



Newt Gingrich:

Thank you very much Governor. I worry a little bit when you get too grandiose in an introduction, because I start getting excited about hearing from the guy, and then I realize it's me and that's a little worrisome. Listen, this is a very sophisticated group, you all have been meeting over the years with a very serious purpose, and I want to take a few minutes and try to meet the standards of the group, and talk about where we are. And I want to talk briefly about a period 31 or 32 years ago, that was a moment of fundamental change. And I want to recommend to you a couple of books, because I think you need to understand how big the changes we're about to have, and how principled and fundamental it's going to have to be, and I'll explain why in a minute. In the late 1970's the Western world was in a genuine crisis. We had been hit by the first oil shock in the 70's, we were following an extraordinary inflationary policy, the policy leaders were desperately trying to limit the present pain and in the process they were stacking up even more long-term pain, the morale of the Western elites coming out of Watergate and Vietnam had disintegrated, there was a French author who wrote a book on the death of democracy, the CIA was overestimating the size of the East German economy by some enormous multiple, and the whole system was shaken.

Three people came along who fundamentally changed history. Callista and I have made movies about two of them, and would someday like to make a third film. They were, in the order in which they arrived; in 1978, Pope John Paul II, a Polish-Catholic, first non-Italian in 400 years, first Polish Pope ever, picked from behind the Iron Curtain. Second, Margaret Thatcher, who won in May of 1979, the Pope I think is October of '78. Third is Ronald Reagan. All 3 had a belief that ideas matter, that principles matter, and that morality matters; that is, that there is good and evil, right and wrong. All 3 would prepare to risk everything; all 3 would have attempts on their life. Both the Pope and Reagan were shot, Margaret Thatcher was at a party conference which was bombed and several of her ministers were killed. So this was not a game. And they had an alternative model. I strongly recommend a small book by Claire Berlinski (?) entitled, *There is No Alternative, Why Margaret Thatcher Matters*. Berlinski is an American novelist who lives in Istanbul. She was a graduate student in Great Britain, and her point is that Thatcher, who had grown up in the shadow of WWII, and who revered Churchill, saw British society under siege by socialism as a model, and by the coal miners union as an alternative power center directly challenging elected representation. And she saw herself in a Churchill-ian sense, waging war. She waged war against socialism, which she described as an immoral evil system, which reduced human beings and deprived them of their dignity, and she waged war against the coal miners union; spent 4 years preparing to use the army to actually protect coal trucks, and in a year-long strike broke the power of the union. And Britain has never been the same. It is a much more entrepreneurial country, a wealthier country, a country which is much more capable of competing at the world market. And she was reviled by the left, for having stood up for an alternative vision.

The Pope began his Papacy with a simple phrase: "be not afraid." He went to Poland on a 9 day trip, which Callista and I did a movie about called *9 Days that Changed the World* in June of 1979 and after those 9 days the Soviet Union was never the same, it was never stable again. We went earlier doing a



film on Reagan and we interviewed both Lek Valenza (sp?) and Janz Poland (sp?), the head of solidarity who became Prime Minister and President, and we interviewed Vaclav Havel in Prague, and both said to us, the decisive moment in shattering the Soviet Empire is June of 1979, because he created an alternative model. He said to the people of Poland, you have a thousand years of Catholicism and thirty years of atheistic Communism. Why would you allow the thirty years to outweigh the thousand? He said no government can come between man and God. And they decided he was right. And from that date on, there was a constant struggle.

And Ronald Reagan gets elected. Now Reagan, Reagan's winning in a country that's on the edge of collapse; 13% inflation, 22% interest rates, gasoline rationing every other day based on the last digit of your license plate. And Reagan runs on a simple model. Supply side economics will rebuild the economy, focus and speeches will rebuild American civic culture, and a grand strategy will eliminate the Soviet Empire. He is arguable the most successful President in American history if measured against what he said he would do. He only had three goals; defeat the Soviet Empire, reasonably big; re-launch the American empire as a center of innovation and creativity; re-build the prime of being an American and in American history. Those were his only three goals. And you could argue that in 8 years he came very close. We are now in a similar place, and by the way on Reagan, the best single book to understand what he did is a book called *The Education of Ronald Reagan* which explains what he learned to the general electorate.

Now we're at a similar point in history. The old order is dying, it's dying all around you, you can see it, you can feel it. Propping up bad debt is a really stupid strategy. And yet what are we doing in Europe? The American government under Obama, and the Federal Reserve under Bernanke, is trying to find a way to prop up the Germans, while the Germans try to find a way to prop up the Greeks. And why are the Germans trying to prop up the Greeks? Because the Germans had this deal going where their export industry could sell to all of Southern Europe and they would loan Southern Europe the money to buy their exports. Now the problem with that was that it required the Southern Europeans to become German, and nobody in Greece was interested. Callista and I were there in June on a trip that the news media didn't understand at all, and it was a very important trip for us. And we're on the island of Mykonos and an old friend of ours who is German born, lived in America, now runs a little café and bar called Jackie O's on the beach, and he drove us around the island. He said, I was born in German, I get German culture. He said, you see that large apartment complex? It's illegal; it has no permits. But it has three politicians with apartments and therefore nobody notices it. He said we have a law in Greece; if you start to dig a foundation for your house and you find pottery, you must bring in the state archeologist to find out if this is a national treasure. The state archeologist works at government rates, which means it takes about 3 years. Therefore Greeks start building the foundation of their house on Friday night at 5 o'clock, and have it finished by 8 o'clock Monday morning, because if they actually obeyed the law they would never build any houses. He said, this is the country the Germans want to learn to be Germanic? We can have Uzo (?) sitting on the beach, enjoying life, being about half as productive as the Germans, or we could be miserable. Nobody wants to face reality!



We're in a new world. Now here are just a couple simple principles, this could obviously be a very elaborate thing but I'm not going to do that because we ran late and I don't want to keep you too long so I'm going to give you a couple principles. The first is, all of our thinking and planning has to start with the following dilemma; we are the most unique country in the world. American exceptionalism is real. Our Constitution is based on the Declaration of Independence. The Declaration of Independence says, our rights come from God, and they're unalienable. So citizens in American have a level of status unlike any other country in the world. You are personally sovereign. You loan power to the State, which is why the Constitution begins We the People. So on the one hand you have to get up every day and say to yourself, I'm going to protect this sovereignty of ours, which is extraordinarily sacred, because if I go out and attempt to submerge myself in an international order, it will inevitably destroy what it means to be an American. Because the international order has a totally different set of rules.

On the other hand, we are now inextricably in the world, this is my number one argument with Ron Paul. I mean, you can't leave the planet. And if you tried to, the planet would come here. This was the great lesson of 1941 and Pearl Harbor. So we are inextricably in the planet. We're in the planet economically, we're in the planet culturally, we're in the planet militarily, and we don't have any choice. So then how do you build a policy, which communicates, builds upon and expands American exceptionalism, in a world which, in fact, there are huge forces with other kinds of behaviors? I thought it was very telling last night that one of the questions was about what's happening in Turkey, which is very troubling. And the fact that there has been a 1400% increase in killing women, and I think we do a very bad job of explaining world-wide that radical Islamism is the most radical anti-female force on the planet, and that it reduces them to chattel, and that it reduces them to having limited lives, and it makes them literally owned by the male. Now that's so politically incorrect nobody at Harvard or Columbia would even dream of saying it, because then they wouldn't get any more money from the Saudi's. But it's true. We live in a planet where we're told we have to be open to everyone, while the Saudi's allow no Christian or Jew to worship in their country. And we tolerate it! The State Department just held a meeting with the Organization of Islamic Countries to talk about censoring America.

So you have to find this new balance. You can on the one hand not follow the left into appeasing the planet by giving up being American, but on the other hand you cannot hide from the world in order to preserve our uniqueness. And therefore we have to go back to what Jefferson said. Jefferson was launching an empire of liberty. Jefferson believed that we had to be a model for the planet. And I think that's true, but in order to be a model for the planet, we are faced with internal challenges. So let me just very briefly describe what are the four great challenges; finance, China, dealing with an emerging world technology, and radical Islam. First, finance. We need to get our house in order, and we need to vaccinate ourselves against foreign contagion. The correct answer to the Euro is not to spend more money propping up the Germans who prop up Southern Europe, the correct answer is to seal our banks off, how we make sure we protect ourselves, and then say to the Europeans, you have a problem, and you need to solve it. Part of our solution frankly should be to re-establish something Ronald Reagan did in 1981 and that is to have a commission on gold, to look at the whole concept about how to get back to



hard money, we need to repeal the Humphrey-Hawkins Act, we need to say to the Federal Reserve, your only job is to maintain the stability of the dollar, because we want the dollar to be 30 years from now, what it is worth now, because that optimizes saving and investment, because people know what they're going to get back. So the very purpose of founding the Constitution was land-owners and property-owners who did not want inflation and they felt under the Articles of Confederation that they were increasingly getting inflated paper money. Hard money is a discipline. It means you can't just hide from your problems, you've got to solve them. And you can't inflate away your difficulties, you have to work them away. But I think it's very important for us to understand in finance that the entire contraction that has been built up over the last 30-40 years has so much paper in it, so much debt, so much leverage, that we probably have a 15-20 year period of working our way out of it. And yet the alternative is to get sicker and sicker and sicker. So that's part 1. Domestically, that requires going to back to a balanced budget, and in my judgment, that means a balanced budget with dramatically lower spending. This is not a country that is under-taxed, this is a country that is over-spent.

(applause)

Second, China is a very interesting and simple challenge to us. The Chinese are pursuing happiness. They have every right to. If you have a billion and three hundred million people they're going to go out and work really hard. Every challenge of dealing with China is an American domestic challenge. If we fix our schools, we'll be fine. If we re-invest in science and technology, we'll be fine. If we rebuild our infrastructure, we'll be fine. If we fix our litigation, regulation and taxation to favor manufacturing, we'll be fine. One of my goals is to develop natural gas off-shore, from South Carolina, to develop jobs here to begin to free us from the Middle East, and one of my goals in freeing us from the Middle East is no American President should again bow to a Saudi King, we need energy independence.

(applause)

But if we do it right, if we set up the right law in 2013, we take part of the royalties from off-shore gas, we use that to rebuild the Charleston Port, we apply Lean Six Sigma to the core of engineers to they actually get it done in about 18 months instead of 12 years, and we have the port fixed so that by the time the Panama Canal is widened, the port could actually accept ships. I want to be with the right manufacturing strategy, I want to come back as President and be in Charleston the day the first South Carolina manufactured goods, on a ship, go to China to be sold in Walmart as Made in America, then we'll know we're succeeding.

(applause)

Every challenge the Chinese pose to us is a function of American revival, of American renewal and American re-investment. If we recapitalize the military they will not compete with us in a generation. If we fundamentally go to an entrepreneurial model for NASA, they won't catch up with us in space ever. If we go out and we are determined to be the arsenal of democracy that means you have to start with an arsenal. And so we have to rebuild the capacity to be the leading manufacturing country in the world



and you can see all this at newt.org, but the Chinese challenge is an American challenge to ourselves, to stay far enough ahead of China. One of reasons I'm running for President, and Callista and I talked about this at length, I do not want my two grandchildren, Maggie who's 12 and Robert who's 10, to grow up in a world where the Chinese are the dominant country. They are a dictatorship, they do not share our values, and the fact is I feel much safer if the leading country in the world is named the United States of America. That requires us to get our act together.

(applause)

Third; we have an enormous challenge of new technologies that we are totally unprepared to talk about. You have to worry about an electromagnetic pulse attack which is the equivalent of a giant lightning bolt, it is a very real threat, and it's something we need to be working on. It's the one threat that could destabilize the nation decisively with very limited resources on the other side. Second, we really need to think through this cyber function. We cannot tolerate a world where the Chinese have thousands and thousands of people engaged in cyber attacks on us with no effective retaliation, and we can't just rely on defense. So we're going to have to think through how we re-engage these kinds of technologies and what the grand strategies are for these kinds of technologies.

Lastly, radical Islam. This administration is unbelievably dangerous. It has a Chamberlain-like quality in refusing to deal with reality. The Iranians decide that they are going to publically demonstrate their ability to close the Straits of Hormuz, which is a major source of oil for the entire planet, and after two weeks of provocative Iranian behavior, the administration responds by cutting off an exercise with Israel so that we won't be provocative. I can't remember any display of weakness by an American president in my lifetime comparable to what Obama did this week. To show weakness to the Iranians is an invitation to a disaster. We need a great national debate. And I'll close this, but I want you to understand, I'm trying to package finance, trade, re-industrialization of America, re-capitalization of our military, development of new technology, and dealing with the most immediate strategic threat. And the strategic threat occurs at two levels; it occurs because of our energy weakness and our lack of an American energy policy, we've allowed the Saudi's to become both rich and arrogant, and the result is they spend billions of dollars each year to spread Wahabism around the world. They are the primary suppliers of madras's which are schools and mosques which teach hatred. What we should have done after 9/11 is say to the Saudi's, you will not be able to do this period, we don't care what the cost is, and we could have in fact imposed our will if we had been serious. But this is really dangerous stuff.

The second thing we have to confront is nuclear weapons. Everyone focuses on Iran, and Iran is enormously dangerous. But remember the Pakistani's probably have between 100-200 nuclear weapons. Pakistan is an immensely divided country. There are huge elements of radical Islamism in the Pakistani military. I would not be shocked at all one morning to learn that three or four nuclear weapons are missing. And this is a real threat. Again, I don't want to be scary, but I want to be sobering. 3,100 Americans dying on 9/11 was an extraordinarily difficult, painful memory. It galvanized the nation, it could have galvanized the nation even more had we really focused on it. A nuclear



weapon in an American city is 300,000 dead and a half a million wounded. It is a catastrophe so great it would shake the very fabric of our civil liberties. We have to take this seriously now. The time to stop a catastrophe is before it occurs. And I think we need a much greater national strategy. Our strategy has to both take care of the ideological threat from Saudi Arabia, and the military threat from places like Pakistan and Iran, we are today totally inadequate in our thinking. This is not primarily a military problem anymore than the Cold War was primarily military. This is developing the right strategies, to bring to bear all of our resources, to create an alternative future, in which we can live safely in the Middle East. If we do not do that, at some point down the road, there will be a catastrophe.

What you're doing is extraordinarily important. We are such a big country, we have so many things going on all day every day, that it is very important to have some leaders who are willing to pay attention to the rest of the globe. I am very honored to be allowed to come here today, I appreciate very much the invitation and chance to share ideas with you, and Mike I very much appreciate your generosity in introducing me. Thank you, very very much.

(applause)