

NATIONAL PRESS CLUB LUNCHEON WITH GOVERNOR MITT ROMNEY

SUBJECT: THE CHALLENGES THAT AMERICA FACES

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

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ALAN BJERGA: (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga. I'm a reporter for Bloomberg News, and the President of the National Press Club. We're the world's leading professional organization for journalists, and are committed to our profession's future through our programming and by fostering a free press worldwide. For more information about the National Press Club, please visit our website at www.press.org. To donate to our programs, please visit www.press.org/library.

On behalf of our members worldwide, I'd like to welcome our speaker and attendees at today's event, which includes guests of our speaker, as well as working journalists. I'd also like to welcome our C-SPAN and Public Radio audiences. After the speech concludes, I'll ask as many audience questions as time permits.

I'd now like to introduce our head table guests. From your right, Rhodes Cook, Publisher of the Rhodes Cook Letter; Kristen Jensen, a reporter from Bloomberg News; Luke Russert, Congressional correspondent for NBC news; Cynthia Tucker, Washington columnist for the *Atlanta Journal Constitution*; Justin Daly, Senior Vice President for Ogilvy & Mather

Skipping over our podium, Andrew Schneider, associate editor for Kiplinger Washington Editors, and Chairman of the National Press Club Speakers Committee. Skipping over our speaker, Richard Sammon, senior associate editor of Kiplinger Washington Editors, and a former President of the National Press Club; Tony Parker, Washington National Committeeman for the Republican National Committee; Thomas

Burr, Washington Bureau reporter for the *Salt Lake Tribune* and President of the Regional reporter's Association; Suzanne Struglinski, Press Secretary for Legislative Affairs for the Natural Resources Defense Council; and Nathan Hurst, Washington Bureau reporter for *The Detroit News*. (Applause)

Sunday night, the U.S. winter Olympic team ended the Vancouver games with the all-time winter record for medals won. So it's fitting that our first luncheon following the games should feature a champion of the Olympics. Mitt Romney took over the scandal-plagued Salt Lake City games of 2002 and turned what could have been a disaster into a triumph. He cut event costs, lined up corporate sponsors and lifted the games from a budget shortfall back into black. Had he accomplished nothing else, the success of the Salt Lake City games alone could qualify Romney to make the case for American greatness.

But he didn't stop there. The investment banker, and son of former Michigan Governor George Romney, had made a name for himself by challenging Massachusetts Senator Ted Kennedy in 1994, and losing by a landslide. (Laughter) But after the games, he returned home to Massachusetts and launched a successful gubernatorial run. Between 2003 and 2007, he converted a \$3 billion Massachusetts budget deficit into a surplus and enacted a plan to provide affordable universal healthcare for its citizens. Declining to run for a second term, Romney sought the 2008 Republican nomination for president, gaining the second most delegates before leaving the race.

Whatever his next step is, and there is some curiosity as to what his next step may be, it is clear that he is not finished with public service. So ladies and gentlemen, please welcome to the National Press Club the Honorable Mitt Romney. (Applause)

GOVERNOR ROMNEY: Thank you, Alan, and Andrew, thank you for welcoming me here today. You tug at my heartstrings as you talk about the Olympics. What a thrill that was to be part of that Olympic experience in Salt Lake City. I have to admit that I was not a great athlete in high school and college. The fact that I was asked to take on the Olympic job was somewhat ironic, and my boys were quick to point that out to me. I have five of them. We have a lot of competitive sport in our family. I typically come in last among the six boys all together, including me. But when my boys actually read the story about my new job in the paper, they gave me a call. My oldest son said, "Dad, we saw the paper this morning. I've talked to the brothers. We want you to know there's not a circumstance we could have conceived of that would put you on the front page of the sports section." (Laughter)

My life has not actually been a very clear and smooth pathway into politics. I spent most of my life, as you know, in the private sector. And so I've always had a great deal of interest in seeing how private enterprise grows and thrives, and also how it doesn't do so well. Christmastime, I was shopping at Wal-Mart for some gifts for my grandkids, happened to be in a long line at the checkout counter with a basket full of things. And I looked around the store, and I chuckled to myself that the store, in some respects, reflects the founder of the company, Sam Walton. I did not know him

personally, but I read some stories about him, about his interests and character. He apparently was someone who wanted very, very low prices on everything anybody could want. And if you look around that store, that's what you see; low, low prices, all sorts of things, kind of helter-skelter around the store. Big smiley faces, those big yellow smiley faces everywhere. It's kind of a culture that embodies what Sam Walton was.

And I've actually looked as I've considered different enterprises of different kinds, how much they reflect the founders and the people who built them. Great institutions like the *Washington Post* reflect the Graham family; in Boston, the *Boston Globe*, the Taylor family. Disneyland, I've been here. I met Walt Disney, actually. Disneyland is like the physical embodiment of Walt Disney himself; whimsical, filled with fantasy and delight, childlike.

Look at a company like Microsoft. In a lot of respects, it's a shadow of Bill Gates himself, whereas Apple is a lot more like Steve Jobs. An airline like Virgin Atlantic is edgy and irreverent, just like its founder, Richard Branson. And so you find that in enterprises that we see everyday that there's a sense of the individual that stands behind them, the founders and the creators, whether it's a business or a public institution, a not for profit, a newspaper.

What's true of those enterprises, I have found, is also true of countries, to a certain degree. America reflects the vision and the character and the culture of the people who founded it. Those who took extraordinary risk to come to our shores, make this their home, put at risk their life to be able to come across the ocean. Then those who were the founders themselves, who said, "We're going to make a very difficult decision. Should we continue to be led by a king and a strong government that will provide for us a sort of safety net forever by virtue of our affiliation with the king? Or, will we light out entirely afresh?" And they, of course, took the latter course, not just in terms of their politics did they break ties with the king and with the government of Great Britain, but also with regards to their economic life. They said, "Instead of being guided by a strong central government telling us each course we should pursue, we will instead pursue the pathway outlined by Adam Smith. We will allow each individual to choose their own path and realize their dreams as they would desire." And that, as they say, has made all the difference.

By virtue of the decision of the founders and their vision for America, we attracted, if you will, pioneers and innovators from all over the world. Anyone truly seeking opportunity that had a way to come to America did so. And those of us, by and large, who sit in this audience today and in audiences around the country, have in our DNA, if you will, that very sense of entrepreneurialism and innovativeness and pioneering. It's part of the American spirit, it is part of who we are.

Now, I'm concerned and convinced that what's happening in Washington, not just this year, but over the last decades, is slowly but surely stripping away that spirit of enterprise and innovation and creativity and personal freedom. And that if we're not careful, we could smother the very source of what makes America so unique in the world

and what has propelled us to be not only an economic powerhouse, but the champion for liberty that the world has come to respect and admire.

In the travels I did as a businessperson, I learned just how important the culture of a nation can be. I was always struck by the big differences between different countries. The fact that you could have two nations right next door to each other with very similar physical characteristics, in some cases, but nations that had achieved very different levels of, let's say, education and economic prosperity, I thought of having been to Israel the first time and remarking at the extraordinary technology that the Israelis had built in their society. And yet in the Palestinian areas, there was not that same level of technology and innovation.

I looked at America versus Mexico. How could there be such a gap between two nations so close to each other? How could Argentina and Chile today, even, have such dramatically different prospects for their future despite their proximity? And so I did some reading to get an assessment of that. And I read a book by Jared Diamond, he's written a lot of good books. I liked *Collapse*, did you see that recently? That was a good one. But the one I was thinking of was a book called *Guns, Germs and Steel*. And he points out that different parts of the world had, for instance, different natural characteristics, like iron ore in the ground. And if a nation had iron ore in the ground in its earlier days, it could mine that iron ore, turn it into swords and conquer their neighbor. And as a result, they became the more powerful and compelling society relative to their neighbor.

If you looked at germs, for instance, and found that in some places, there were such disadvantages associated with having disease that kept the people from being able to grow and thrive. And so he explained through, if you will, the physical and geographical characteristics of a land, some portion of what distinguished one people from another. But the book didn't satisfy me, because I don't think it explains all of the differences that you see in different nations.

And then I read a book by a professor named David Landis, professor emeritus from Harvard University. He wrote a book called *The Wealth and Poverty of Nations*. And in it, he chronicles the various nations and civilizations that have grown and that have declined over the Earth's history. And after about 500 pages of scholarly analysis, he concludes with roughly these words, he said, "If you can learn anything from the history of the economic development of the world, it is that culture makes all the difference. Culture makes all the difference. What people believe, what they will sacrifice for."

And I thought about America's culture, which I believe has made all the difference. This culture of pioneering and innovativeness that I spoke of, the respect we have for one another, our willingness to serve our nation, the patriotism that we feel, a very extraordinary part of America's culture. The family orientation of our society, our willingness to have children and to sacrifice for future generations.

I believe that faith in God is part of our culture. Many people don't believe in God, of course, but even those that don't believe in something bigger than themselves and more important than themselves. And they will sacrifice for it. Education is part of our culture. We value education and seek it. Hard work is part of the American culture. Together these things, I believe, have helped form what we are. And so at a time like this, given the challenges we face around the world, I recognize that this is a time for us to be strengthening those elements of our culture; our education, our hard work, our independence, our love of country, our willingness to sacrifice, the pioneering and innovative spirit. It's a time to be strengthening and restoring those things, rather than be criticizing them and making them more difficult to thrive and grow.

I had hoped that the president, the new president, would be successful in restoring those elements of our national strength. But I have to admit to have been disappointed with the year to date. I was disappointed that from the very beginning he set out on a tour around the world and apologized for what he viewed as America's dismissiveness, our divisiveness, our arrogance. He spoke of America, in his view, unwillingness to listen to the concerns of others. He even said that America has dictated to other nations. I don't think history would suggest that that's an accurate portrayal of our past. I think America has freed other nations from dictators, and that is the characteristic of our past.

I'm afraid that his apology tour, as some have called it, including myself, has been that he attended to appease and gratify those who are among the blame America crowd. And that has not underscored the confidence and the conviction that America's values, that the principles that have long formed the basis of our success as a society are values that other nations would be wise to emulate.

There's also a concern I have about the agenda which he has adopted as the president. One of the first rules you learn in the business world, and I'm sure in the publication world and in not for profits, and so forth, is that when you have an enterprise in trouble, number one rule is this: focus, focus, focus. Make sure you concentrate on the very most important element first with all of your energy and passion. And when the president came into office, there's no question what that first priority had to be, and probably the one almost tied with it. The first had to be to get the economy back on track and create jobs. And close thereafter would be to make sure that we were successful in pushing back the forces of radical violent jihadism by being successful in Iraq and Afghanistan and other places where jihadism was rearing its head.

Instead, the president decided to focus his energy and political capital on healthcare. That's an important topic, but given the priorities that we faced at the time of his election, or at the time of his inauguration, I probably wouldn't have suggested spending all that time, actually now what is it, 15 months? First year and a quarter devoted to discussions of healthcare. I think as a result of his agenda, the opposite of what he had hoped for is actually what has occurred. He said something which I thought was absolutely right on the other day at the job summit, which by the way, occurred a year into his administration.

He had a job summit at which he said roughly these words, he said, "Government doesn't create jobs, the private sector creates jobs. And government's role is to create the conditions whereby the private sector will be active in creating jobs." If that was his intent, his actions, unfortunately, have done just the opposite. When you announce that you're going to raise taxes next year, particularly capital gains taxes, that does not make it more likely that businesses will decide to invest more this year. When you announce that you're going to be pursuing card check, which would remove from the American worker the right to a secret ballot in deciding whether they want a union or not, that doesn't make it more likely for a small businessperson to risk their life's savings to start a business, uncertain of what the cost will be of their labor.

When you indicate that you're also going to pursue a cap in trade policy, which will have an uncertain impact on the cost of energy, that would certainly make it difficult for any businessperson thinking about establishing a business or growing a business that uses a lot of energy to do so in this country. Because, of course, if you have cap in trade here but don't have it in places like Brazil and Indonesia and China and India, you might think about building in those locations rather than doing so here.

When you communicate that you have a plan to have government take over roughly one-fifth of the economy, healthcare, any entrepreneur in the healthcare sector has got to find it more difficult to get capital to start that business and to hire because they have to be concerned about what the future will hold. And perhaps most troubling of all, if you're a businessperson, would be the threat of seeing larger and larger deficits.

Anybody anticipating making a large investment with their life savings has to ask themselves, "What will happen ten years from now? How much will the dollar be worth when I'm finally going to get a return on my investment?" And if they're so concerned that the deficits are going to get larger and larger and larger, that we'll have high rates of inflation and potentially even a serious attack on our currency and our vitality economically, you have to ask, "Well, should I be investing now or holding on or buying gold?" And these are the kinds of things that I think have led to a reaction in the private sector that says, "This is a frightening time." And rather than encouraging the private sector to grow and thrive and add jobs, it has had exactly the opposite effect than what the president might have intended.

I think this has been the most anti-investment, anti-entrepreneur, anti-employment, anti-job agenda since the days of Jimmy Carter. And I'm afraid that it has prolonged the recession and made it more difficult for us to recover and create the jobs which are so badly needed.

Now, what I think we have to do instead is to make sure we recommit ourselves to a foreign policy of not apologizing for America, but of promoting the values which have made America such a great nation. Standing with people around the world who are fighting for democracy and human rights and who desire freedom. I personally was surprised when the Honduran Supreme Court said that the president of that nation, an anti-American, pro-Chavez leader, had violated the constitution. They removed him from

office, the military escorted him from office. Our president insisted on him being put back.

I was surprised when voices of dissent took to the streets in Iran, that our president felt we had nothing to say in that circumstance. I can't imagine Ronald Reagan having nothing to say in that circumstance, or Bill Clinton. (Applause) I was surprised when some of our very best friends in the world, the Poles and the Czechs, that had gone to their own public populations and explained to them the importance of a missile defense system and the desire of the west to establish that system, and of America to establish that system and receive public support, I was surprised that perhaps in an effort to reset relations with Russia, we pulled back from that commitment. And by the way, got nothing from Russia in terms of their support of tough sanctions on Iran in return.

I was concerned when the president went to the United Nations and addressed that body and took to task our best friend in the Middle East, Israel, and said they shouldn't be building settlements in the West Bank, while having nothing whatsoever to say about Hamas launching over 7,000 rockets from the Gaza Strip into Israel. In my view, in order to stand up for the kinds of values that have always been associated with our nation, we stand by our friends, and we oppose their foes, and our foes, with every ounce of our energy.

In addition, with regards to our national agenda, let me just mention five things I think we have to do urgently. One is we have to be serious in communicating to the American people, and the world, that we will end the level of deficit spending that we're seeing, that we'll bring a balance to our spending. We'll not keep spending more than we take in. It's almost as if China has given us a credit card and is smiling as we keep on borrowing and borrowing and borrowing massively more than we have any right to be spending.

Secondly, we have to deal with our debt. Not just the deficit and the public debt, but the debt associated with unfunded liabilities in our entitlements. We have to make our entitlement sustainable, not by changing the deal for retirees, or near retirees, but for those that are young and coming along. We've got to tell them the truth and make sure we adjust those programs so they're sustainable.

Third, got to get ourselves energy independent, not just talk about it. We've been talking about it forever. We have to be serious about it.

Fourth, we have to take on healthcare. And I'm not just talking about getting people insured, I'm talking about the extraordinary burden we have of excess healthcare cost relative to the other developed nations in the world. America's healthcare is about 18 percent of our GDP. The average of the OECD nations is 12 percent of GDP. That's a six point of GDP gap between us and then. To put that in context, our defense budget is 3.8 percent of GDP. Six points of GDP is this gap we have between our healthcare costs and that of other nations.

And gosh, how disappointing it was to see the president take on the insurance companies as if the reason that healthcare is expensive in America is because of the insurance companies. I'm sure there's some insurance companies that deserve blame, and we can find them out and point them out, but this is an issue that's broader than just trying to punish some scapegoat. This is an issue that talks about the nature of our healthcare system and the cost of delivering that care, which we're going to have to take on if we want to get America back in a position of strength.

And finally, I'd mention education. It's unsustainable for a great nation to have schools that are failing its kids year in and year out, where our kids will be less and less competitive globally. We face extraordinary challenges, and we have not really dealt with them over these last months or these last multiple years. It's time for us to do that. And a greater energy in this country, insisting that public leaders do take on the challenges we face.

I'm encouraged by the passion and enthusiasm I'm seeing around the country. You know, my part used to talk about too much spending and too much borrowing. And frankly, not a lot of people got excited about that, other than the people who'd heard those lines many time before at Republican meetings and responded appropriately. But, that message is now much, much more broadly accepted and reacted to, responded to. You're seeing a lot of people saying, "Government is too large. Spending is too great. These deficits are too overwhelming." And I'm happy to see that kind of passion. I'm convinced the American people will do what they've always done, which is rise to the occasion when they understand the challenges before us.

We've seen the sacrifices of the Great Generation and how they rose to the occasion of the threats that we faced in world war, to bring to us security and to lay the foundations of our current prosperity. I'm afraid that if we don't change course, we could become America's worse generation, the nation that put in place entitlements and obligations and spent so much for ourselves that we give to our kids in America, where the American dream is impossible to see fulfilled.

I don't think we'll do that. I think as we, in my generation and your generation, recognize the challenges we'll face, we'll say, "We will not leave that legacy to America's kids." We will insist that the American dream is alive and well. We will preserve the culture of pioneering and innovativeness and creativeness and entrepreneurialism. We'll make sure that America is, as it has always been, the hope of the Earth. This is our charge. This is the work we have to do.

I appreciate the work of you here in the media. I know there are some who delight in stories that certain members of the mainstream media, certain publications, are having a hard time. I'm not one of them. I actually like the fact that we have a strong and ample mainstream media that checks multiple sources and will write the names of the sources. Generally, not always, but generally. That's a good thing. I like to have a paper of record in various communities so that we can test some of the things that are being spoken of. It's a critical responsibility. But right now, given what we face and the challenges that

America has, we need the mainstream media, and all sources of media, to get the real facts out there and to have the American people understand the alternatives we have ahead of us, the choices we can make and where they would lead.

I appreciate the work you're doing. Hopefully, we can collectively assure that we will go down as another one of America's great generations, not one of the worst. And that we can keep America the hope of the Earth. Thank you so much, good to be with you this morning. (Applause)

MR. BJERGA: Thank you very much for your words, Governor Romney, and we certainly have many questions that are being asked here today, and please keep them coming from the audience. Our first question, of course, you've been making a lot of appearances lately because you're promoting your book, *No Apology: The Case for American Greatness*. We've been seeing many copies around here with the audience today. One of the challenges, of course, in writing a book is that when it's focused on current events like it is, events continually change. For example, in your book you criticize President Obama's lack of visiting with the Dalai Lama. And, of course, as you spoke today, you spoke a lot of what you termed as President Obama's apology tour.

Now since then, President Obama has met with the Dalai Lama. He's, of course, given his speech in Oslo, which was widely praised as a statement of stating America's role in the world. I'm wondering if there are any opinions expressed in your book that you may see a little differently now after its publication?

And the second question on that, do you feel that President Obama has been improving in his performance, or what have you liked about his first year in office?

GOVERNOR ROMNEY: Well, there are a number of things, by the way. The book was written between January and July of last year, that's the nature of publication. So for instance, I note that there's a car company that has a record of superb excellence and quality named Toyota. I probably would have adjusted that somewhat. And I happen to wonder whether the fact that I made it very, very clear that I was writing a book called *No Apology*, figured into the speechwriters that were in Washington thinking, "Well, it's time for the president to say that he won't apologize for what America is." I sure hope so. It would be wonderful.

And I'm glad when the president speaks out in a more forceful way for our values. But rhetoric has to be matched with action. And I have not seen on the fronts I've described the kind of adjustment that I would hope for. I have not seen the kind of action on Iran yet, or North Korea yet that I would have hoped for. I've not seen us decide that Colombia, which is one of our best allies in the effort to try and dissuade Chavez from his ambitions throughout lama, I've not seen us get closer to Colombia and say, "You know what? We're going to tell the AFL-CIO that they need to stand down on this. That we have a great friend in Colombia. We're going to give them favored nation status," and build stronger relations with Colombia. There are a number of things I consider to be problematic.

On the other hand, a positive development: the president extended the Patriot Act. He didn't talk about that during the campaign. I'm glad he did, I'm glad he did extend the Patriot Act. His decision to provide additional troops, a surge if you will, in Afghanistan was one that I supported, although he did it in a way that I think has made it more difficult to assure the success of our troops there.

How do I mean by that? Well, it took a long time to make the decision, but the decision did get made. If the military had come to a president and said, "Look, our minimum number of troops is 40,000," I would not have thought about giving them 30,000. In a counterinsurgency, it's essential that the public that you're trying to encourage to support their government have confidence that the government has been duly and appropriately elected. And so we had all those troops there with a presidential election going on, and yet the election was not deemed to be fair and uncorrupt. And that, of course, made it more difficult for us to be successful in that effort.

So there were things that the president did that I would have taken a different direction. He can't be right 100 percent of the time, he will make mistakes. But overall, I am very concerned that the policy he has adopted on the national stage has presented the appearance of American weakness, not American resolve. Has given the impression of timidity rather than strength. And I think the president will have an opportunity again, the vice president, I think it was, who said he would be tested in his first days. He was, and it was not a test which resulted in people around the world seeing this nation as being committed to the principles of the past. I hope the president is able to be more forceful not just in the words, but in the actions in the coming years.

MR. BJERGA: A question from the audience, a request for clarification from your address. Did you misspeak when you said that the United States did not support past dictatorships, looking at previous examples of the U.S. supporting military dictatorships in Brazil, Argentina, Chile, Paraguay, the apartheid regime in South Africa or the shah of Iran?

GOVERNOR ROMNEY: Had I said we had never supported prior dictatorships, I would have misspoken. But that's not what I said. What the president said was that America has dictated to other nations. I don't believe America dictates to other nations. I believe that America has freed other nations from dictators.

MR. BJERGA: Well, of course, had numerous questions about healthcare and your perspective on the current healthcare debate. Question: had you been president in 2009, not knowing if you've ever contemplated that scenario, with your experience as governor of Massachusetts, had you been president, how would you have handled the healthcare issue? And, as a follow on, does government healthcare work in Massachusetts?

GOVERNOR ROMNEY: Boy, lot of questions in that so hang on. Let me take you through them one by one. Two big problems in healthcare, at least, but as I see it.

One is the problem of tens of millions of people that don't have health insurance. And the other is the problem of our healthcare costs being way out of line with that of other nations. Let's deal with the first one, and by the way, the easier one, which is getting people insured that don't have insurance.

That's something which we took on in Massachusetts relatively successfully, some parts going well, some parts not as well. I happen to believe, as I indicated in my campaign, the best way to deal with getting people insured is to do so on a state by state basis with the federal government giving more flexibility to states and the monies that go from the federal government to the states that deal with the care of the poor. Let those monies go with fewer strings attached so that the states will be able to care for their own people without insurance. I like the way we dealt with it, by the way. I think our system is working pretty well. There's some big adjustments I'd make if I were governor there today. By the way, some of them would be to make it more consistent with my original proposal when I put the legislation forward. But, the legislature made some changes. I vetoed those changes, they put them back in. But by and large, it's a pretty good model for what can go right, or wrong, with a state being responsible for getting their people insured.

The other issue of how to get the costs down, not just for the people that are uninsured, that's something we were pretty successful doing. For individuals who are buying insurance, the premiums are now lowered in Massachusetts and they're able to get coverage at a more reasonable price. But for those, the great majority of Americans, how do you get the cost down in a level consistent with other nations? And in that regard, there's a lot of work to be done, and it hasn't really been tested anywhere yet. I have my own ideas as to what we'd do, and I'll make it real simple in just a moment I have. And if you read a chapter in my book on healthcare, you'll understand where I'd go.

But the idea is this: we see right now healthcare costs rising, and I think a lot of liberals and the president say, "Let's take over healthcare so we can impose cost controls and keep it down, keep the costs down." Cost controls don't work. They haven't ever. They haven't anywhere. That's not the right way to go. Trying to get the healthcare system to look more like the post office or Amtrak or Fannie Mae or Freddie Mac is not going to work. The way to get the cost of healthcare down is to apply the magic ingredient that applies to every other aspect of our economic life, and that is to see if we can't get healthcare to act more like a market. In healthcare, you don't have the provisions of a market because the consumer of health services, the sick patient, has virtually no stake in what the cost is of treatment. Once you've paid your deductible, it's free. So if the hospital's going to charge \$50,000 for a surgery or \$5,000, you couldn't care less. The insurance company's going to pay. And as a result, there's no pricing mechanism, there's no cost benefit that goes on that allows the patient to have an input and allows this to work like a market.

I'd change that, also change the incentives for doctors and providers such that, well, instead of getting a fee for service type reimbursement system, there's more like a capitated rate. But you'll look at that in more detail in the book.

By the way, I also wouldn't think that a president would say, "Let's take something like one-fifth, almost, of the U.S. economy. We're going to get some Congressional staffers together and decide how we would change it all. We're going to write a couple thousand pages, and then never having tried it anywhere, we're going to put it on the entire country and see how it works." I'd say, "Look, let's let each state-- let's work on these things. Let's see what we can learn from other nations and from our own states and see which things work and don't. Look at the mistakes we've made in Massachusetts, improve on them, get other states to try them. And ultimately, if we can all agree that something's working, then let's apply that."

But this approach, in my view, is not the kind of approach any reasonably run enterprise in the world would ever consider.

MR. BJERGA: Would you term President Obama's healthcare approach socialism?

GOVERNOR ROMNEY: I try and avoid highly incendiary words, in part-- not always successfully. Sometimes, I succumb as everyone does. But I think the intent of the president's plan and that of the legislative leaders that are pursuing Obama Care is based upon a view that the only way we're going to really be able to control healthcare in America is by having the government control it and set prices and set usage. Tell people what they can have done and what they can't. That if we get that done, we can finally reign in it.

And you look around the world where those features have been applied in socialist-type systems, socialized medicine-type systems. And the only way they've been effective is where they have, if you will, rationed care or denied care. That will not be acceptable to the American people. I think the better alternative is to allow individuals to have a stake in their own healthcare, if you will, let market dynamics play. That's why health savings accounts have such potential. And that the person is saving up an account, gets larger and larger, they're going to pay a portion of their bill. And so when it comes time to decide which hospital or which doctor, they're going to ask him, "How much is it going to cost?" And they're going to look at one provider versus another. That then drives those providers to be more cost effective. Quality effective and cost effective, that's how markets work.

MR. BJERGA: How is healthcare as a sector different from, say, the Social Security system, the postal service system, the interstate highway system, other areas where there's been strong government involvement that also have high satisfaction rates among the American people?

GOVERNOR ROMNEY: I think I would choose to take exception with high satisfaction rates with certain aspects of government run entities. Whether that's the post office or Amtrak or Fannie Mae or Freddie Mac. (Applause) There are certain things that government alone can do, like defend the country and provide for the justice system, and

many others. Government has a very important role. Let's be very clear. Sometimes, we perhaps become carried away in our rhetoric. We are not anti-government. Those of us who are conservatives recognize a role, an important role, of government. In part, to set the rules for the market to work you've got to have regulations and laws and rules so that the parties that want to participate in a free economy know what the guidelines are, know what the rules are. Effective markets and efficient markets require that.

But where you have an opportunity to allow a function to be carried out in the private sector, it will overwhelmingly be more effective and more efficient and more satisfying to the public if you let market dynamics, or the private sector, actually manage that portion of the economy.

I remember conversations I had with regards to prisons, for instance. I mentioned to some legislators that I thought we ought to take a look at having the prisons in Massachusetts managed by a for profit prison company because based upon my calculations, they could save us a lot of money. And the response of the individual I spoke with was, "Well, but they'll be much higher cost than we are by having our state workers run the prisons." And I said, "Why do you say that?" And they said, "Well, the prison company has to earn a profit, and we don't." And I said, "I don't think you understand how markets work. You see, the profit incentive is what encourages entrepreneurs and innovators all over America to find ways to do things better and come up with lower and lower cost ways of doing things better and better. That's the nature of our entire system. That's why they can make a profit and do the whole job better and at lower cost than we can."

But that is lost on way too many people, and it's something we need to communicate. So in my view, as I look at healthcare and fixing healthcare, let's let some states try not just to get all their people insured as we did, but also find ways to bring the costs down by, for instance, moving toward something other than fee for service. And by the way, it is going to take the federal government to play in this arena because the federal government today buys half of all healthcare in America. We already have creeping federal government control of healthcare. They buy half of all the healthcare through Medicare, Medicaid, and through federal employees, and others. You add that up, they're half the market, and some in Congress are intent on just keeping on creeping. Take more and more, expand Medicaid to more and more people. Get more and more control of the system with the idea, ultimately, of controlling it entirely. And that's something which, in my view, if you like the post office, you'll love healthcare.

MR. BJERGA: At several points today, you have discussed rhetoric, and incendiary rhetoric and inflammatory language. And of course in the past year, you have seen some very contentious town hall meetings on healthcare, and on other topics, as well as some public demonstrations. Recently, you told the *Boston Globe* that Republicans must resist the temptations of populism.

Now, not to bring up a potentially sensitive topic, but Sarah Palin on Leno did outdraw you on Letterman last Tuesday. So that may show that the temptations of populism do have a popular appeal. And what is your role in responding to this?

GOVERNOR ROMNEY: I got to come up with better material, I'm afraid. (Laughter) You know, populism means different things to different people. If populism, by populism you mean appealing to the public and to the vote of the majority of Americans, why that's something we're all in favor of. We want to elicit the support of the great majority of our fellow citizens. And by and large, the American people do the right thing. After they've studied something at some length and listen to the alternatives, they generally come to the right place.

What was that wonderful Winston Churchill line about that? He said, "You can always trust the Americans to do the right thing after they've exhausted all the alternatives." (Laughter) That's close to what he said. So, I very much believe in listening to the American people and communicate to the American people. That form of populism, if you define it that way, is fine and well.

But there's another, if you will, branch of the word populism which I'm referring to when I say these words. And that is that there are some people who are scapegoating, who look for someone to blame for more fundamental problems that we have as a society. And it may be a politician, it may be a Wall Street banker, it may be immigrants, it may be a certain ethnic group. But over the history of the world, there have been scapegoaters who have achieved great public support by going after certain groups. And I have to admit, I watched the president go after the insurance companies. Let's scapegoat them.

Look, our healthcare problems are a lot broader than insurance companies. By the way, the big one in our state, Blue Cross Blue Shield is not for profit. It's not that their profit is driving healthcare costs in our state. And likewise, you'll see people take on immigrants and suggest that immigration is the source of America's challenges. Our problems are more significant than that, and that kind of scapegoating, in my view, doesn't make sense.

And I would note that it exists-- I mean, I see it coming from the White House. I was very concerned with what I saw as an anti-business, anti-CEO, anti-investor series of rhetorical claims. That makes it, again, less likely for people to want to add jobs and to create jobs. It's not the kind of rhetoric. You don't attack the job creator if you want to see jobs created.

And by the way, I welcome people with differing views. I'm happy to hear that perspective. But from leaders in our nation, I salute the work that's being done by those who are appealing to our best instincts and are not trying to scapegoat or demonize other groups or perspectives.

MR. BJERGA: Is the Tea Party movement a helpful force within the Republican Party?

GOVERNOR ROMNEY: I wish I could say it's decidedly within the Republican Party, but we'd all like to get the Tea Party movement within our own party. But the Tea Party movement is, in my view, an encouraging development. It's saying that the silent majority of America is silent no more. That individuals who are concerned with the scale and spending of government say enough already. We're going to meet, we're going to talk, we're going to do so in a respectful way, by and large. We're going to do so in legal ways and we're going to make sure that people hear what we have to say. You know, I know the president is fond of talking about Republicans responsible for gridlock in Washington. You recognize, of course, that he did not need one single Republican vote last year for any legislation he wanted. He could rely entirely on Democrats. We couldn't filibuster to stop a bill, we couldn't stop a bill in the House.

What was happening was that Tea Partiers and average American citizens were letting their voice be heard loud and clear and telling their Democrat Senators and Democrat Congressmen what their views were. And those Democrats were listening and were responding. So, I'm delighted that the Tea Party movement has been successful and vital in our political discourse. I hope we can capture that sentiment within our party and that we will elect in our primaries folks who are committed to Republican principles, conservative principles, because I think they're right for America. (Applause)

MR. BJERGA: One more question dealing with political discourse and various forms of rhetoric. Yesterday, a gunman who appears to have repeatedly railed against the government on the internet shot and wounded two police officers at the Pentagon metro stop. When that type of violence plays out at a metro stop, or at an IRS facility, do you see a connection between those actions and some of the more extreme political statements you may be hearing?

GOVERNOR ROMNEY: Well, certainly by them. I'm not sure-- I mean, the statements by them are typically detached from reality and there will be disturbed individuals that do things that are inexplicable. I can't imagine limiting free speech on the basis of such paranoia on the part of the perpetrator of this crime, for instance. But I can tell you that the rhetoric and the discourse that is most alarming on the globe today is that which comes from radical violent jihadists. And there's no question in my mind but that the-- whether it's on the internet or on the networks that carry their voices-- that the hate and vitriol which comes from these radical jihadists leads to suicide bombings and death.

And I can assure you that it is essential for us to stand up against this kind of misinformation, disinformation, and that America should make it very clear that we stand for principles which are lofty and good. And while we're not going to cut off the ability of these people to speak, we are going to cut off the ability of these people to attack our fellow countrymen. And when they come here carrying bombs with the intent of bringing down our aircraft or attacking our citizens, the first words they should hear are not, "You have the right to remain silent." (Applause)

MR. BJERGA: Is domestic terrorism ranging from Ft. Hood to Oklahoma City, for example, a concern for you?

GOVERNOR ROMNEY: No question, that's the jihadism I'm speaking of. There is, without question, across the globe. I listed in the book, and I won't try to recall it from memory, the number of countries where there have been attacks by different types of jihadist organizations. They are not all the same, obviously, this radical, violent jihadism comes from very different strains. Some have very local concerns, some have broader international concerns. But almost always, these various jihadist groups have several principle beliefs. One is we are the epitome of evil. They see America as being the great tempter, tempting people to do things that are wrong. They see democracy as being in complete violation of their view of God's will. They believe that law should come from God, not from man, and democracy flips that in their view. And therefore, they see America as they describe the great Satan.

It's an effort that also wants to see the elimination of Israel. And ultimately, most of these jihadist organizations seek the establishment of a global jihadist leadership for the world with a caliphate, for instance, being released and a hidden imam guiding the world. This is a sentiment and an evil which afflicts our time. There's no question in my mind but that we will overcome it. I believe there are signs of progress, even in the world of Islam, against these radicals. But they threaten the world, in part, because of the weapons that are increasingly available to them. And we shudder at the thought of them having access to nuclear technology. Dr. Walid Phares, a Lebanese-American scholar and author of a number of books dealing with jihadism, indicates in one of those books that it is his belief that if they obtain nuclear weaponry, they will use it. It's not something they will threaten us with, it is something they will use.

And so I do have a great deal of concern. We see the apparent lack of reason on the part of people who carry out these attacks. And we can only be thankful that the weapons they have used so far have not inflicted even greater casualty. But, yes, it's an enormous concern and a reason, in my view, for our involvement in places like Iraq and Afghanistan.

MR. BJERGA: But what actions can be taken to concern the threats of, say, a Timothy McVeigh or a Pentagon shooter who would not be considered a jihadist as much as someone who may simply be hating the United States government for local domestic reasons?

GOVERNOR ROMNEY: I don't know that I have a great answer for how to find a Timothy McVeigh or individual attackers. I can tell you an experience, however, from our Olympics in 2002 that sheds light, at least in my perspective, as to the best way to deal with these folks and to prevent their attacks. And by the way, the number of attacks that have been prevented will underscore the same story.

When it came time to host the Olympic winter games of 2002, we had endured just about five months, before the attack of September 11th, and we were very worried. Would we be attacked in opening ceremonies? Would our roughly ten venues be attacked? Would citizens be attacked on the streets? We put up fences and magnetometers. And they're of limited help, by the way. Someone with a mortar could a mile away from a venue, launch a shell into a populated area. And so those magnetometers, and so forth, could be helpful against a lone shooter. But against somebody with a more violent weapon, perhaps not very effective at all.

What gave me confidence, however, was that the FBI worked at great length in the years leading up to the Olympics to identify sources of potential threat, to follow them, to interrogate, in some cases, or to ask questions of them to let them know they were being watched. And to assure through good intelligence work to the extent humanly possible, that we were safe. Great intelligence is the best source, in my view, of the protection of our people and our property.

And therefore, I become very alarmed when I see our Justice Department decide that we're going to go after our own CIA members. This is not a time for us to be causing our intelligence officers to have concern about the support that they receive from their government and their people. We should be standing with, standing arm in arm, with those who protect us in the best means we have, which is intelligence. That is what has stopped attack after attack in this country since 9/11, and it's what protects our soldiers and loved ones around the world. Thank you. (Applause)

MR. BJERGA: In your book, you call for four percent of gross domestic product to be spent on defense. Given the constraints that will be taking place on the federal budget, as well as the constraints on the military being in Iraq and Afghanistan, with that spending, what would your top priorities be for funding against threats, given that you've spoken about jihad and nation states?

GOVERNOR ROMNEY: One of the things I do, if you get the chance to take a look at the book, is look at our military missions. And I realize that we're going to have to think about what our priorities are. I don't know if you know how much spending government does as a percentage of our total economic activity. I was a little surprised. We're a free nation where the private sector creates the wealth and the opportunity for our citizens, whether they're starting in brand new jobs, or whether they're people at the top of the executive ladder. But government today is roughly a third, 33 percent, of the total GDP of America.

Now, the federal government spends about 20 percent of GDP. Over a long period of time, it spends about 20 percent. I would make sure we draw a hard line there and not allow the federal government to take a larger and larger share of our overall economic activity. So if the government's going to spend about 20 percent, roughly, of GDP, how much should be allocated to our military? My view is at least four points of those twenty points, or roughly one-fifty of our total federal spending, should be directed towards our military budget, our federal budget.

We can spend it better. We buy a lot of projects, military projects, that aren't desired by the Pentagon, but are desired by a Congressperson or a Senator for their home district. We can be wiser in the way we spend our money and make sure that we're spending it as effectively as possible. I'd like to see us have an additional 100,000 troops. My analysis, and the reading I've done of others who've really studied this in greater depth on the number of missions that we have and how stretched our armed men and women are, I would like to see us have at least 100,000 more boots available for operations around the world and here in our own homeland. But for me, that's a number which we should plan on keeping in mind. It's now down to about 3.8 percent. Over the next decade, it's projected to continue to fall, fall, fall as, of course, our spending on entitlements grows and grows and grows.

We simply cannot allow our entitlement desires to eat up the entire federal budget and put at risk our ability to defend ourselves and protect ourselves from threats wherever they might arise.

MR. BJERGA: In your address and in your book, you speak about the influence of culture on the development and prosperity of nations. Do you believe that the United States was founded on Christian principles and that they are an important part of our own cultural DNA?

GOVERNOR ROMNEY: Well, I believe the Judeo-Christian principles generally, if you will, the Biblical principles described in the Old Testament to the New Testament are part of the culture. I don't believe that we as a nation have ever adopted the stance that a particular religion or even branch of religion is an aspect of being an American. But I believe that religious principles, including Christian principles, Judaic principles and those of other great religions, are part of our culture. The idea of honesty, integrity, family, commitment, patriotism, serving things greater than oneself, a charity towards others, those are part of the American culture. And I know that they have roots that flow back into religious culture as well. But I'm not going to assign that to any one religion. But do believe that those elements flow from those original sources.

MR. BJERGA: We are almost out of time, and thank you again for all of the time that you spent with us today. But before asking the last question, we have a couple of important matters to take care of. First of all, to remind our audience of future speakers. On March 8th, we have Lisa Jackson, the Administrator for the Environmental Protection Agency. On Tuesday, March 9th, we have Ambassador Ron Kirk, the U.S. trade representative who will discuss the Obama Administration's trade and export agenda. And on March 15th, we have Dick Armey, the Chairman of FreedomWorks.

Second, I would like to present our speaker, this is always the most exciting part of the program, with the traditional National Press Club mug.

GOVERNOR ROMNEY: You sprung with the big bucks, yeah, right. Thank you. (Applause)

MR. BJERGA: The final question has to do with looking ahead. I know that you'll be very busy, Governor, with your book tour. I also know that you believe in time for reflection and for your family as well. And the question would be vacation spots possibly in 2010. Wondering if you're considering destinations such as Des Moines, Manchester, Cedar Rapids or Sioux City? What could be your travel plans for the upcoming year?

GOVERNOR ROMNEY: Thank you. Well, some of those places are lovely in the summer. But frankly, this is a pretty critical year for people like myself who are conservative. And as a result for people like myself, and hopefully for a number of you in this room and others across the country, we're going to be working in our various states to elect folks who share our views and values about the country. And so you can expect me, Alan, to be in a lot of states. I'm going to be, for this book, for instance, I'm going to be visiting 49 cities doing book signings and speeches. And the book is about the challenges I think America faces. And my view that we have to stop apologizing for who we are, for our values, for what America has done, and instead stand tall in our belief that America is right for our kids, right for our grandkids, and right for the world. And that we have to strengthen the foundations of what has made America so strong and such a model for the world.

I'm not going to avoid being in New Hampshire because I have a summer home there. And I'll certainly make a trip to Iowa as part of that tour. But I'm going to be in states not where presidential primaries are so key, but instead where certain elections are key. And we got a lot of places where there's some really critical elections this year. We really need to bring back to Washington the kind of balance that is essential to make Washington work.

By the way, that's something that's kind of a key point here. The way to get things done in Washington is not to have one party have unilateral power to push everything it wants through. That's not the way to make it work. The way to make Washington work is to have two parties and then find common ground to assure that we're moving towards the middle and that we have the great support of the American people. If instead you take a sharp left turn, or even a sharp right turn, America will say no. So let's see some balance in Washington, and I appreciate the fact that a Republican is here today. And may there be many more. Thanks, you guys. Great to be with you. (Applause)

MR. BJERGA: Thank you. And thank you, Governor Romney. I'd also like to thank the National Press Club staff including its library and broadcast center for organizing today's event. For more information about joining the National Press Club and on how to acquire a copy of today's program, please visit our website at www.press.org. This meeting is adjourned.

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