Mrs. Reagan, distinguished guests. It is an honor for me to be here at the Reagan Library to speak to you today. I want to thank Mrs. Reagan for her gracious invitation. I am thrilled to be here.

Ronald Reagan believed in this country. He embodied the strength, perseverance and faith that has propelled immigrants for centuries to embark on dangerous journeys to come here, to give up all that was familiar for all that was possible.

He judged that as good as things were and had been for many Americans, they could and would be better for more Americans in the future.

It is this vision for our country that guided his administration over the course of eight years. His commitment to making America stronger, better and more resilient is what allowed him the freedom to challenge conventional wisdom, reach across party lines and dare to put results ahead of political opportunism.

Everybody in this room and in countless other rooms across this great country has his or her favorite Reagan story. For me, that story happened thirty years ago, in August 1981. The air traffic controllers, in violation of their contracts, went on strike. President Reagan ordered them back to work, making clear that those who refused would be fired. In the end, thousands refused, and thousands were fired.

I cite this incident not as a parable of labor relations but as a parable of principle. Ronald Reagan was a man who said what he meant and meant what he said. Those who thought he was bluffing were sadly mistaken. Reagan's demand was not an empty political play; it was leadership, pure and simple.

Reagan said it best himself, "I think it convinced people who might have thought otherwise that I meant what I said. Incidentally, I would have been just as forceful if I thought management had been wrong in the dispute."

I recall this pivotal moment for another reason as well. Most Americans at the time and since no doubt viewed Reagan's firm handling of the PATCO strike as a domestic matter, a confrontation between the president and a public sector union. But this misses a critical point.

To quote a phrase from another American moment, the whole world was watching. Thanks to newspapers and television – and increasingly the Internet and social media – what happens here doesn't stay here.
Another way of saying what I have just described is that Americans do not have the luxury of thinking that what we have long viewed as purely domestic matters have no consequences beyond our borders. To the contrary. What we say and what we do here at home affects how others see us and in turn affects what it is they say and do.

America's role and significance in the world is defined, first and foremost, by who we are at home. It is defined by how we conduct ourselves with each other. It is defined by how we deal with our own problems. It is determined in large measure by how we set an example for the world.

We tend to still understand foreign policy as something designed by officials in the State Department and carried out by ambassadors and others overseas. And to some extent it is. But one of the most powerful forms of foreign policy is the example we set.

This is where it is instructive to harken back to Ronald Reagan and the PATCO affair. President Reagan's willingness to articulate a determined stand and then carry it out at home sent the signal that the occupant of the Oval Office was someone who could be predicted to stand by his friends and stand up to his adversaries.

If President Reagan would do that at home, leaders around the world realized that he would do it abroad as well. Principle would not stop at the water's edge. The Reagan who challenged Soviet aggression, or who attacked a Libya that supported terror was the same Reagan who stood up years before to PATCO at home for what he believed was right.

All this should and does have meaning for us today. The image of the United States around the world is not what it was, it is not what it can be and it is not what it needs to be. This country pays a price whenever our economy fails to deliver rising living standards to our citizens—which is exactly what has been the case for years now.

We pay a price when our political system cannot come together and agree on the difficult but necessary steps to rein in entitlement spending or reform our tax system.

We pay a price when special interests win out over the collective national interest. We are seeing just this in the partisan divide that has so far made it impossible to reduce our staggering deficits and to create an environment in which there is more job creation than job destruction.

This is where the contrast between what has happened in New Jersey and what is happening in Washington, DC is the most clear.

In New Jersey over the last 20 months, you have actually seen divided government that is working. To be clear, it does not mean that we have no argument or acrimony. There are serious disagreements, sometimes expressed loudly—Jersey style.

Here is what we did. We identified the problems. We proposed specific means to fix them. We educated the public on the dire consequences of inaction. And we compromised, on a bi-partisan basis, to get results. We took action.

How so you ask? Leadership and compromise.

Leadership and compromise is the only way you can balance two budgets with over $13 billion in deficits without raising taxes while protecting core services.

Leadership and compromise is the only way you reform New Jersey's pension and health benefits system that was collectively $121 billion underfunded.

Leadership and compromise is the only way you cap the highest property taxes in the nation and cap the interest arbitration awards of some of the most powerful public sector unions in the nation at no greater than a 2% increase.

In New Jersey we have done this, and more, because the Executive Branch has not sat by and waited for others to go first to suggest solutions to our state's most difficult problems.

Being a mayor, being a governor, being a president means leading by taking risk on the most important issues of the day. It has happened in Trenton.

In New Jersey we have done this with a legislative branch, held by the opposite party, because it is led by two people who have more often put the interests of our state above the partisan politics of their caucuses.

Our bi-partisan accomplishments in New Jersey have helped to set a tone that has taken hold across many other states. It is a simple but powerful message—lead on the tough issues by telling your citizens the truth about the depth of our challenges. Tell them the truth about the difficulty of the solutions. This is the only effective way to lead in America during these times.

In Washington, on the other hand, we have watched as we drift from conflict to conflict, with little or no resolution.

We watch a president who once talked about the courage of his convictions, but still has yet to find the courage to lead.
We watch a Congress at war with itself because they are unwilling to leave campaign style politics at the Capitol's door. The result is a debt ceiling limitation debate that made our democracy appear as if we could no longer effectively govern ourselves.

And still we continue to wait and hope that our president will finally stop being a bystander in the Oval Office. We hope that he will shake off the paralysis that has made it impossible for him to take on the really big things that are obvious to all Americans and to a watching and anxious world community.

Yes, we hope. Because each and every time the president lets a moment to act pass him by, his failure is our failure too. The failure to stand up for the bipartisan debt solutions of the Simpson Bowles Commission, a report the president asked for himself...the failure to act on the country's crushing unemployment...the failure to act on ever expanding and rapidly eroding entitlement programs...the failure to discern pork barrel spending from real infrastructure investment.

The rule for effective governance is simple. It is one Ronald Reagan knew by heart. And one that he successfully employed with Social Security and the Cold War. When there is a problem, you fix it. That is the job you have been sent to do and you cannot wait for someone else to do it for you.

We pay for this failure of leadership many times over. The domestic price is obvious: growth slows, high levels of unemployment persist, and we make ourselves even more vulnerable to the unpredictable behavior of skittish markets or the political decisions of lenders.

But, there is also a foreign policy price to pay. To begin with, we diminish our ability to influence the thinking and ultimately the behavior of others. There is no better way to persuade other societies around the world to become more democratic and more market-oriented than to show that our democracy and markets work better than any other system.

Why should we care?

We should care because we believe, as President Reagan did, that democracy is the best protector of human dignity and freedom. And we know this because history shows that mature democracies are less likely to resort to force against their own people or their neighbors.

We should care because we believe in free and open trade, as exports are the best creators of high-paying jobs here and imports are a means to increase consumer choice and keep prices down.

Around the world-- in the Middle East, in Asia, in Africa and Latin America—people are debating their own political and economic futures—right now.

We make a stake in the outcome of their debates. For example, a Middle East that is largely democratic and at peace will be a Middle East that accepts Israel, rejects terrorism, and is a dependable source of energy.

There is no better way to reinforce the likelihood that others in the world will opt for more open societies and economies than to demonstrate that our own system is working.

A lot is being said in this election season about American exceptionalism. Implicit in such statements is that we are different and, yes, better, in the sense that our democracy, our economy and our people have delivered. But for American exceptionalism to truly deliver hope and a sterling example to the rest of the world, it must be demonstrated, not just asserted. If it is demonstrated, it will be seen and appreciated and ultimately emulated by others. They will then be more likely to follow our example and our lead.

At one time in our history, our greatness was a reflection of our country's innovation, our determination, our ingenuity and the strength of our democratic institutions. When there was a crisis in the world, America found a way to come together to help our allies and fight our enemies. When there was a crisis at home, we put aside parochialism and put the greater public interest first. And in our system, we did it through strong presidential leadership. We did it through Reagan-like leadership.

Unfortunately, through our own domestic political conduct of late, we have failed to live up to our own tradition of exceptionalism. Today, our role and ability to affect change has been diminished because of our own problems and our inability to effectively deal with them.

To understand this clearly, one need only look at comments from the recent meeting of the European finance ministers in Poland. Here is what the Finance Minister of Austria had to say:

“I found it peculiar that, even though the Americans have significantly worse fundamental data than the euro zone, that they tell us what we should do. I had expected that, when [Secretary Geithner] tells us how he sees the world, that he would listen to what we have to say.”

You see, without strong leadership at home—without our domestic house in order—we are taking ourselves out of the equation. Over and over, we are allowing the rest of the world to set the tone without American influence.
I understand full well that succeeding at home, setting an example, is not enough. The United States must be prepared to act. We must be prepared to lead. This takes resources—resources for defense, for intelligence, for homeland security, for diplomacy. The United States will only be able to sustain a leadership position around the world if the resources are there—but the necessary resources will only be there if the foundations of the American economy are healthy. So our economic health is a national security issue as well.

Without the authority that comes from that exceptionalism—earned American exceptionalism—we cannot do good for other countries, we cannot continue to be a beacon of hope for the world to aspire to for their future generations. If Ronald Reagan faced today's challenges we know what he would do. He would face our domestic problems directly, with leadership and without political calculation.

We would confront our unemployment crisis by giving certainty to business about our tax and regulatory future.

We would unleash American entrepreneurship through long-term tax reform, not short-term tax gimmickry.

And we would reform our K-12 education system by applying free market reform principles to education—rewarding outstanding teachers; demanding accountability from everyone in the system; increasing competition through choice and charters; and making the American free public education system once again the envy of the world.

The guiding principle should be simple and powerful—the educational interests of children must always be put ahead of the comfort of the status quo for adults.

The United States must also become more discriminating in what we try to accomplish abroad. We certainly cannot force others to adopt our principles through coercion. Local realities count; we cannot have forced makeovers of other societies in our image. We need to limit ourselves overseas to what is in our national interest so that we can rebuild the foundations of American power here at home – foundations that need to be rebuilt in part so that we can sustain a leadership role in the world for decades to come.

The argument for getting our own house in order is not an argument for turning our back on the world. We cannot and should not do that. First of all, our economy is dependent on what we export and import. And as we learned the hard way a decade ago, we as a country and a people are vulnerable to terrorists armed with box cutters, bombs, and viruses, be they computer generated or man-made. We need to remain vigilant, and be prepared to act with our friends and allies, to discourage, deter or defend against traditional aggression; to stop the spread of nuclear materials and weapons and the means to deliver them; and to continue to deprive terrorists of the ways, means and opportunity to succeed.

I realize that what I am calling for requires a lot of our elected officials and a lot of our people. I plead guilty. But I also plead guilty to optimism.

Like Ronald Reagan, I believe in what this country and its citizens can accomplish if they understand what is being asked of them and how we all will benefit if they meet the challenge.

There is no doubt in my mind that we, as a country and as a people, are up for the challenge. Our democracy is strong; our economy is the world’s largest. Innovation and risk-taking is in our collective DNA. There is no better place for investment. Above all, we have a demonstrated record as a people and a nation of rising up to meet challenges.

Today, the biggest challenge we must meet is the one we present to ourselves. To not become a nation that places entitlement ahead of accomplishment. To not become a country that places comfortable lies ahead of difficult truths. To not become a people that thinks so little of ourselves that we demand no sacrifice from each other. We are a better people than that; and we must demand a better nation than that.

The America I speak of is the America Ronald Reagan challenged us to be every day. Frankly, it is the America his leadership helped us to be. Through our conduct, our deeds, our demonstrated principles and our sacrifice for each other and for the greater good of the nation, we became a country emulated throughout the world. Not just because of what we said, but because of what we did both at home and abroad.

If we are to reach real American exceptionalism, American exceptionalism that can set an example for freedom around the world, we must lead with purpose and unity.

In 2004, Illinois State Senator Barack Obama gave us a window into his vision for American leadership. He said, “Now even as we speak, there are those who are preparing to divide us -- the spin masters, the negative ad peddlers who embrace the politics of ‘anything goes.’ Well, I say to them tonight, there is not a liberal America and a conservative America -- there is the United States of America. There is not a Black America and a White America and Latino America and Asian America -- there’s the United States of America.”
Now, seven years later, President Obama prepares to divide our nation to achieve re-election. This is not a leadership style, this is a re-election strategy. Telling those who are scared and struggling that the only way their lives can get better is to diminish the success of others. Trying to cynically convince those who are suffering that the American economic pie is no longer a growing one that can provide more prosperity for all who work hard. Insisting that we must tax and take and demonize those who have already achieved the American Dream. That may turn out to be a good re-election strategy for President Obama, but is a demoralizing message for America. What happened to State Senator Obama? When did he decide to become one of the “dividers” he spoke of so eloquently in 2004? There is, of course, a different choice.

That choice is the way Ronald Reagan led America in the 1980’s. That approach to leadership is best embodied in the words he spoke to the nation during his farewell address in 1989. He made clear he was not there just marking time. That he was there to make a difference. Then he spoke of the city on the hill and how he had made it stronger. He said, “I’ve spoken of the shining city all my political life, but I don’t know if I ever quite communicated what I saw when I said it. But in my mind it was a tall proud city built on rocks stronger than oceans, wind-swept, God-blessed, and teeming with people of all kinds living in harmony and peace, a city with free ports that hummed with commerce and creativity, and if there had to be city walls, the walls had doors and the doors were open to anyone with the will and the heart to get here. That’s how I saw it and see it still.”

That is American exceptionalism. Not a punch line in a political speech, but a vision followed by a set of principled actions that made us the envy of the world. Not a re-election strategy, but an American revitalization strategy.

We will be that again, but not until we demand that our leaders stand tall by telling the truth, confronting our shortcomings, celebrating our successes and, once again leading the world because of what we have been able to actually accomplish.

Only when we do that will we finally ensure that our children and grandchildren will live in a second American century. We owe them, as well as ourselves and those who came before us, nothing less.

Thank you again for inviting me—God Bless you and God Bless the United States of America.

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