

# Freedom and Virtue

By Senator Phil Gramm

## DR. EDWIN J. FEULNER

Ladies and gentlemen, and fellow members of our President's Club at Heritage, a year ago we had the opportunity to hear Jack Kemp give an inspirational speech. There were at that time a record number of Heritage Foundation President's Club members in attendance: about 425.

Last November, a week after the election, in his first major post-election speech, Speaker of the House Newt Gingrich spoke to the fall meeting of The Heritage Foundation President's Club, which 525 members attended. Again, a record.

Tonight, May 1995, Phil Gramm speaks to The Heritage Foundation President's Club and, again, we have another all-time attendance record; there are 600 members and guests. To all of you from all over the United States, we appreciate your coming here tonight and being a part of your Heritage Foundation.

I have the privilege to introduce a man who is unique among American politicians, because he is proof that integrity is a value that matters in American politics. I first knew tonight's speaker when he was a professor of economics at Texas A&M, a position he held for twelve years. Then he was elected as a Democrat to the United States Congress in 1978. In 1980, Ronald Reagan was elected President, and in 1981, Phil Gramm, a Democratic Representative from Texas, was one of the key movers of the Reagan Economic Program. By 1983, this didn't sit too well with the leaders in the Democratic party in Washington, and they decided they were going to teach this young whippersnapper from Texas, who had the audacity to co-author Ronald Reagan's Economic Recovery Program, a real lesson.

Then Phil Gramm did something very unusual in politics, something that indicates the kind of integrity I mean. He resigned from the U. S. Congress, went back to College Station, Texas, and ran for his old congressional seat as a Republican. His message to the people of Texas was a very simple one. He said, "I had to pick between Tip O'Neill and y'all, and I choose y'all."

In that critical first election as a Republican, Phil Gramm took on nine Democrats, beat them all, and became the first Republican ever elected from that House seat to the United States Congress. Less than two years later, the people from Texas elected him to the United States Senate, where he won with more votes than any candidate ever received for any statewide office in the history of the State of Texas.

In the Senate, his Gramm-Rudman Balanced Budget Bill was the only real deficit reduction bill that we've seen in the last twenty years. From the time it was enacted in 1985 until the Congress repealed it in 1990, in an ill-fated venture that led Heritage to a serious break

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Senator Gramm, a Republican, represents Texas in the United States Senate.

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with the Bush Administration, Gramm-Rudman managed to cut the budget by more than 40 percent and cut the size of government as a part of the economy by more than 10 percent.

Phil went on in his new Republican party to become chairman of the National Republican Senatorial Campaign Committee, a position that led to the Republican takeover of the United States Senate last year.

Ladies and gentlemen, please help me welcome the Honorable Phil Gramm to The Heritage Foundation President's Club.

## **SENATOR GRAMM**

Thank you very much. Let me first say that I noted all the applause that Wendy got, and I know there are some people here tonight who support me for President because they think that if I am elected then Wendy is going to run the country. But let me make it very clear. Before I announced my candidacy for President, Wendy told me "Phil, don't get elected and expect me to do this job."

I'm very happy to be here with my dear friend Ed Feulner. I met Ed the first time some twenty years ago, when I came to Washington to become involved in the public policy debate. I was an economist at Texas A&M. I had been working on the energy crisis, a creation of government, so naturally coming to Washington to talk about it made sense. And I came to Washington and I met Ed Feulner and Paul Weyrich. And we were, in those days, young revolutionaries. Today we are older revolutionaries.

I want to say this about The Heritage Foundation. We all know the Richard Weaver quote, "Ideas have consequences." Ideas determine special interests. Ideas ultimately dominate political debate. We have dominated political debate in America since about 1975. And as long as we control the debate on ideas, as long as we have a new vision, as long as we can convince people that the answer is freedom and not government, we are going to continue to dominate the intellectual debate and ultimately govern America.

No institution in America has had more to do with focusing ideas on the public policy debate than The Heritage Foundation. And I want to thank each and every one of you for putting in your time and your talent and your money. And for making an investment when it counts the most—in ideas. There are a lot of people in Congress who are espousing your ideas. Some of the best ideas I get I steal from other people. And many of them I have taken from you, and so let me say "thank you" for the old ones, and for the new ones I will get in the future.

As a young Congressman, I was the co-author of the Reagan Economic Program in the House. The Gramm-Latta Budget, as we called it in those days, mandated reduction in domestic spending. It mandated a dramatic increase in national defense expenditures. It laid the cornerstone for a policy of peace through strength. It won the Cold War that tore down the Berlin Wall, that liberated Eastern Europe, that transformed the Soviet Union, and that liberated more people than in any victory in any war in the history of mankind. It mandated the 1981 tax cut that lowered marginal tax rates by 25 percent across the board. It provided incentives for people to work, save, and invest. And much to the amazement of Democrats and to some people in Washington, miraculously, people worked, they saved, they invested, and we created 21 million permanent, tax-paying jobs with a future in the Reagan Revolution.

As a young Congressman, I was a foot soldier in the Reagan Revolution. I helped start that revolution in the House of Representatives, and as President of the United States I want to finish that revolution. I want less government because I want more freedom. I wouldn't want the government that we have today even if it were free. I want more freedom because I want to unleash the genius of ordinary Americans. I want to create more jobs, more growth, and more opportunity because it means more fulfillment and more happiness for our people. It also means more responsibility, and it means more virtue.

On November 8th the American people said to their government, "Stop the taxing, stop the spending, stop the regulations, and restore America's values." Now, none of us have any doubt about how we stop the taxing, or the spending, or the regulating. We all wonder where we're going to get the leadership and the courage to do it, but we all know that government has something to do with it. We know how government affects it, how government created these problems, and we all know how government can solve them.

But what does government have to do with values? That's what I want to talk about tonight. Because there is this idea in America that somehow there are economic conservatives and there are social conservatives, and that we're talking about different things. I want to *try* to make the case tonight that we are talking about exactly the same thing, that what gives economic freedom, what unleashes the creative genius of our people, also empowers us and makes us responsible and ultimately affects our values and our virtues. That's what I want to talk about tonight.

I want to talk about government and values. I want to talk about freedom and virtue. And I want to talk about them because they are important to our party and our nation. In the last ten years the Berlin Wall has come down, and we have won the Cold War. Most people don't realize that if the cuts in defense spending alone since 1985 had been applied to deficit reduction, then they would have balanced the federal budget last year. This should be a time of great happiness in America. This should be a time of great fulfillment and contentment for America. After all, we won the Cold War, we affirmed our values, we proved our system was superior, and we stand today supreme in the world. No power in history since the Roman Empire has, relatively speaking, been as powerful as America is today.

And yet, incredibly, Americans are not happy. Incredibly, Americans are worried. We have been polling for sixty years on the issue of the American dream, and you've all seen it on a lot of public opinion polls. And for 65 years we have routinely asked people a simple, straightforward question, which has been a defining question for America: "Do you believe that your children are going to have a brighter future than you have had?" For 64 of those years, Americans have routinely said "yes," in good times and bad times, because Americans never questioned the long-term viability of our country.

In the last year, for the first time in the modern era, not only did people answer that question "no," but 60 percent of our people now say that they do not believe that their children are going to have a brighter future than they have had. I think whether you look at economic indicators like the deficit, the tax burden, or the regulatory burden, or whether you look at social indicators, like illegitimacy or crime, or the destruction of the basic values and virtues that made America a great and powerful country long before we had any of the trappings of greatness and power, then one of the conclusions that we have to reach, as frightening as it is, is that we are either going to have to change the direction that our country is going in, we are going to have to make very fundamental changes in America, or in twenty years we are not going to be living in the same country that we grew up in. I think you reach a point in the lives of individuals and families, and even in the life of a great nation, when you either change the way your government and your institutions do society's

business, or events overwhelm you. I believe that America is at one of those critical moments today.

In 1950, the average family in America with two little children sent \$1 out of every \$50 it earned to Washington, D.C. Today, that same family with two children is sending \$1 out of every \$4 it earns to Washington, D.C. And if Congress did not meet for the next twenty years—something that normally would be applauded, but we applaud it today only because people don't understand that we have already lost the battle—if the Congress did not meet for the next twenty years, if we didn't start a single new program, but we simply paid for the government that we have already committed to, in twenty years the average family in America is going to be sending \$1 out of every \$3 it earns to Washington, D.C.

The odds that a boy born in America in 1974 will be murdered are higher than the odds that a serviceman in World War II would be killed in combat. Last year, in our big cities, the majority of children born were born out of wedlock. Now the question is, as we look at these kinds of indicators, is our crisis an economic crisis or a moral crisis? My answer is: It is both. And the economic and the moral crisis are rooted in the explosion of a government that taxes and squanders our income and that replaces individual duties and responsibilities with unearned benefits and entitlements. When we talk about economic issues, everybody sees the connection. Everybody knows the connection between big government and the deficit, big government and the tax burden, big government and the regulatory burden. But when we talk about social and moral issues, the connection between big government and the decline in American values and virtues is not always so obvious.

So let me try to give you my connection between the two, and I think a logical point to begin is with a biblical story. Now, we all know the story of when people sought to tempt Jesus, and they picked an obvious subject that would tempt any contemporary American. They asked Jesus about taxes. And Jesus said, "Show me a coin that is used to pay taxes." And they showed him a coin, and this was the Roman world, and he looked at the coin and said, "Whose image is that on the coin?" And they said, "Caesar's image." And he said, "Render therefore unto Caesar what is Caesar's, and unto God the things that are God's."

Now, I believe that in that question and in that answer, Jesus defined the most important political question in the history of mankind. And that question is basically this: "What belongs in the domain of man and government, and what belongs in the domain of man and God?" From the colonial period in America, the hallmark of our society was opportunity. In America we had more opportunity and more freedom than any other people who had ever lived on the face of the Earth. And with that opportunity, and with that freedom, ordinary people like us were able to do extraordinary things.

We literally created the greatest nation in the history of the world by decisions and actions, leadership and invention, all carried out by ordinary people. This not only made us a great and powerful nation, but it made us a nation that has become accustomed to progress. It has become a routine matter of affairs. Almost everybody in this room grew up in a family where your parents did better than their parents, and you did better than your parents.

I remember once as a kid, probably eight or nine years old, I was pulling weeds in the front yard. And I had been to the movies, and I had seen this movie *Ivanhoe*, which was already an old movie but I had never seen it. It was about knights and ladies, and so, sitting down in the front yard pulling weeds, I said to my older brother Don, "Wouldn't it have been great if we had lived in olden times?" And my brother looked at me and said, "Well, what would have been so great about it?" And I said, "If we had lived in olden times, they would have had servants out here pulling these weeds." And he looked at me, and with the

wisdom of a fourteen year-old said, "Don't you know that if we had lived in olden times, that given the kind of people that we come from, that we would have been the servants?" I have always remembered that story, and I have always tried to remind my children that they need to be always aware of the fact that in almost every other country in the world people like us would be peasants.

But limited government not only has produced unlimited opportunity, it has brought unparalleled prosperity, and it has also helped strengthen the inherent values that Americans brought from the Old World. It has helped to strengthen self-reliance, individual responsibility, and authentic compassion. And I think it is important that we look back at the most famous critique ever written of America, and that critique was written by Alexis de Tocqueville. He came to America in the 1830s. This system had been at work for 200 years of opportunity and responsibility producing opportunity and virtue. And when Alexis de Tocqueville sought to sum his work up as to what was the source of this miracle in a world called America, he rejected any idea that America's richness and power was due to her natural resources or her natural advantages. He instead focused on America and its values and virtues, and on its spiritual treasures. He wrote, "Not until I went into the churches of America and heard her pulpits flame with righteousness did I understand the secret of her genius and power. America is great because she is good, and if America ever ceases to be good, America will cease to be great."

I believe that was true 160 years ago, and I believe it is true today.

But what happened to these values and virtues that were so commonplace in America for 300 years? Is it simply an accident that they have started to diminish in American society? I don't think so. I think it is no accident. I think that over the last 40 years, as government has become ever more dominant in American society, as government has created programs to meet our every need, to indemnify our every mistake, our social safety net has become a hammock.

Government programs, with all the good intentions in the world, were established to help people and have changed the way that people behave. They have corrupted our values, and as we have looked more and more to government to take care of us, we have become what Margaret Thatcher called a "nanny state." And as we have turned to government to be our keeper, to be our indemnifier, we have turned away from our family and our faith. As we have rendered unto Caesar, we have stopped rendering unto God.

The values and virtues that contributed to a coherent society have been replaced by a value-free government that rewards us when we fail and taxes us when we succeed.

And as government has taxed us more to take care of us, our ability to take care of ourselves without government help has diminished. Inheritance taxes have assaulted American families. Routinely in America today, children have to sell off farms and businesses that parents spent a lifetime building up so that the work of a family's lifetime effort now goes to the government and not their children. Competition based on merit and hard work has increasingly been distorted by quotas and by set asides.

And one hardly needs to talk about welfare. I was talking to my mother the other day, and she was telling me the whole problem in welfare boils down to the fact that young people are not as proud as she was when she was young. And I said, "Mother, I'm not sure that young people are that different. What I think is different is the system that they now face." And I said, "When you were young, you had two little children, and you were working in a cotton mill. If they had the same welfare benefits then that they have today, you would have taken it." And my mother said, "I would not have taken it. I'd have starved to death

before I would have taken it.” And I said, “Well, Mother, you would have been better off taking it than you would have been working. Everybody you would have known would have been taking it. There would have been no stigma in taking it. People would have made fun of you for not taking it. You would have taken it.” My mother said, “I would not have taken it, and if you ever say I would have taken it I’ll go on television and denounce you.’

Now, let me make it clear. (I think this is on C-SPAN.) Mother, I know you wouldn’t have taken it. But there are literally millions of Americans who have become dependent on government, and in the process their values and their virtues have been corroded. The system has changed them, denied them access to the American dream. And it’s something we need to change.

Now we might be reassured when we hear politicians talk about values. We might be reassured when we hear politicians lament the passing of America’s virtues, and the calling for more revival.

But I think it is important for us to understand that if Billy Graham started tomorrow and wrote every speech that Bill Clinton gives from now until November of 1996 when we send him back to Arkansas, that unless we change Bill Clinton’s policies, America’s economic and moral decline would continue. Ultimately, we are never going to change America, and we are never going to regenerate our values, until we change our government.

To change our government we need to start with the problem at its source. We need to cut government spending, not just to balance the federal budget, but to let working people keep more of what they earn. To keep more of what they earn to invest in their own children, in their own businesses, and in their own future. Now, I know Bill Clinton would say, “Well, this is a debate on how much money we’re going to spend on children. This is a debate on how much money we’re going to spend on nutrition, and housing, and education.” This is not a debate on how much money is going to be spent on children. It’s not a debate on how much money is going to be spent on education, or housing and nutrition. It’s a debate on who is going to do the spending. Bill Clinton and the Democrats want the government to do the spending. We want the family to do the spending. We know the government, and we know the family, and we know the difference.

When we’re going to bet the future of America—and don’t be confused; we are betting the future of America—I want to bet it on the family and not the government. The family is the most powerful institution in the history of mankind, and we’re going to make America right again when we put the family first again in America. I’d like to begin putting the family first again by eliminating the Department of Education. And I’d like to take half of the \$32 billion every year it spends and give half of it back to families to fund the \$500 per child tax credit, so that families can invest in their own children’s education. I’d like to give the other half to local school boards, so that parents and teachers and locally elected school board members could set education policy in America again.

I want to repeal Goals 2000. And let me make it clear. I’m a teacher, and I intend some day to go back to Texas A&M and teach. I’d like to teach economics in Washington for eight more years. I know the students aren’t as smart as the people I was teaching at Texas A&M. But I think the classroom is more important.

I don’t want to be the Education President. I want to make you education parents again. That’s what we need in America. I want parental choice. I want to give parents the ability to decide where their children go to school and where and how their money is spent educating their children.

I want to guarantee freedom of religious expression in public life and voluntary prayer in schools again in America. I want to reaffirm the primacy of the American family, and what better place to start than by rejecting the U.N. convention on the rights of the child? Child rearing is a family matter. It has very little legitimate input that should be sought or accepted from the local government or the state government or the federal government. But a world bureaucracy or a world government should have absolutely nothing to say about raising American children.

As President, I will never send your sons or daughters into combat under U.N. command, and we don't need the U.N. to help you raise them.

I want to repeal the marriage penalty. Why should two people who form the most powerful institution for promoting happiness and progress in history have to pay the federal government \$4,500 a year for the right to be married? My wife is worth \$4,500 a year. But I'm not sure I am, and I want the government to quit tempting my wife to leave me.

I want to reform welfare. I want to ask people that are riding in the wagon on welfare to get out of the wagon and help the rest of us pull. I want to stop giving people more and more money to have more and more children on welfare. Our welfare system makes mothers dependent. It drives fathers out of the household. It takes away the dignity of our people. It denies them access to the American dream. And if we really love our fellow citizens, then we owe it to them to have the courage to change this system and help bring back the American dream for everybody in this country.

I want to overturn Bill Clinton's unworkable and destructive policy of gays in the military. I want to get the government out of the business of writing American history or deciding what is art. In one case, I am not capable of deciding whether they are right or wrong. I just simply know that I don't want to pay for it. In the other case, in American history, I want historians in every generation to fight it out intellectually as to what the relevant history of America is. Whenever we let government exercise judgment, those people in our society that have the biggest ax to grind inevitably become the people who fight for a position to rewrite the history and determine the future of America in their image and not in America's image. And that's why government should have no role in these things.

I want to hold criminals accountable for what they do. I am tired of Bill Clinton and a lot of other people blaming anybody but criminals for what they do. I am tired of this old song that it is society's fault. That society "done 'em wrong." That they listened to people and were influenced by them. I want to judge people by what they do. I want to hold them accountable for what they do. And when people brutally murder our neighbors, I want to put them to death.

I'd like to have a chance as President to totally change America's prison system. I'd like to turn our prisons into industrial parks. Every year since I've been in Congress Jesse Helms, my dear friend, has offered an amendment to ban Chinese goods produced by prison labor. And every year I wonder why we can't make our own prisoners work.

And let me tell you what I want to do. I want to stop building prisons like Holiday Inns. I want to take out the color televisions. I want to make prisoners work six days a week. I want them to go to school at night. And when they get out of prison, I want them to have a skill they can sell in the marketplace. And I want them to be able to read and write.

Let's demand that our government treat its people with respect and guarantee their right to life, liberty, and the pursuit of happiness. I'm pro-life. And for those of us who believe that in every human life there is a divine spark, our goal has got to be to work toward a day when every child is welcomed into life and loved when they get here.

I want to end taxpayer funding for abortion and for groups that advocate abortion. I want to appoint federal judges who will interpret the law instead of making it up as they go. If we expand freedom and bring back the basic values of our people, we will do it by reducing the power of government and by empowering families. Ultimately, to bring back both virtue and freedom, we have got to have less government and more personal responsibility.

I believe that the turning point of this debate was the Clinton Health Care Bill. I believe that while it appeared, at least temporarily in the darkest hours of the debate, that Bill Clinton had managed to convince the American people to tear down the greatest health care system that the world has ever known to rebuild it in the image of the Post Office, that when we were finally able to get the American people to look at this issue, and understand it, it was the turning point in this whole debate.

I am fond of saying that "no" is often the right answer in Washington, D.C. And there is one "no" that I am very proud of. At the darkest moment in the health care debate, when Republican pollsters were telling us that it was political suicide to take on the Clinton Health Care Bill, that the best we were going to be able to do was to make marginal changes but for God's sake don't go out and say you're absolutely against it, when Bob Dole had joined John Chafee in a big government compromise that would have taxed your private health insurance benefits, that would have set up a national health board, that would have set up health care purchasing cooperatives, that would have moved the government toward taking over the health care system, I stood up and said, "The Clinton Health Care Bill is going to pass over my cold, dead, political body."

My political body is alive and well and at the Heritage Foundation President's Club Dinner. The Clinton Health Care Bill, thanks in significant part to your research, your leadership, and your brainpower that you focused on that debate—the Clinton Health Care Bill is deader than Elvis. And who knows? Maybe Elvis's fans are right and he'll be back. But the Clinton Health Care Bill will not be back.

But I believe that when we beat the Clinton Health Care Bill, Americans understood how close we came to losing another seventh of the American economy to government. And many understood that we could have never fixed it if that had happened. I was told by my dear colleague John McCain, as I was walking out of a meeting on my way to make my "over my cold, dead body" statement, John said, "If you're wrong on this, you can give up any idea of running for President." And I said, "John, if we lose this issue it won't do any good for me to become President, because I can't fix this thing."

Well, we're not going to have to. But it was the turning point. It was a key factor in us winning the 1994 election, and it is clear what the message of those elections was: less government and more freedom. I am proud of what the House of Representatives has done on the Contract. I am proud of Newt Gingrich. I think he has the potential of becoming the greatest Speaker of the House in the history of the United States of America.

Now it is the Senate's turn. Now, we have some of our colleagues in the Senate who are fond of saying in our meetings, "I didn't sign any Contract with America!" I always like to point out, "Well, guys, I hate to tell you, but that is a subtlety that is lost on the American people." And what is important is that America signed the Contract with America. We have some Senators who have one foot firmly planted in the dramatic changes we committed to



in the election and one foot firmly planted in the status quo. And as the two have moved further apart it has produced the predictable results. Well, let me say, I have no foot planted in the status quo.

Government spending is going to grow by 3.3 percent a year over a seven-year period. By doing that we're going to balance the federal budget. I will offer on the floor of the United States Senate an amendment that will put the Contract tax cut in the budget and cut spending further to pay for it so that we can let working families keep more of what they earn, so that we can provide incentives for people to create jobs, so we can balance the budget, and so we can fulfill the commitment we made to America in the elections.

Let me make one more point before I get to the conclusion. I want to cut the capital gains tax rate. I want to cut tax rates. I want to go to a flat tax, and I know that if Bill Clinton were here he would say, "Well, now, wait a minute, if you cut the capital gains tax rate, if you cut tax rates, rich people are going to see the opportunity that will create. They are going to mobilize their capital, they are going to exploit that opportunity by investing and creating jobs, and if they are successful, they are going to earn profits!" Welcome to America.

I never apologized for the American free enterprise system. If America is going to be saved, it is going to be saved at a profit. And I intend for America to be saved.

Also, I was thinking the other day, I've had a lot of jobs in my life. No poor person has ever hired me. Every job that I have ever had—from working at a peanut processor, to a cabinet shop, to a boat factory, and all those jobs we had as kids, throwing the paper, working in the grocery store—I got because someone beat me to the bottom rung of the economic ladder, climbed up, saved their money, invested it wisely, and made it possible for someone like me to get my foot on the bottom rung of the economic ladder. I want other Americans to have at least as much opportunity as I have had. I believe if we do our job, we can bring back the American dream. We can give people more opportunity than people have ever had, and in the process of reestablishing responsibility, we can bring back our virtues.

Neither of my parents graduated from high school, but my mother had a dream before I was born that I was going to college. I resisted. As some of you know who know me and know a little bit about my history, they kept trying to inoculate me with learning, but it wouldn't take. I failed the third, the seventh, and the ninth grades. But it didn't make any difference. My momma prodded my every step of the way through college to a Ph.D. in economics, because in the America that I grew up in, in the America that you grew up in, mothers' dreams did not die easily.

Too many mothers' dreams are dying too easily in America today, and I want our America back. I believe that America is worth fighting for and that, with God's help, we can and will win this fight.

Thank you very much and God bless you.

