"We've just come from celebrating the 4th of July. For me, it was parades in Iowa and fireworks in Idaho. You know, the kind of celebrating the Democrats usually reserve for April 15th.

"But this week, we were celebrating our nation's birthday. July 4, 1776 was an inflection point in history - a moment that set a new course for America.

"Today, we face what is sure to be another inflection point in American history. A new generation of challenges, unprecedented challenges, means that we must change our present course. Domestically, our addiction to spending and borrowing is breaching crisis proportion. Competitively, our citizens choose to buy hundreds of billions more from foreign nations than they buy from us. And militarily, we face an entirely new type of threat - violent Jihad whose sponsors seek nuclear weapons.

"To confront unprecedented challenges, we must change. Both parties claim to be the party of change, and I think both are right. But there's a big difference in the direction their change would take us.

"Republicans look to our American heritage. The 4th of July marked our independence from England. But there was more to it than that. The Founding Fathers established a nation where the people were sovereign, not the state, not the king. We would not rely on the divine right of kings, or their whimsical beneficence. We would rely on ourselves. Succeed or fail, America would be the land of opportunity. So when Republicans talk of change, we are talking about opportunity and freedom. We are talking about people, not government.

"Democrats look beyond our heritage - they look to the Europe of the past. When Democrats talk of change, they are thinking about big government, big welfare, big taxes and big brother. But those are the very policies that led to Europe's decline. In short, big mistake.

"Look at how Democrats like Senator Clinton think about the economy. She said that it is 'time to reject the idea of an "on your own" society and replace it with shared responsibility.' She says she prefers a 'we're all in it together society.' I see, out with Adam Smith and in with
Karl Marx!

"Don't Democrats see that individual initiative is at the heart of America's unprecedented march to world economic leadership? Adam Smith wasn't heartless. Adam Smith saw that individual initiative would produce the greatest wealth for the entire society.

"Can't Democrats see that since the 1970's while Europe's growth stagnated, America created 57 million new jobs? Look at unemployment, look at growth - America won, Europe lost. That's why Europeans are beginning to elect conservatives. Come to think of it, with her economic plan, Hillary Clinton couldn't be elected president of France!

"Senator Clinton's economic plan goes beyond utopian visions of collective good. She also has a special program for corporate taxes: she wants to raise them. It's time, she says, to require corporations 'to pay their fair share.'

"The last time I checked, American corporations were subject to the second highest tax rates in the industrialized world, just a smidgen below Japan. In our new 'flat' world economy, many corporations can move their headquarters and their operations almost at will. Just look at the economic boom produced by Ireland's move to lower corporate taxes.

"Let's not raise taxes on the employers who create jobs and national wealth, let's lower them!

"Corporate taxes aren't the end of it. Democrats have their sights on 2011 for a record-breaking personal income tax hike. And whenever you take money away from citizens, and give their money to government, you slow down the economy.

"When Democrats talk about change, they're referring to what you'd have left in your pockets.

"I have a different answer. Let's make the Bush tax cuts permanent. Let's kill the Death Tax. And let's have a new tax rate for middle income Americans who want to save their money, who are investing in America. The tax rate on their interest, dividends and capital gains should be...exactly zero!

"Our fiscal problem is not that we are taxing too little; it is that Washington is spending too much.

"Shame on both parties in Congress for all the earmarks, the waste, the duplication, and the failure to reform entitlements. I am proud to be the first presidential candidate to have signed Grover Norquist's tax pledge. But I have made another pledge as well. If I am elected President, I will cap non-defense discretionary spending at inflation minus one percent. That alone will save $300 billion over ten years. If Congress sends me appropriations that exceed
that cap, I will veto them. I don't care if it's a Republican or a Democratic Congress. I will veto.

"And I know how to veto. I like vetoes. I vetoed hundreds of spending appropriations as Governor. And by the way, if Congress doesn't want to do the cutting itself, then give me the line-item veto.

"Of course, I will do more than veto. I will personally lead a top-to-bottom review of government programs, agencies, procurement and spending. It's time to cut out the mountains of waste and inefficiency and duplication from the federal government. Only in Washington would someone think that 342 different economic development programs make sense.

"Cutting waste, streamlining, benchmarking - this is what I do. I have done it in business, I've done it in the Olympics, and I've done it in state government. I simply can't wait to get my hands on Washington!

"Funny thing, Democrats talk about raising taxes on people. We talk about cutting spending by government. For them, it's always government first, people last. Here's an inconvenient truth Al Gore won't tell you about – one thing you can count on if America elects a Democratic president is higher taxes.

"Time and again when Hillary and the Democrats see a problem, they think government first. There are 45 million people who don't have health insurance. That's not good for those people, and it's not good for everyone else either. When people who don't have insurance get sick, they go to the hospital and get free care. Free for them, that is, but expensive for you because you are the ones that pay their bills, either in your taxes or in your insurance premiums.

"The Democrats' solution? Government-managed universal healthcare. But the last thing America needs is socialized medicine - Hillary-care!

"At least Barack Obama had the courage to admit that his plan means higher taxes. It's just like P.J. O'Rourke said: 'If you think healthcare is expensive now, wait till it's free!'

"The right answer for healthcare isn't government, and the new Secretary of Health and Human Services should not be Michael Moore.

"Let's provide people with their own private, affordable and portable insurance by insisting on personal responsibility and the principles of the free market. Let's not have the same bureaucracy that ran the Katrina clean-up manage our healthcare!

"The Democrats have a plan for illegal immigration as well. It's amnesty. Hillary Clinton,
Barack Obama and their colleagues insist that every illegal immigrant become a legal permanent resident of this country. Some people think that their position has less to do with compassion than with calculation - they hope these illegal immigrants will vote them in power forever.

"But this is not about power or politics. It is about sovereignty and security. And it is about fairness. Millions of applicants are waiting to come here legally, to be joined with family members, to bring education and skill that will strengthen our nation, not burden it. Legal immigration is a boon to our nation. We are made a greater nation when immigrants come here legally, seeking opportunity.

"Let's secure the border, install an employment verification system and tell illegal immigrants to get in line with everyone else. There should be no special pathway to permanent residency or citizenship for those who have come here illegally!

"Amnesty didn't work before and it won't work now!

"Beyond our domestic challenges, we face a very different world around us. Asia is emerging from generations of poverty. It's becoming a far more effective competitor in the marketplace than we have ever faced before. In the past, we've competed primarily with Europe. We know how to compete with Europeans - they are a lot like us. They like short work weeks and long vacations. But China and India are very different. Their workforce is almost never-ending; and it is very hard-working. Americans are buying hundreds of billions of dollars more from them than they do from us.

"The Democrats see this challenge and shrink from it. They don't think the American people can compete. They want to pull up the drawbridge to protect us. They're so pessimistic about Americans that they have been trying to scuttle free trade agreements with nations in Latin America and Central America. Are they kidding? We can't compete with Colombia?

"Our only choice is to compete.

"Fail to compete and you end up with a Soviet-style economy - laughable products, anemic standards of living and economic collapse. The answer for America is not to retreat, it is to lower the ramps and charge into the emerging Asian marketplace.

"Invest in our people. Invest in technology. Democrats fear the strength of others, Republicans believe in the strength of Americans!

"The new generation of challenges we face today includes challenges to our national security as well. Violent Jihadists are intent on replacing moderate Muslim governments with a
Caliphate or Imam. And they seek the collapse of our economy, our government, and our military.

"During this last week, they sought to maim and kill innocent civilians in London and Glasgow. These were not impoverished malcontents; they were doctors serving in Britain's public health system. They were Jihadists. Theirs is a face of evil not seen in the civilized world since the gas chambers of Hitler's horror.

"I know that it is popular today to be critical of the President. And he is not above making mistakes. But we should thank him for doing everything in his power to keep us safe. Against the objections of Democrats and even some in our own party, he pushed though the Patriot Act. He made sure that someone was listening in when Al Qaeda was calling. He made sure we were interrogating terrorists to learn how we could prevent attacks on our citizens.

"When Khalid Sheikh Mohammad, the mastermind of the 9/11 attacks, was captured, he said, 'See you with my lawyer in New York.' Nope, that's not at all what he saw: he saw the CIA and our GI's at Guantanamo!

"All this talk of Jihadists, Salafi Muslims, and the War on Terror makes Democrats like John Edwards uncomfortable. Senator Edwards says there isn't a War on Terror - it's only a slogan. Tell that to the people in London and Glasgow. And to the people in Bali and Malaysia, Pakistan and Lebanon, Tanzania and Kenya, Saudi Arabia and Israel. Tell that to the people of New York and Boston and Washington, D.C.

"One thing you can count on if I am President, if there is a war being waged by the terrorists, there will be war waged on the terrorists. And we will win!

"This convergence of challenges is why I am convinced that America is at an inflection point in our history. Our over-spending, our dependence on foreign oil, the emergence of Asia, the Jihadist threat to world civilization – these challenges will force us to change. And that change will either make us stronger or it will make us weaker.

"America will either remain the world's superpower or instead become just another member of the family of nations. If we choose strength, we will be remembered by our children as a great generation. If we choose weakness, we will be remembered as something much less.

"Conservatism, Republicanism, is a philosophy of strength. We believe in a strong military, a strong economy, and in strong families and values. We believe in the American people.

"Democrats believe that government is the source of our strength. They're wrong. I love what Ronald Reagan said: 'It's not that liberals are ignorant, it's just that what they know is wrong!'

"The American people are the source of our strength - hard working, educated, risk taking, opportunity loving, God fearing, willing to sacrifice for their family and their country, freedom loving American people. They have always been the source of our strength and they always will be!
"And when you need to call on the strength of America, you don't strengthen government, you strengthen the American people.

"You strengthen the American people by letting them keep more of their own money, not by taxing them more when they earn, taxing them when they save and taxing them when they die!

"You strengthen the American people by making sure that the voice of millions of voters trumps the voice of a handful of unelected judges.

"You strengthen the American people with the world's best healthcare, the world's best schools, and the world's strongest families. We must preserve the institution of marriage - every child deserves a mother and a father!

"This is not a time for our party to shrink from conservative principles. It is a time to hold them aloft.

"We didn't suffer losses last year because we were conservative. We suffered losses because we strayed from conservative principles. Too much spending, too little ethics and a war that everyone recognizes was not effectively managed.

"The way forward is not to look left. The way forward is to look ahead. There is too much at stake to do otherwise.

"Shimon Peres, the President-elect of Israel, visited Boston not too long ago. He was asked what he thought about the conflict in Iraq.

"'First,' he said, 'I must put that in context. America is unique. In the history of the world, whenever there's been war, the nation that wins takes land from the nation that loses. That is because land has been the source of value in the world. One nation in history, and this during the last century, laid down hundreds of thousands of lives and took no land. No land from the Germans, no land from the Japanese.'

"The only land America takes is enough land to bury her dead.

"America fights for freedom - for itself and for freedom-loving people around the world.

"This is the America our parents chose, a nation that is good, a nation that is strong. And now it is time for us to choose what America will be. I know what I choose. I know what you choose. We choose a strong America that will always be the land of the free, the home of the brave and the hope of the world."