of course the press was hovering around Michael Jordan and his spectacular 56-point performance. And one enterprising reporter -- probably a member of the National Press Club -- (laughter) -- drifted off over to the rookie and said, you know, this was your fi!

rst NBA experience. What did it mean? What should we take from it, from your perspective? And he looked up with a smile and said, I think tonight should be forever remembered as the night that Michael Jordan and I, together, scored 57 points. (Laughter.)

That is a story about team perspective. I think there's a whole bunch of people in this country, "Sam's Club Republicans," who feel like they are being disenfranchised. They're looking for leaders that are positive. They're looking for leaders who understand their concerns about how they're going to want government to act like their families have to: live within your means -- how am I going to get my children educated; how am I going to afford healthcare; how am I going to afford to get gas in the tank of my car -- and they're looking for answers in ways that are clear and simple and direct that meet their needs. The Republican Party needs to get back to that, not by watering down or changing its principles, but applying them to the needs and challenges of our time, and I hope that we will do that, and I know we will as we get into this election cycle for 2008.

Thanks for listening. I'll be happy to take your questions.  
(Applause.)

MR. ZREMSKI: Thank you, Governor. We have a lot of questions, many of them about "Sam's Club Republicanism," many about politics generally, starting with this: "This morning, AP reported that you said, quote, unquote, that 'the Republican ideas factory has seemed a little stagnant.' What mistakes has the Bush administration made that have damaged the Republican brand?"

GOV. PAWLENTY: Well, I did say that this morning, and if you remember back to the mid-1990s, there was a lot of energy, a lot of excitement, a lot of ideas around Contract for America, and I think that served the party well in

terms of putting out, affirmatively, ideas and positions. I think since then it's been a little bit in the doldrums.

And if the basic mantra is going to be, government is not going to do that, then there still needs to be an explanation of, well, if government's not going to do it, then how are these challenges and issues and concerns going to be addressed? And so as we talked about the party, compassionate conservatism, that has to also be more than just a label; it actually has to work, and it has to yield actual measurable results for the people who are in need and have these concerns.

So I would just suggest to you that the idea factory for the Republican Party has been a little less robust, a little less dynamic than it should have been, and I think that's about to change.

MR. ZREMSKI: One questioner writes, Just about every major governmental program which has helped the needy, including "Sam's Club Republicans," has been due to Democrats, not Republicans, such as Social Security, Medicare, Medicaid, and regulatory agencies like the FDA. What comparable programs have the Republicans implemented?

GOV. PAWLENTY: That's a good question. Look, first of all, if you define progress simply as what is government not doing that it can do, or what is government currently doing that it can do more of, the Republicans will never prevail if that is the measurement. In other words, if it's simply a bidding war for more government, more government programs, the Republicans won't prevail under that premise because we will always be outdid. And so as one writer said the other day, people like these programs, many of which have been originated by Democrats, but they want them run by Republicans because they get out of control.

But in terms of the Republican perspective, you have to believe in the power of individuals, the power of families, the power of markets, the powers of small business leaders, the power of entrepreneurs and view that as how do you stimulate activities in those categories, not define progress as just how much more can government do? Education would be a good example. If the measure is going to be your commitment to education, just how much more money are going to put in the pile, we lose. If you speak about, well, yes, we need to adequately fund our schools but we need to be committed to accountability along the lines that I suggested earlier, that's where Republicans I think can prevail. But we will not win if the definition of progress is how many more programs can we add; how much more can we add to the government pile? That's the wrong premise for Republicans to chase after.

MR. ZREMSKI: Another questioner asks, How can you be such an advocate of marketplace economics when airlines, banks, and trillion-dollar mortgage insurers like Fannie Mae and Freddie Mac are in need of rescue by the American taxpayer?

GOV. PAWLENTY: Well, there has been market failure, some of it by business practices, some of it by bad judgment, some of it perhaps by other behavior. Markets are imperfect but they self-correct. And so in an ideal marketplace, you'd allow those entities to fail, but if you allow those entities to fail, the consequences are so severe for innocent bystanders, namely average Americans who rely on the markets, rely on those mortgages, well, the consequences are too severe. So from a pure marketplace principle, you would not bail them out, but we also have to measure that against the consequences to

the rest of the country, and that is an imperfect solution, but like has been said, they are too big; the consequences are too severe for innocent bystanders to allow them to fail. So it's an imperfect solution, but you also have to be pragmatic about getting the mess cleaned up.

Those entities, in my opinion, should have been privatized a long time ago. You know, Fannie Mae and Freddie Mac have served a good purpose and a good role, but they basically privatized the gain and made public the losses. So if they did really well the shareholders benefited, and if they do really bad the American taxpayers pay the bill -- not a great deal for the American taxpayers.

MR. ZREMSKI: How can the government address issues important to "Sam's Club Republicans" when it continues to spend billions on wars in Iraq and Afghanistan?

GOV. PAWLENTY: Well, as it relates to the war, the United States of America is the freest and most prosperous nation that's I think been in existence, and one of the reasons we are a great country is because we enjoy freedom and liberty. And so when that is under attack, when that is challenged in ways that are potentially hostile or require a response, there is times and places where the response needs to be through military action. We can debate the war, but the fact of the matter is we have individuals in Afghanistan and other places who have caused a great threat to this nation, and there are times and places where we have to defend our interests militarily, and this is one of those instances, and it is not unrelated to our security, which is not unrelated to our freedom, which is not unrelated to our prosperity, and it creates an environment then where people can invest, feel secure, and move forward.

I believe if you look at the situation in Iraq and Afghanistan, and Iraq in particular, great progress has been made in the last year. The surge has worked. There is still a great deal of work yet to be done, but I agree with Senator McCain; the goal there is to win the war, bring our troops home with victory and honor. We still have a lot of work to do in both Iraq and Afghanistan. But it is -- you cannot disconnect security issues from economic issues. People will not invest, they will not participate in markets as entrepreneurs, they will not participate in community and family activities unless they feel secure. And that relates to personal safety, but it also relates to the security and safety of the country. So those two things are not disassociated. They are related.

MR. ZREMSKI: You mention the progress that's been made in Iraq. Has enough progress been made such that we can now agree to a timeline for bringing our troops home?

GOV. PAWLENTY: Well, I've been to Iraq three times. I think you'd have to be a very hard spinner of the facts to not acknowledge that good progress has been made. I do not believe that setting arbitrary timelines for withdrawal is wise in light of the fragile situation that exists in Iraq. I'm in the camp of having the conditions on the ground dictate when and how we withdraw, and it has to be at a time and under circumstances where Iraq is stable enough to defend itself, to govern itself, and not fall back into chaos.

MR. ZREMSKI: The Associated Press reported today that you offered some positive comments on Barack Obama, saying, quote, "People gravitate when you have something positive to say." How positive has the McCain campaign's message been in the past two weeks?

GOV. PAWLENTY: Well, I also said the same about Senator McCain in the same sentence, but as a general proposition, people are going to gravitate towards positive, hopeful, optimistic leaders. Inevitably in campaigns there's going to be some back and forth, some contrast, some dispute, some negativity, so that's going to be, I think, somewhat unavoidable in the context of a campaign. Whoever the ultimate winner, though, is, is going to be responsible for reconciling that, uniting the country, moving forward and governing and leading, as Reagan did, as a hopeful, positive, and optimistic leader. It is not realistic to say in the context of a campaign for president of the United States they are not going to get after each other. That's just going to happen. But I think the real test is going to be, post-November, is the victor capable and willing to be a positive, hopeful, optimistic, and unifying figure for the whole country?

MR. ZREMSKI: How will "Sam's Club Republicans" react to Senator McCain's celebrity ads featuring Paris Hilton?

GOV. PAWLENTY: Well, from my view, people in the Upper Midwest, I think people who might be Sam's Club shoppers, appreciate authenticity. Senator McCain has a reputation for being a straight talker, somebody who is what you see is what you get. There's a great deal of, I think, authenticity there, as not just a matter of reputation but as a matter of record. And so while the Paris Hilton ad is kind of tongue in cheek or entertaining, it tries to raise the question about whether, you know, his celebrity and oratory has transcended people's ability to understand the substance, or to focus on the substance, and I think that's a legitimate area of inquiry if you're going to be vying for president of the United States.

MR. ZREMSKI: Another area that the Republicans have seemed to have a challenge with is regarding the youth vote, people age 18 to 30. Many of these voters only know of Ronald Reagan's principles and policies through books and stories. How does the GOP reach out to educate and ultimately win over the youth that have been swept up in "Obamamania"?

GOV. PAWLENTY: I think it was in 2001 or 2002 that the Gallup organization did a poll of how the people on college campuses, students on college campuses, felt about the politics of the time, and I believe that for the first time in a long time, a plurality -- not a majority but a plurality of individuals on college campuses identified themselves as Republicans or conservatives. It was quite a breakthrough. And now of course, in the intervening years, that has all flipped. And so I think part of the challenge for the Republican Party is not just to have a message along the lines that I talked about, but also have messengers that reflect the changing nature of the country: more young people involved, more candidates who are young, more candidates who are women, more candidates who are people of color. That's part of, I think, the tactical parts of this that we didn't talk about as much.

But there's also some issues that matter to young people. For example, until recently the Republican Party was pretty slow on conservation, environmental, and energy issues.

That's not the only issue of concern to young people, but it's one that's up there in their top five. And so having a party that is offering nothing compared to something, even if the something is bad, is not a good place to be. Now, gratefully, Republican candidates in the party have engaged on those issues, but we have to speak to issues that are relevant and of interest to them.

Another one that would fall in that category would be international compassion. There's a lot of causes, not necessarily government programs but nonprofits and relief agencies around the world that many young people identify with and empathize with, for good reason, and I think they'd like to see their leaders, national and state and other leaders, speak to the importance of that commitment and the importance of those issues underlying those commitments.

MR. ZREMSKI: One questioner writes, Why are you advocating a "Sam's Club Republican" alternative to Republican elites? Weren't Republicans like Senators Dirksen, Margaret Chase Smith, Schweiker, and Jacob Javits doing okay before the evangelicals and the neoconservatives took over the GOP?" (Laughter.)

GOV. PAWLENTY: You have to have a party that is welcoming and attractive to many different groups. It isn't just one group. So when I talked about the Sam's Club metaphor -- and of course the metaphor only goes so far, but it was important to say we need to be the party of Sam's Club, not just the country club. And so people originally said, Pawlenty is engaging in class warfare; he wants to throw the country clubbers overboard. No, I don't. We want to keep everybody in the party and grow it. And so it's not a matter of just having the traditional Republicans you mentioned or just the Reagan Democrats or "Sam's Club Republicans," or just the evangelicals, or just the business Republicans, or down the list; we've got to have it all and more. So it's not us versus them; it's us with them.

MR. ZREMSKI: You were recognized as having strong support among evangelicals while the presumptive Republican nominee John McCain does not. In this year of change, is there any sign that the influence of evangelicals on the national and state Republican Parties might be weakening?

GOV. PAWLENTY: I think the evangelical voter has been an important part of the Republican constituency, but it's not a vote to be taken for granted. I mean, you have to earn it and you have to be connected to it in ways that are meaningful and real and genuine. And one of the things that's happening, of course, in the evangelical community is that there's a new generation of leaders emerging. It's not a monolith. And you see people like Rick Warren and Bill Hybels and T.D. Jakes and Franklin Graham, and many, many others -- you know, it doesn't move as one big block.

And so, Republican candidates -- all candidates are going to have to vie for that vote, and have the Republicans historically had an advantage with it? Yes, but we can't take it for granted. And I would also say that people who want to dismiss that vote are making a very grave mistake. They are an important part of the American cultural fabric and an important part of our heritage and an important part of the conservative governing coalition, and we should work to earn and keep their support.

MR. ZREMSKI: You recently said that Barack Obama has pretty words, but the best sermons are lived, not spoken. What sermon do you live, and how does that compare to the sermon Senator McCain has lived?

GOV. PAWLENTY: Well, that is a line that I use to compare Senator Obama and Senator McCain. Again, the best sermons are not preached, they are lived. We are all products of our life experiences. Senator McCain's life experiences are epic. They are legendary. They are a life story -- not a life oratory but a life story, a record of courage, valor, patriotism, service,

country first, and you know what I'm talking about. That stands in contrast to Senator Obama. And I mean, no disrespect, but it is simply a matter of fact that less than four years ago he was a state legislator.

You know, his oratory is one of we're going to tackle big national issues. If you look at his record, there's not one issue of major national concern that he has led the effort on. One of his recent ads said, well, he reached across the aisle to Senator Lugar in an effort to round up loose nukes. Well, who's against rounding up loose nukes? I mean, how much courage did that take? I mean, how much political fuel do you have to burn to get bipartisan consensus to round up loose nuclear weapons? I'm sure he -- you know, there was 100 votes for that, everybody that was there. I can't imagine anybody voted against it.

The point is, both as a life story and as a life narrative, if you compare the life experience, judgment, wisdom of these two individuals, it's not even a close call, in my book, as to who you want sitting in the Oval Office as president of the United States, leader of the free world, commander in chief.

MR. ZREMSKI: It has been reported that Vice President Dick Cheney has no plans to attend the Republican Convention. Won't the vice president be conspicuous by his absence? GOV. PAWLENTY: Yes. But -- (laughter) -- conventions have been condensed. I don't think the Republican Convention is even going to meet during the day, so it's really just going to be four evenings in a row with the president Monday night and a few other folks and then obviously Senator McCain getting nominated, receiving the nomination I believe on Thursday night. So the program is packed, but we'd love to have everybody come to Minnesota, spend money, enjoy our -- (laughter) -- our great state. But I suppose the answer to your question is yes. (Laughter.)

MR. ZREMSKI: Many companies that donated to the GOP convention have spent millions in lobbying Congress and the rest of the government. Should voters worry about politicians being indebted to these groups?

GOV. PAWLENTY: For the convention contributions? Well, the convention is hosted by a 501(c)(3) host committee both in Minneapolis-St. Paul and in Denver, and so people contribute to the host committee, not to the political parties directly for the most part. But that money goes to kind of a logistics funding infrastructure for the convention and some of the events around it. But I think under the new rules, the ability for companies to lavish, you know, goodies on people at the convention has been greatly reduced. So you can come and have a hamburger or something to drink, but I doubt that's going to change a lot of votes in the United States Congress.

MR. ZREMSKI: Given the breached levees in New Orleans and the bridge collapse in your own state, do you have any recommendations for investments in infrastructure at the federal level?

GOV. PAWLENTY: Well I do, starting with -- and again this relates to the theme of fiscal discipline and value for your money. If the Republicans are going to be serious about being the party of delivering more effective government at a better price, it should start with things like getting rid of earmarks, and that transportation projects should be funded based on priority -- on things like volume, safety considerations and the like. This idea that members of Congress get to place an earmark before projects around the country, mostly in secret, lacking in transparency, often at the last minute, often in a

de-prioritized or un-prioritized manner, is haphazard, it's inefficient and it is not good policy.

You also see now the debate unfold around how are we going to fund transportation in the future. There is no appetite, it seems, in Congress to - for understandable reasons -- to raise the gas tax. My own member of Congress who's from the opposite party in Minnesota, Jim Oberstar, is the chair of the Transportation committee. He's been there for 35 years. Even in the wake of the bridge collapse, he couldn't even get his bill out of committee on this issue -- his own committee. And, of course, you have Democrats all across the country now backing off that issue as well. So we're going to have to think about how do you charge for transportation in the future when cars aren't going to be -- are increasingly not going to be fueled by gasoline. The use of gasoline is plateauing and declining, that's going to accelerate as we move to plug-in electrics, as we move to more hybrid cars, as we move to more fuel efficient cars and other forms of transportation.

And so the gasoline tax as a workhorse for transportation funding, I think, is going to dissipate and we're going to have to be more creative. Oregon's got a pilot project up and running -- I don't know what to think of it yet because the results aren't in -- but they're charging by miles driven without regard to fuel source using some GPS or electronic odometer readings. And you can preferentially price if you want to encourage more hybrid or fuel efficient vehicles, you can offer a preferential price for that per mile as compared to something that's bigger, heavier or a truck. So I'd keep an eye on that.

But the idea that we're going to ride the gas tax -- first of all it's politically untenable, and it, as a matter of policy, is diminishing in relative and I think absolute terms.

MR. ZREMSKI: If the U.S. were to follow John McCain's policies and engage in offshore drilling, wouldn't that just delay the sorts of alternative fuels and low carbon energy sources that you have called for?

GOV. PAWLENTY: That's what they said in 1996 when, you know, 10 years from now if we had the energy now, it would be helpful. The bottom line is given the magnitude of the challenge that we're facing, given the ferocious appetite for energy around the world, we're going to need it all. In the intermediate and long term we have to move to cleaner and alternative energy sources, and we should do that with all dispatch, we should do it boldly, and we should do it aggressively.

But the timing and the availability of those resources are not yet to scale where that we can quickly do that. And so we're going to have to simultaneously maximize existing sources of energy while we simultaneously transition to a cleaner more secure energy future.

We're going to have to do both, and I think that's just the reality of the situation.

MR. ZREMSKI: In response to globalization, what do you think the new president should do to combat the loss of manufacturing jobs in America?

GOV. PAWLENTY: I think the Republican Party should be for free trade but it should be for fair trade. So I would first of all make sure that we do all that we can to make have trade agreements that are fair. And if they're

not, we should be aggressive about calling that out, renegotiating or negotiating new agreements that are fair in all respects.

That being said, history is a pretty good guide, it is not in our best interest to retreat in terms of trade. The United States and our employees should be able to compete with the best around the world if the rules are fair. But as it relates to manufacturing jobs in particular, there's a number of things happening that are interesting.

One is you're starting to see a new phenomenon called near sourcing, because energy has become so expensive, some of the activities are now starting to relocate closer to where the markets are. That's an opportunity. There's an entire industry that is going to emerge much like the IT industry did in the late 1990s around software, and IT that's now going to be around clean energy and next generation energy, that's an enormous opportunity for manufacturing and a whole new economic development sector to emerge. And as we talk to manufacturers in the United States, in places like Minnesota, they can compete - it's not so much with the commoditizable lower end products, but it is with the value-added products that relate to things like medical devices or value added manufacturing. And our manufacturing sector in Minnesota has experienced a nice uptick in exports, it's one of the bright spots in the economies for many states. And we can compete. I do not accept th!

e premise that we have to let go of manufacturing in the United States, but we also need to make sure that the playing field is fair, and in many cases it is not. MR. ZREMSKI: Okay. We're almost out of time, but before I ask the last question, I've got a couple of other important matters to take care of.

First of all, let me remind our audience of our future speakers. On September 29th, Michelle Rhee, the chancellor of the D.C. public schools will be here. On October 7th, we'll be hosting Christo and Jeanne-Claude, world famous contemporary artists. And on October 23rd, Billy Joel will be joining us. (Laughs.) Also I'd like to mention that on September 13th, the National Press Club will host its 11th Annual 5K Run and Walk and Auction to benefit our scholarship program for journalism students. So if you're interested in this, please go to our website, [www.press.org](http://www.press.org).

Next, we have traditions, many traditions at the National Press Club, including the presentation of a gift. And this year's gift is our 100th anniversary mug.

GOV. PAWLENTY: Wow.

(Off mike.) (Applause.)

MR. ZREMSKI: And lastly, a question that I'm sure is on everyone's mind, what are the most important qualities in a vice presidential candidate? (Laughter.)

GOV. PAWLENTY: Discretion. (Laughter.) (Applause.)

MR. ZREMSKI: Thank you.

Thank you very much, Governor Pawlenty. I'd like to thank you all for coming today. I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Jo Ann Booz and Howard Rothman for organizing today's lunch. Also, thanks to the National Press Club library for its research. The video archive of today's luncheon is provided by the NPC Broadcast Operations Center.

Many of our events are aired on XM Satellite Radio and are available for free download on iTunes as well as on our website. Thank you. We're adjourned.  
(Sounds gavel.)

END.