

JACK KEMP
ORAL HISTORY PROJECT

Interview with
RICHARD W. RAHN

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Interviewer
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Williams: This is a Kemp Oral History Project interview for the Jack Kemp Foundation, with Dr. Richard W. Rahn, a senior fellow of the Cato Institute and the Chairman of the Institute for Global Economic Growth. We are in his home in Great Falls, Virginia. Today is Monday, August 22, 2011. I am Brien Williams.

I'd like to start with this. What thoughts come to your mind when you think of Jack Kemp?

Rahn: Well, I think the first thing is his incredible energy and enthusiasm. He had a very quick mind, and it used to irritate me enormously when some people who didn't know much would claim he was sort of this dumb football player from Buffalo, but he was just the opposite. He was a great reader; he was a great questioner; he learned very quickly; and he was a critical thinker and, again, just a very quick mind. There was always the intensity. A remarkable person and greatly enhanced my life, having a friendship for, I guess it was nearly forty years, thirty-five years.

Williams: When did you first become aware of Jack Kemp?

Rahn: Well, I was a doctoral student at Columbia University, a student of economics, and during the 1972 presidential campaign I was working for Nelson Rockefeller, working on congressional campaigns and the Committee to Reelect the President, which we called CREEP. We didn't realize how accurate a name that would be. Jack had, I guess, I think he was elected to Congress in 1970, if I'm correct, so I first became aware of him and I had briefly met him sometime during the actual campaigns, but didn't know him at all.

The following year, I moved to Washington. I was head of the old Ripon Society at that point, which was a Republican policy organization, and Jack was speaking—I still remember this—at a little luncheon in Georgetown, and he had this interest in economics. Somebody suggested I go along. I've forgotten how I got invited. Anyway, I went down and I thought Jack gave a dynamite speech. Afterwards, people introduced us and we started talking. He realized I was a young economist and he said, "Did I get it right?" and stuff. I think we liked each other right off, and we started to develop a friendship, but it was really not until more the mid seventies that we became closer colleagues.

In 1976, I met [Arthur B.] Art Laffer at a Ripon meeting in Chicago. Art was still a professor at University of Chicago. Art gave a dynamite speech. Now, I had been trained more so as a Keynesian.

Columbia University at that point was quite a Keynesian institution. I'd had some introduction to the Chicago School of Economics because I'd been at Florida State University before that, and a number of the professors there had come from Chicago, had been students of Milton Friedman, so I had gotten a pretty good introduction to that way of thinking, but Columbia was totally different.

I should back up here a little bit. I'd been teaching at the Polytechnic University of New York, where I ended up being head of the Graduate School of Management, but I taught a number of the master's courses in economics at that point. I was teaching a course in macroeconomics. This was in the early 1970s. I was looking at what was in the textbook and what was happening around me, and you just knew it didn't add up, because the world, we were entering the throes of high levels of inflation, the economy had really been bouncing around, and things had not been going according to the Keynesian theory. I remember I was feeling increasingly uncomfortable trying to lay this out, and a lot of it just didn't make any sense to me, but I didn't have it well formulated in my own mind. I had bits and pieces of the Chicago stuff, but like a lot of young doctoral students—I'd actually, I guess, finished my Ph.D. at the time, but there was a huge amount I didn't know. Of course there's still a

huge amount I don't know, but back then I was keenly aware of what I didn't know.

So I had gotten to Washington and involved with Ripon Society, also represented the New York Mercantile Exchange and learned a lot about commodity markets. In early 1976, beginning of '76, Charles [M.] Walker, former Deputy Secretary of the Treasury, had asked me to take over the American Council for Capital Formation, which was an economic education lobbying organization which had been sort of floundering. I agreed to. I thought it was a great opportunity. Charlie was more of a traditional Republican, had sort of traditional Republican views on economics. At that point we had the high rates of inflation, which were really eroding capital formation.

I had met Laffer in the spring of '76, and Art gave this dynamite talk. I went up and started talking to him afterwards, and we just absolutely hit it off. I think it was a luncheon speech. So he came back in that evening to have dinner with me, so the two of us had this wonderful dinner that went on until late in the evening. You know, you have these periods in life when suddenly things you've been struggling with start really making sense. As Art and I got to talking, he had been working on his preliminary supply-side model, and we were talking about how you actually empirically demonstrate what he'd been talking about and how at that point there were all these struggles

of these models, and virtually all the models were big Keynesian models, thousands of equations, and they did a terrible job at prediction, and organizations were spending a huge amount of money on these models. Arthur had just a totally radical approach of how to go ahead and do this.

So in the ensuing months, Art and I agreed that he would go ahead and build what he called the prototype wedge model, the first supply-side econometric model, and he had recruited [David] Dave Ranson, who'd been a doctoral student of his, and Marc Miles, also a former doctoral student, both professors. David was up at Wainwright at that time. They were going to do much of the mechanical work on the stuff.

I was the fourth member of the team, and my role was more organization, also fundraising. I had talked to Charlie Walker, and he agreed that we could do it through the American Council for Capital Formation. We set up a 501(c)(3) under the ACCF, and I was able to raise sufficient money for it, and we built then the first supply-side econometric model. It didn't work. The problem was that we had huge data problems because there wasn't enough data, enough tax changes going back far enough. I remember being very sort of nervous about all this because I had made certain representations to people who were donors about this model, what we were going to try

to accomplish, and it was clear that just the data limitations and other problems, we were going to have a very difficult time with it.

So finally we got to the point where we had promised some preliminary results. We did a press conference, and Art was brilliant, because rather than focusing on what we could do, he did a wonderful critique of the existing models, the Chase and the Wharton and DRI [Data Resources Inc.] models, and he would just take them out to the edges and show the total nonsense. Like if you actually believed the model 100 percent of everybody working for government would result in a huge GDP, I mean, it was just nonsensical.

Well, during that time, Arthur was also becoming increasingly close to Jack, as an advisor to Jack, and Jude [T.] Wanniski, who'd been at *The Wall Street Journal*, and so we sort of evolved by starting this group, this supply-side group, but it was really based about when Arthur would get to town. There was a period of time, this would probably be during 1977, where Art, by that time he'd moved out to University of Southern California as a professor there, and he would take the red-eye in from Los Angeles and I'd go pick him up at Dulles Airport, five-thirty, six in the morning, six-thirty maybe, and then I would drive him over to Jack's house in Bethesda.

I can still remember Jack being in his bathrobe, making breakfast for us, and Arthur would give very detailed instructions of

how he wanted his eggs and everything. Jack was really—it always amazed me. He was sort of dutiful to Art in doing all this kind of stuff, and we would sit around Jack's family room and go through this stuff as we were trying to develop a model and also really develop the arguments. We, of course, had the critics out there and how you handled the critics' arguments. It was during that period of time that we were really honing both the policies and how to market the policies. It doesn't do you any good to have a great policy if you can't market it.

Jack was so wonderful because he was such an incisive questioner, and Art would bring in some of the other economists who had worked with him that he knew, people like [Stephen J.] Steve Entin, who now runs IRET [Institute for Research on the Economics of Taxation]. We had a bunch, and most of them had been former students of Art's who had gone on and done well.

Art used to stay over at One Washington Circle at the hotel there, and so we would have sort of the group there, and Jack would show up at a number of the meetings. He was, of course, a member of Congress and couldn't show up at all of them. There would be people like Jude Wanniski and once in a great while Bruce [R.] Bartlett, but I don't think he was that much of a regular. But Steve Henson, I remember, was very active and so forth. We would all work

through both what the policy should be, what our evidence was for the policy, how to market it.

When Jack was there, he was the most incisive questioner, and the way Jack learned was just he would beat you down with the questions, that you almost—I mean, I was very fond of Jack, but sometimes when you'd go into the meetings with him, you just knew you were going to be pounded. I mean, it was like being endlessly cross-examined. You always felt like you were on the witness stand and Jack was the aggressive prosecutor. But that's the way he learned, and he was brilliant with it.

Then Art was such a good explainer of it. Jack had already developed a relationship with Ronald Reagan, and so he was working—this would be about the late seventies—working with President Reagan who, of course, at that point was still considering running for office. Reagan used to say that unlike the rest of us, he didn't have to unlearn his Keynesian economics because he got his degree in economics before Keynes wrote his book. So Art and Jack would spend some time with Reagan, but Reagan just got it. I mean, Reagan had background in economics. People forgot he had a degree in economics and he intuitively understood the stuff real well.

So you had these three terrific marketers in Kemp, Reagan, and Laffer, and people used to argue they were simplistic and everything

else, but people understood what they were talking about. People got the basic logic of it, and they understood that very high taxes kill incentives, because everybody sort of felt it. They understood that big government, as we're going through another, here we are thirty years later, forty years later, going through so much the same stuff again. I think each generation has to relearn these lessons. What we had then, which we unfortunately don't have now, is three absolute masters in explaining it.

Jack would get up there and he was just so good. He'd learn the lessons well. He was so creative in how to go ahead and explain it to people, and he would think it through and get up there. His speeches always seemed to be so spontaneous, because Jack never had a script. It was hopeless to ever write a speech for him, and I know people like John [D.] Mueller and others, who had to be Jack's speechwriters, I expect they had enormous frustration. I mean, they never complained to me about it, but you just knew they provided these things, Jack would take a quick look and then he'd just get up there and be Jack, which was best because he had it all in his head and he was a marvelous extemporaneous speaker. One criticism people had, he went on too long.

Jack also had learned so much. He got to the point where he really was an accomplished economist, even though he didn't have any

degrees in it, but he just read a huge amount and he really knew the stuff well. What happens with all too many economists, and now putting Jack in that category, they know so much, they start to go over the audience's head. One masterful thing that Jack had always had is he really related. He could talk to a steelworker. I noticed particularly more so in the later years, Jack got so much, he sounded increasing like the professor rather than the marketer of the thing, which is something that Ronald Reagan never forgot.

I think Reagan had so much self-confidence that when people would criticize him of being dumb and being simplistic, Reagan used to say, well, he'd been in radio, and, first, you've got to tell people what you're going to tell them. Then you've got to tell them, and then you've got to tell them what you told them, and you have to do it over and over again. So the media was always bashing Reagan for saying the same thing and being simplistic, but Reagan knew precisely what he was doing and that didn't bother him because he had the confidence.

Sometimes I felt with Jack, because by the 1980s Jack was also debating a lot of Ph.D. economists on radio and TV, and he would do extremely well, but I know he would often sort of worry about it. Sometimes we'd have conversations, because he didn't have a Ph.D. in economics, and so he was going to go up against some famous

economist, and normally he'd wipe the floor with them, but he still worried about it, and he almost became too professorial, I thought, at times, rather than—I mean, he really understood the stuff, but rather than the early stuff he did with convincing of steelworkers, at times he'd drift from it. Not all the time. A lot of times he was just the same old Jack, but I had noticed that tendency over time, which I think any of us—if I suddenly became a lecturer on paleontology, I could read a few books and I'd probably feel very inferior if I was going to debate a paleontologist, of course. Anyway, those are a few sort of general observations about it.

Williams: During this early period of development and whatnot, in the background is the Nixon administration and then the Ford administration. Now, did they function as a kind of goad to you or did you play against them?

Rahn: Oh, very much. Nixon's policies, even though in the '72 campaign we all worked for Nixon, the wage and price controls and others, I mean, this was clearly a disaster. At that point, I was heading up the Ripon Society, and we became increasingly critical of Nixon and we even called for him to step down, but I was doing more the economic stuff. George [F.] Gilder was editor of the *Ripon Forum*,

and George Gilder ended up writing sort of the economic bible of the Reagan administration, called *Wealth and Poverty*, which was a huge bestseller at the time. I thought if I never did anything else, the one great contribution I made, if you pick up the original editions of *Wealth and Poverty*, George mentions I was the one that first taught him supply-side economics and introduced him to them, which, of course, I'd gotten from Laffer, [Robert A.] Mundell, and the others.

But there was really the split, I guess what we used to call the deep root-canalers, who they were fixated on balanced budget rather than on economic growth. We have some of the same struggles going on now. We're not going to cure our current problems by just ratcheting down. We've got to get growth going. You've got to remove the regulatory and tax impediments and so forth. I think right now regulations have become more of a problem than taxes, but back then it was clearly taxes were the major problem. Reagan got it, and the Ford team largely didn't, but there were people like Donald [H.] Rumsfeld and [Richard B.] Dick Cheney who shifted over to our team. Laffer and Cheney became, I think, quite good friends, and over the years I got to know Cheney some, but he became very much a supply-sider and I watched the evolution of that. But there was the split back then.

Williams: Reagan in '76, where was he in terms of political or economic philosophy at that point?

Rahn: He was, as far as pro growth, we'd look at as sort of a supply-sider, but he wasn't articulating the things as well as he did by the time of the 1980 campaign. Excuse me, I'm getting my dates right here, right?

Williams: Right.

Rahn: I mean, he was opposing Ford on a number of fronts. He didn't go after him as sharply as he did later on with Carter, and by that time, in that four years between '76 and '80, that was the point where Kemp and Laffer were, I think, really working more with Reagan. I think just in all their discussions, I mean, Reagan had it, but it also honed the way he was always learning how to present things.

Williams: It was primarily Kemp and Laffer who were doing this? Were there others involved in sort of the education of Ronald Reagan?

Rahn: Oh, yes. I mean, people like [Martin] Marty Anderson. I mean, there was a lot of folks around him that I don't even know,

because at that point I had not met Reagan. I didn't meet him till after he became president.

Williams: I read somewhere that in the '80 campaign he had seventy-four people advising him on economic policy.

Rahn: I mean, there was an awful lot of people who claimed to be presidential advisors, and in terms of people really having influence, I mean—in fact, just last night I was cleaning up some pictures, and I had my stack of pictures of me with Ronald Reagan. I spoke to him a number of times on various things, and I can think maybe once or twice where something I said that maybe had an impact on him, and one case in particular, which is a digression from where we are today. But I think Reagan didn't really need economic advisors in the way of most presidents, because he was already schooled in it, and I think the books of Marty and Annelise Anderson have written, going back with Reagan's own notes and his addresses and things he wrote many years before, before he had all the speechwriters and advisors, his thoughts were well formulated. There were clearly people like George [P.] Shultz and, of course, Milton Friedman. Reagan talked to him frequently. He knew [Friedrich A.] Hayek. I'm sure he paid attention to what Hayek said.

But you get to a point you talk to many people and who has the big influence, and I'm just guessing that the people maybe helped shape Reagan's thoughts who went over to there were clearly people like Friedman and Shultz and Hayek and, of course, Laffer and Kemp. I think with Jack it was probably more of how you make the arguments and things, and I expect in many ways Reagan taught Jack probably more than Jack taught Reagan on the thing. I'm just guessing. I wasn't in those meetings, but I know I have some insights into what Reagan knew because of some of the people who were very close to him I knew well. My former wife was a speechwriter for him, [Margaret E.] Peggy Noonan.

In fact, right over in that corner, there was a different desk there at the time, the famous speech, "A Thousand Points of Light" and "Read My Lips, No New Taxes" were written right there. So this is—

Williams: Historic ground.

Rahn: Yes, historic ground.

I would see the drafts of the speeches that went during Reagan's presidency and the ones on economics and things. Reagan always marked them up, and it was really interesting that Ronald Reagan—and I'd see these speech drafts—he always edited them and he always

improved them. The press used to give his speechwriters all the credit for the great lines. Well, Reagan, most of the great lines were his.

George [H.W.] Bush senior was totally different. You'd write a speech for him, hand it to him, and he would just read it, because as we later learned, George Bush didn't really have—again, we're talking about 41—didn't have much of an interest in economics and didn't really feel it in the way that Reagan did. If you ever do an interview about George Bush and Reagan, there are things I can tell you about that. But Kemp and Reagan were much more alike. They just had the great interest in it.

Williams: Expand a little bit on your statement that you thought Reagan taught Kemp more than vice versa. In what areas?

Rahn: Well, I'm just guessing here in many ways, but Reagan had a more formal education in economics than Jack did. We're talking about the period in the late seventies. Jack was still very much learning. We almost need to separate the period of time, I think, in the mid, late seventies, when Jack was really learning and he was more the student and he didn't feel—I know he'd be sort of under-confident about the thing, because I'd be with him at a good number of speeches and he'd come up and ask me, said, "Did I get that right?"

or, "How did I do?" He did terrific. He gave a much better speech than I could have given, and he virtually always had it right. Once in a while I'd have some little critique.

But Reagan had read all these things many more years before Jack, and, of course, Reagan was twenty-five years older than Jack and just had done a whole lot more. I think in 1975, '76, Reagan was far better read in economics than Jack and had education. By the 1980s, Jack had caught up.

In the eighties and nineties, I mean, you sort of said, who was an economist? Well, it's sort of learning all the principles and being reasonably well read in the literature and knowing how to make the arguments and how to think like an economist. And clearly, I'd say by 1980 Jack had made that transition from sort of student to teacher, but Jack in those early years was very much the student, even though he was out marketing. In our group, he would be asking questions and there were still gaps in his knowledge, and he would read. I mean, you could give him things, and he would read a huge amount and pick it up. He was quick with the stuff. But particularly on monetary economics and some of the trade stuff, I mean, you'd have people like Laffer, particularly, I think, was a very good teacher of Jack, and a lot of the others, and Jack went around and talked to a lot of different economists. I mean, he didn't rely just on any one person.

Williams: The Savings and Investment Act, which was introduced by Jack, I believe, in '74, was that sort of the first movement of the supply-side symphony or not?

Rahn: Yes, and much of that had originally been developed by Norm [B.] Ture. I should go back. Norman, I think, had a very big influence on Jack, too, in those early years. Norman was a very good economist. He taught us all. Norman taught me a lot, and he was just never quite as dynamic a showman as Laffer, but Norman's very solid. Norman, of course, he was older than the others, and he had become early on a critic of government policy and what it was doing to capital formation. Norman had done some of those early studies on how the high taxes were really damaging capital formation, and by the mid 1970s or early seventies, it was becoming increasingly obvious.

So there was the whole Kemp-Roth Bill, and Ture had more of an influence on that, and [Paul] Craig Roberts and other people. Steve Henson was very much involved, and Steve would be the one who could give you more detail explanation on what all happened those years, because Steve was more involved. I didn't really come on the scene until late '76, and so much of that was already on. But Jack, I know in '73, when I first met him, he was thinking in those terms, but

by '76, Jack was still doing a lot of learning. Again, I think Norm Ture was maybe one of the earlier teachers, even before Art and some of the others.

Williams: I guess what I'm looking at here, was there a kind of concerted effort by this group of which you were a member to begin pushing legislation to move things in your direction?

Rahn: Well, there was the early pieces, and, again, Ture was more involved. Craig Roberts was a young economist working on the Hill, worked with Jack at one point, and so they were doing some of this stuff. Then when we got the American Council for Capital Formation going, it started in early '76. Norman was on the board by the end of '76. At first it had no funding, and I raised quite a bit of money during '76 to get things going. We had a few million by the end of that year. So we had Ture on the board, Art on the board, and a number of other very good economists, and I was sitting down learning from these guys. I was a lot younger, wasn't that much younger than Laffer, but a lot younger than Ture, and these people had been around this stuff.

So the American Council for Capital Formation Center for Policy Research, that became sort of the home of a lot of this stuff. I mean, with all the things, you need monetary fuel, and, of course, Jack had

the congressional office and the committees, but doing the outside studies, and we provided much of the funding for Ture and Laffer and some of the others at that time. My role was really I learned the economics, made the arguments, and I was better at raising money than some of the others, so I'd go off to the business community, and I guess I had some knack for going ahead and explaining what we were doing, making the arguments and beginning to raise some of the bucks for it.

Williams: What was your involvement in the '80 campaign then?

Rahn: I was a member of Reagan's tax policy task force. At the American Council, we were providing, again, much of the infrastructure support work. Charlie Walker had made his offices available. Charlie had a big lobbying firm. So we had our group working on—it's hard to remember all the bits and pieces. I know we were all terribly active. It was during that year I'd first met [Edwin] Ed Meese [III], and Ed, at that point, didn't know much in the world of economics. Great policy guy. Ed and I are still close friends to this day. A smart guy. I remember sitting down and working with Meese some and going through—again, Ed was sharp and picked this stuff up very well. We had an awful lot of us doing a lot of different things.

Williams: Trace your moves then from the Ripon Society to the Chamber, the steps there.

Rahn: Well, the Ripon Society, that was always viewed as sort of liberal Republicans. We were really, in today's parlance, would have been more Libertarian. And, again, if you look at the work George Gilder has done and the people like Peter [J.] Wallison, who ended up being Reagan's counsel in the White House and the general counsel at the Treasury, most of the guys were out of Harvard and had started a Ripon chapter at Columbia. Peter Wallison had graduated from law school, was with a law firm that also an advisor to Rockefeller, and Peter was chairman of New York Ripon. Rockefeller had asked him to come down to Washington for this Critical Choices for America project, so Peter turns to me and says, "You're the new chairman." [laughs] So that's how things go when you have these sort of spontaneous organizations.

Anyway, so those early days, we were doing what sort of became supply-side economics, and some of the early stuff that George and I wrote, it was somewhat amateurish at the time, but we were thinking in that way. We were very much influenced by Milton Friedman and the Chicago school.

Actually in '75, Charlie had asked me to come and run American Council for Capital Formation, but I had some other commitments at the time. I couldn't do it. So I came on in January '76, and I think it was March '76 when I met Laffer, and from that time on, the American Council became basically the institutional place for supply-side economics. I was still somewhat active with Ripon and sort of brought along those whole people. Again, you need some infrastructure for any of this, because you've got a lot of people running around doing things, so somebody's got to pay for the luncheons and pay for some research work and the publications and everything, and we were doing that.

Then what had happened, the Carter thing was just falling apart, and with our board with the American Council, one of the fellows on it was a fellow named [Edward S.] Ed Cohen, who had been undersecretary of the Treasury under Nixon when Paul [A] Volcker [Jr.] was undersecretary. Eddie was a little short guy, a brilliant tax lawyer, and he and Paul Volcker were the two undersecretaries. Eddie used to refer to Paul as the over-secretary, because Paul was six-foot-seven, and Eddie was probably five-four. But Eddie was brilliant, and Eddie really got into this thing. He understood economics, and as Treasury secretary, I remember him telling me early on—and this was back in the early seventies—he said, "No one understands the Tax

Code anymore. I don't," and he was as brilliant a tax lawyer as ever I met, because it was dying of its own weight, and that's only gotten worse, and Eddie turned out to be quite right. He's passed away, unfortunately.

Eddie had taken a liking to me and taught me a lot of tax, because I didn't know anything about particularly tax law at that time. I became a bit of a protégé of his and learned a lot from Eddie, and Eddie thought I had certain talents. He was also on the board of the U.S. Chamber of Commerce and he had been on Tax Policy Committee. Norm Ture, I think, had been on the Economic Policy Committee. The business community just wasn't getting it. So it was really Eddie and Norm who decided I should go to the U.S. Chamber of Commerce and become vice president and chief economist, and at that point the chief economist had all the tax, the regulation, lobby, international spending, everything. It was at that point a very big position because I had most of the policy. So they had pressed the Chamber board to bring me over, and that was in 1980.

That was also during the campaign, so my task in many ways was to bring the business community into the supply-side fold. Already I had been raising money, and Art and Jack and everybody were all supportive of that because they thought that's where some of

my skills—I knew how to talk to businessmen. I don't know why, but I'd had some experience and was able to deal with them.

The first year or so at the Chamber was a little bit rocky because I was pushing supply-side economics and particularly the Reagan program. This is all during 1980, and businessmen were fed up with Jimmy Carter, but they were also very nervous about radically reducing tax rates and closing up much loopholes, somewhat the same debate that's going on now. A lot of these corporations had spent huge amounts on lobbyists over the years to get themselves special tax benefits, General Electric being a prime example. It's always played this game. I remember they would often work against me. They'd be very friendly to me in the meetings, but outside they'd be stabbing me in the back as I'm trying to work with members of Congress to push what was sort of Kemp-Roth and it got modified and became the Reagan tax program.

So in '80 and '81, '82, I was sort of the chief business association lobbyist for this. In my role at the Chamber, in those kind of economic policies, I was somewhat the spokesman for the U.S. business community, and I spent an enormous amount of time on the Hill, both testifying and just working with members of Congress to explain, to carry on the president's program.

We also funded a lot of the studies. We had our National Chamber Foundation. So the Chamber, I think I brought them along in many ways. [Richard L.] Dick Lesher was president of the Chamber, and he was supportive, but there was a lot of pushback from a lot of the members who were going to lose their benefits, and so it wasn't all sweetness and light.

Williams: Was your appointment controversial? I mean, did people really have to fight for you to come aboard or not?

Rahn: I don't think so much at—Jack [W.] Carlson had been the chief economist. He worked with the realtors. They needed a new chief economist, and they wanted somebody who was basically sympathetic towards business. Again, remember, Carter was by this time a total disaster and I'd already become a well-known critic of Carter on radio and TV and stuff, and, of course, I had connections with Reagan and the Republicans and the Republicans in Congress from my previous political work. So it sort of seemed logical, I think, to many of them at the time, but they didn't know me very well. I had my strong supporters in the business community there; Weyerhaeuser Company. People like George Weyerhaeuser really understood it, and a lot of the entrepreneurs, Bob Kriebel and people like that were firmly with me

and always urging me on, and they were out there protecting my backside. Again, I used to refer to them as the corporate civil service, and I note General Electric and some of the other companies, they wanted me out, but that pretty well subsided once we got the Reagan bills passed.

By the mid eighties, Peggy Noonan by that time became a well-known speechwriter, was my wife, and clearly we were having lots of influence with the Reagan administration. I don't know so much influence, but access, you know. So the Chamber found that beneficial. [Newton L. "Newt"] Gingrich and I become reasonably good friends by that time, and [Richard K.] Dick Armeiy just joined the Congress, and I knew Cheney.

So by this time things had gone well, and by the time the economy took off in '83 and '84, we'd been basically proved right. It's funny how your fortunes change, you know. In '81 and '82 when things were still pretty dicey, fortunately I was young enough so I wasn't too concerned about the next job and I was able to stick to principle because I figured some university would always hire me if I got thrown out. But by '83, '84, '85, the Chamber was very proud to have me there, because then they could take credit for the kind of influence they'd had.

Williams: So talk a little bit about the '81 tax bill.

Rahn: Well, Jack, of course, was the primary leader in Congress and a tremendous force, and he became allies with [William P.] Phil Gramm. Phil had still been a Texas Democrat, switched over. This is when I first met Phil. We were becoming friends. We're friends to this day. Jack really built the coalition in Congress, and it was rough going. The Democrats were opposed, as they always are, to lower tax rates. A lot of them just didn't get it or their constituencies, they played to the ignorant, so their own constituencies, and you see that going on today, a lot of demagoguery. Again, we had opposition at times within the Republican Party, people who still thought very much in accounting terms and didn't understand dynamics and how human behavior changes.

It was interesting going across the country. I used to give lots of speeches going around the country, and a lot of small-business people, entrepreneurs, sort of got it, but a lot of other people, they'd been taught by their parents, you don't spend more than you take in and everything, and they didn't like higher taxes, but they thought we needed to cut the spending before we cut the taxes. Again, it's what we call the deep root-canal mentality. You can't get out of these

binds. You can't now, unless you get growth going. Keep cutting back and without growth going, you're never going to make this up.

Of course, with the Reagan years, we had the initial big deficits, but by the end of his administration, the deficits were down under 3 percent of GDP and seemed sustainable forever. But it's not always intuitively obvious to people, so we were looked as radical. Jack, of course, was viewed as very radical, and Art was, and to a lesser extent myself and the others involved. It's interesting how these things sort of play out, but, again, once the Reagan program was successful, suddenly—well, I never much worried about losing my job, but I knew at that point there was no way that I was going to be touched on the thing, because I was also doing a lot of stuff for the Reagan administration.

As an aside, having very little to do with Jack, but Reagan didn't trust the State Department, and he put [Charles Z.] Charlie Wick in, who was an old friend from California, a businessman, a great guy. He put Charlie in charge of an organization called the United States Information Agency, which has totally changed now, but at that point a lot of funding went into it and it became powerful. So they needed people to go around the world and explain Reaganomics to government leaders and to central banks and things, and since they didn't trust the old crowd, I got basically detailed over there, and I

spent a lot of time going around the world basically representing the U.S., which caused great resentment at the State Department. But, of course, I understood the president's program and could explain Reaganomics. The Chamber was happy to let me go out for a number of weeks. The Chamber paid my salary. The government paid my expenses.

Williams: I was surprised, in reading about the Chamber, that you had so many foreign offices or units too.

Rahn: Oh, no, the U.S. Chamber—

Williams: It's all over the world.

Rahn: —is the world's largest business federation, and it's got all these American Chambers all over the world, and virtually every place the American business community is, there's an American Chamber of Commerce, and they're affiliated. They're independent, but they are all affiliated with the U.S. Chamber, and, of course, all these business associations around the world. So the Chamber is a federation. It's a huge—it's not just direct members, but it's all these others. At times the Chamber's fortunes have gained and waned over the years. The

Chamber grew rapidly in the early eighties, in part, I think, because it firmly signed on with the Reagan administration. It was very close, and our Chamber people in all the various divisions were working very closely with the Reagan administration.

There was a lot of criticism from the Democrats about the Chamber just being an arm of the Reagan administration, and to some extent it was true. Part of it is [Donald M.] Don Kendall was chairman of the Chamber there for a while. He'd been chairman of PepsiCo, and Don had been close to Reagan. [W.] Paul Thayer had been chairman, and he went over there as deputy secretary of Defense. So there was a lot of back-and-forth with senior-level people at the Chamber and the Reagan administration.

By the late eighties, it started to wane. I'd been an advisor to George Bush during his '88 campaign, and Peggy had done some of the speechwriting for him, but it was clear to me they were getting off the tracks. We had a meeting up at Camp David, and Art Laffer's up there and Jude Wanniski and Paul Volcker and some industry guys. [Richard G.] Dick Darman had taken over at OMB [Office of Management and Budget], and it was clear that they were going to go the other way. I'd been offered a position in the administration, and I declined and went off to Eastern Europe and took supply-side economics to Eastern Europe, which was a good move on my part.

Then the Chamber had real problems when Clinton came in because they endorsed "Hillary-care." Some of the big auto companies and insurance companies thought they could dump those costs onto the government, caused a huge split in the Chamber, and a lot of the board members resigned, including me. The Chamber's revenues fell by more than half, lost a huge amount of staff, and they fired a lot of people who were there. The early Clinton years were very bad for the Chamber.

Then they brought [Thomas J.] Tom Donahue over, who's still the president, and Tom, he'd been membership director when I was there. Then he'd gone over to president of American Truckers Association. Tom has a big interest in litigation, tort reform, because I think the truckers had their problems, and the Chamber's done more on that in recent years. But in terms of economic policy, it never regained the influence it had and the size of the Economics Department and all the stuff they were doing. So it's a very different animal today than it was in the 1980s.

Williams: So you were there during the golden age, in a way.

Rahn: Yes. I think there was some criticism of the Chamber, a lot of criticism of the Chamber, of being so close to the Reagan

administration, and the Chamber's never been that close to any administration since. I can see some of the criticism even though I was not much a part of it, I was more so than anybody else, in welding the two together. We had similar policies, and for those of us who were in it for philosophical reasons, what we believed was good policy. But organizations evolve and change over the years.

Williams: How did you and the Chamber handle the TEFRA [Tax Equity and Fiscal Responsibility Act] in '82?

Rahn: We opposed it, and I was the leader in the opposition there, and Jack was opposed and Newt was opposed. We had a royal battle on it. Actually, during that time I got a lot of press at one point. I had said it was a breach of faith with the administration and particularly the capital recovery allowances and things, and so the issues were strained then. In fact, [Lawrence] Larry Kudlow called for my resignation or firing from the Chamber. Larry and I are good friends, and I do his show and things now, but at the time Larry and I were totally at loggerheads because Stockman was pushing this and Larry was [David A. "Dave"] Stockman's deputy, and they sort of blamed me for the business community's opposition and the Chamber's opposition to it.

It's rough having fights with your friends, but there was a huge split within, by that time, the Republican establishment. There was the supply-siders and Jack and myself and Art and all of the others were on one side, and I had brought along the Chamber. Of course, a lot of the Chamber people were unhappy that I was opposing the president, and they couldn't understand how the Chamber could oppose the Reagan administration, as close as we were. Of course, once the bill passed and everything, we quickly made up and then we were allies. [laughs] There were some things we had differences of opinion on, and that one was the most notorious and where we bucked the tide. I always admired Jack as—and it was easy for me to be courageous because Jack was out there and Newt and a bunch of the other.

You sit there and say what is right, what I thought was right from an economic standpoint, and I had a lot more influential and powerful allies myself. The president, he had very mixed feelings about it because it was the Stockman-Darman cabal who were pushing it, and [Donald T.] Don Regan. Don Regan later on in life told me I was absolutely right about the thing, and he apologized to me, and Ed Meese told me I was right about it. So, I mean, we all made up.

Williams: How did Reagan allow a new cadre of people to be that influential over him?

Rahn: I think part of it was when Reagan staffed up his administration, remember, our supply-side group was so small, and getting enough people who really understood and weren't the deep root-canalers, I mean, he had a lot of conservative Republicans, but people who were really all for growth. So Ture went over to Treasury, Roberts, Wallison, and a few others. But Don Regan only became a believer in later years. I think, by '84 or so Don had sort of switched over. He was a conservative businessman. He'd been with Merrill Lynch, but he still thought in accounting terms. And Stockman was the biggest disappointment, because I had known David since the mid seventies. He'd been a congressional staffer when I first knew him, and I guess David's a couple years older than I am, and he was sort of part of our group. But David failed to get the spending cuts he'd promised the president, so then he was looking out to cover his own butt.

Dick Darman I always viewed as sort of the evil person. He had his own agenda. He never had Reagan's agenda, and Dick was a bad influence on Jim Baker and some of the others. Baker and Meese and these other guys didn't have much of a training in economics, and

they'd been some exposed to our stuff, but that's not what their primary focus was. Ed, of course, was interested in judiciary interests, and Jim was sort of across the board on a lot of foreign policy things. I think the president's problem was there just was not a sufficient cadre of people out there yet who knew the stuff. Again, going back to '77, the people who were really supply-siders, I mean really understood the stuff, we would all fit in Art Laffer's hotel room. You're talking about a couple of dozen.

Williams: So I get the impression that talking about gatherings in certain rooms and whatnot, that your next move, in a sense, was, I guess, late '83 meeting around the swimming pool out at Jack Kemp's place to begin to construct the '84 strategy for yourselves.

Rahn: At that particular meeting I wasn't there. I don't know why. I was traveling or something. But we were involved, and, again, Jack was very much the leader on that.

Williams: So that's the occasion when Irving Kristol said, "Let's take a look at Bradley-Gephardt."

Rahn: Yes, I guess. I can't remember, because I wasn't at that particular—

Williams: I thought you were.

Rahn: No. You try to remember so many meetings and they all blend together and everything. I guess I should have kept a diary of all this stuff, but I didn't.

One of the characteristics of Jack, he was always so optimistic about people, and he'd go talk to somebody about our policies, and they'd often politely nod, and so Jack took that as they believed it, which, I mean, is a wonderful nice human characteristic, but Jack thought if somebody listened to him, how could they disagree with him, and Bill Bradley was one of those people. I remember I was always a bit of a skeptic about Jack's whole relationship with Bradley, and Bradley turned out not to ever be a believer. He was off thinking we know things. I think he played with Jack a little bit. A number of the Democrats would do that.

Williams: You're saying that was sort of a game, then?

Rahn: I think Bradley and some of the others toyed with Jack and sort of acted like, "Oh, yeah, you've got some good points and things." I mean even [Charles B.] Charlie Rangel. Because Jack would talk about the enterprise zones and all that, and he was so convinced of the logic of it, he couldn't understand how any of these black leaders could oppose him, because he assumed that the black leaders really had the interests of their own constituencies at heart. [laughs] I'm more cynical today. I've gotten more cynical over these years. I think a lot of them are more concerned about their own power than what happened to their people. I mean, like I've known Charlie Rangel, I guess Jack maybe first introduced me to him or whatever, for forty years, and I have a low regard for Charlie. I don't think he is intellectually honest.

Williams: That's not the way Bradley sees it, in the sense that he felt that his collaboration with Kemp was a very positive thing and that—

Rahn: I think it was positive for Bradley. [laughs]

Williams: Okay.

Rahn: I don't think it was positive for Jack, because I remember some of these things. Jack would have these discussions with him, and he'd come back and, "Oh, Bill's really with us," and all this kind of stuff. I remember I used to think, "I hope he's right." It wasn't only Bradley; there was other people, even at times [Richard A.] Dick Kephardt and people.

Of course, Jack would go off with his great enthusiasm. By that time, I'd say after 1980, Jack did more talking than listening. I'd say before 1980 he would spend more a lot of time listening. But Jack, after a while, he sort of knew he got it, and so he was the evangelist. He was the economic evangelist. He'd go off and most people sort of got his message, but I think a lot of these politicians—and particularly he always tried to do things with the Democrats, I think Jack would give his thing, they heard his words, but I think they were calculating is it in their particular interest. They wouldn't argue with Jack about the effects, and I think all that largely turned out to be a disappointment.

Williams: Where was the Chamber with the Tax Reform Act of '86 and the lead-up to it?

Rahn: In principle, we were in favor of it, but there were a number of issues in it, and particularly the capital gains increase, which I was strongly opposed to, and Darman and I had some go-rounds about this, and I did with Jim Baker. I just thought that part of it was a mistake.

Williams: Be specific about the issue.

Rahn: The '86 Act reduced all the marginal rates to 28 percent, but increased the capital gains rate from 21 to 28 percent. The idea was, well, all income ought to be treated the same. But, of course, capital gains isn't income. It's a change in a price level, and there's also a huge inflationary component with capital gains, and you either have to have a lower capital gains rate, I think ideally at zero, or at least adjust it for inflation. It wasn't done. Some of the provisions in there were devastating to the real estate industry.

I think Darman was so interested in getting a deal with the Democrats, he didn't care about the economics. Darman was all about deals. I can still remember, I was sitting there with Dick and a few of the others, and we were having a really intense argument about this. I mean, he was just one of these people who'd deal, at all costs. There were components of it, so the '86 Act in general was a great

improvement, but there were a number of things in there that did great damage, and we could have had much higher economic growth. I think that some of the damage from the '86 Act, in part, caused the slowdown in leading to the recession in 1990. I mean, there are a number of other policy mistakes, particularly by the first George Bush, but, again, Darman was more in control there, and they'd just got off the reservation.

But that increase in the capital gains tax, I think the empirical evidence is since and particularly the work that [Stephen J.] Steve Entin has done over at the Institute for Research on Economic Taxation, I think solidly proved that that was a mistake. But a lot of the parts of the act, you know, that whole idea of closing most of the loopholes and leveling the rates, I was very much I favor of.

There was a lot of folks at the Chamber who were unhappy with many of the aspects, because when you close up loopholes, and particularly the business ones, I remember it was a period of struggle. The Act turned out to be different than we wanted. The goals, I thought, were fine, but you know what happens to legislation in the process, and it just never worked out quite that well.

Williams: Where was the Chamber on Gramm-Rudman in '86?

Rahn: In favor of it. You're talking about the whole idea of limiting spending. Yes, supported that.

Williams: I guess the next step would be the '90 tax bill of George the first, and by then you were out of the Chamber, right?

Rahn: Yes, I had left in '90. What had happened is because I had been one of the key economic advisors, along with [Michael J.] Mike Boskin in the '80 campaign, and so after the president was elected, it was basically what job did I want in the administration, and we had been discussing some things. I was very unhappy that Darman had been given OMB, because I just saw all kinds of problems, having known Dick Darman. Mike was so optimistic about—I'd warned him about Darman, how to control Darman and everything, but then when we had, three months later, the meeting at Camp David, we had done the flexible freeze. People forget Bush ran on no new taxes and the flexible freeze in spending and that we were going to keep spending growth down to no more than a rate of inflation plus population growth, so no real increase in spending. That really required what would be looked at as cutbacks, but they weren't really cuts, but just holding down this growth in spending.

The president went out there, ran on it. I gave endless speeches around the country, as a lot of the other surrogates did, in favor of this thing, and the flexible freeze part, actually the mechanics of it were done in our office in U.S. Chamber. [Lawrence A.] Larry Hunter, my deputy, subsequently was head of the Joint Economic Committee, he and his staff, which was part of my staff, did all the numerical work. We had this worked out.

I think about January the president was already abandoning this because of the influence of Darman. Darman said, "Well, it was good to get elected on, but politically unrealistic," blah, blah, blah, because Dick didn't want to fight those battles and Dick wanted to get along with the Democrats, blah, blah. I just saw this as the program wasn't going to work. Unless he did something about controlling the growth in spending, the economic program we laid out would not work, and it didn't.

By that time, all the changes were already taking place in Eastern Europe. I had been over there in Hungary in '89 doing the economic transition work there. Hudson Institute had a program, and they asked me to bring—they didn't have any tax capabilities, so I brought some of my staff over. [Pierre S.] Pete du Pont [IV] was chairing it. So I got really sort of excited about the changes that were taking place.

With this whole thing, I could sort of see where the Bush administration was going. It gets back to what I mentioned about how George Bush never edited his speeches. In the fall of '88, it was before the election, and he had had a dinner party over at his house and stuff, and Peggy and I were invited. Afterwards, after the thing, we were going to leave, and he said he wanted to sit around and talk to me for a few minutes about economic program and everything. So he was very relaxed, and I said to him, "Mr. Vice President, are you comfortable with the things we were writing?" Because it was basically Richard Ronek [phonetic], Mike Boskin, we were doing our stuff, and because there was never any redlines and stuff, it was so different than Reagan.

He said, "Oh, yeah, Richard, it's great stuff. Keep it up." Peggy would actually do the things, but we'd be actually sitting in this room and we'd be discussing it, you know. Peggy was super smart. She got the stuff, but we'd just sort of go through the arguments, and she'd think of the ways to best present it.

But I remember I had this sort of unsettling feeling because it was so different than Reagan. I mean, Bush was very pleasant, always extremely nice to me, but I had a feeling he doesn't really feel things. I mean, I'd been a professor, you know. [laughs] As an

editor, you always grade the students' papers and make the thing a bit better, and he didn't do that.

So, again, after he got in, a lot of people had been warning me, who knew George Bush far better than I did, that he wouldn't stick with it and he didn't really believe it, blah, blah, blah. I mean, Reagan believed the stuff. I mean, Reagan knew what he was doing. It was just so apparent. You had this sixth sense, things were not going to go well. So I went off to Eastern Europe.

Williams: In that regard, how do you explain what appears to be the lack of support among supply-siders of Jack's candidacy for the president in '88? Or did he have a lot of support?

Rahn: Well, I mean, I was with him, obviously.

Williams: But you also were working with George Bush, right? Or only after?

Rahn: I'm trying to think. Jack dropped out pretty early on. Peggy was working with Bush, but I can't remember the whole thing, but I know I didn't sign on. Jack must have—I can't remember when he dropped out, because by the summer of '88, I was already part of the

Bush team, and I'd originally been Kemp, and I wouldn't have gone with Bush against Kemp.

Williams: Where was Laffer, and where were Entin?

Rahn: Well, Steve Entin, Steve's not a political sort, really. Very good economist. Most of us real supply-siders, I mean, obviously Art's very political, but I think he was backing Jack. I can't believe he wasn't. I can't remember all the details, but I think Jack's campaign was sort of underfunded. I'm trying to remember the whole thing now. It just didn't seem that there wasn't all the monetary fuel, and I think a lot of people thought it was a little bit premature for Jack. You know, I just can't remember enough of the details now, but, I mean, I was a Kemp fan. But the campaign, I'm sure you know more about it now, having gone back and read all the stuff, but I've basically forgotten much about it. But it was something that never really took off.

One thing I remember, because at the convention in New Orleans we were all convinced that Bush was going to pick Jack as the VP, seemed to be the logical thing. I remember Jack and his brother [Thomas P.] Tom [Kemp] were all down there, and then Bush picked [James Danforth] Dan Quayle, I think, coming up on a riverboat or something. I'm trying to remember all the details now. But it was so

out of—you know, picking Dan Quayle rather than Jack. I remember we were all thinking, “What is this?” This was another thing that you have certain doubts about Bush, because Bush was probably looking back and somewhat afraid of Jack because Jack had real ideas. I mean, Quayle, I know him and I like him, nice guy, but he would never argue with Bush, and, of course, Jack did and Jack, of course, ended up head of HUD and he ended arguing with Bush all the time.

There’s the famous thing where he almost had a fistfight with Jim Baker one time in the Cabinet meeting over something. I wasn’t there, but I heard the stories, you know, where they just really got in a row with each other. Bush didn’t like disagreement among his advisors. Reagan liked it because he learned from it. He liked to have them argue out, but Bush didn’t.

Getting back to Jack’s campaign, I just wish I could remember the details more. I remember we were all really thinking and hoping Bush would pick Jack as the VP. It seemed the logical thing in terms of age, and Republicans always had this idea of succession. We always thought with Jack there as the VP, we’ll have the supply-side influence, he was the one who understood economics, and Bush would bring along the Republican establishment. Jack was still viewed as sort of a radical there.

Williams: Other than the competitive nature of Jack Kemp, was there any other reason discussed amongst yourselves why he might have been passed over?

Rahn: I think the main thing, I mean, just over time and particularly it was really after that point that I got to know Bush better, I mean, the only time I really spent with Bush was during the '88 campaign, and my association with Bush went from—when was the convention? August? July, August, in New Orleans. From that point to April '89. And since that time I probably haven't spoken to him more than two or three times.

Williams: What's significant about April '89?

Rahn: That was the meeting at Camp David, and I remember thinking, "I'm outta here." [laughs] I mean, you have those times in your life when you say, "This isn't going to go well and I don't want to be a part of this." I remember warning Mike Boskin, and when I went in to do the tax increase in '90 there, and Mike and I still remain good friends, and I said, "Mike, Darman's going to hang this with you." Mike didn't really believe it, he thought it was the wrong thing, but he went along to be a team player.

So at the end of the administration after Bush had lost, I remember Mike and I went off to a Chinese restaurant, and he said, "You know, you were right about Darman. I should have listened to you." And, of course, poor Mike, he's regaining his reputation, but his reputation there among academics and others where he had just a stellar reputation and among our crew, you know, here's a guy that walked in with a first-class reputation and it got destroyed by people around him, because he stayed there being loyal to the president and didn't leave.

Williams: Was there thinking that Jack would have made a good Treasury secretary or Commerce?

Rahn: Yes, a lot of us would liked to have seen Jack at Treasury.

Williams: How did you interpret his going to HUD?

Rahn: That Bush needed to give him something. The rationale, of course, Jack had been in favor of enterprise zones, was a Republican who got along with blacks. [laughs] So, you know.

Williams: Did you have any collaborations with Jack while he was at HUD?

Rahn: Oh, we used to have meetings over there. Jack, he got into running his own foreign policy, and these were many of the conflicts he had with Baker. So during the Russian transition, at Pepperdine University, a guy named [James R.] Jim Wilburn was dean of the School of Public Policy, great guy. Well, they headed up—I can't remember how this all came about—this Russian transition project, and Tom Kemp, Jack's older brother, Tom was always a steady hand. Everybody around the campus always said, "Tom's the one that should be president, not Jack," because Tom had a lot of Jack's good attributes, but he had actually been trained as an accountant, but he was a very successful business executive. But Tom was sort of the less emotional and sort of more rational analytical type, where Jack was always the fiery one. Tom was the big brother.

Anyway, they had this Russian project, which I got very much involved with, and that's how I ended up being an advisor of [Prime Minister Yegor] Gaidar. I had already chaired the Bulgarian transition team in '90 and '91. Jack didn't think the administration was being aggressive enough in helping the transition in Eastern Europe, particularly Russia and everything. Jack was right in that. The Bush

administration was a laggard with all this stuff. Of course, the State Department, they hate changes, you know. I mean, people forget the State Department was against the breakup of the Soviet Union because they knew how to deal with that, and it was just so typical Washington.

So Jack was running his own foreign policy out of his office at HUD, and particularly in regards to the Soviet Union and doing the privatization and everything there, and I was part of that team. So we'd have a lot of meetings over at HUD to deal with foreign policy, but only Jack would do something like that.

Williams: It was really acting out of the confines of HUD.

Rahn: Oh, yes, it was really totally inappropriate for Jack to do it, but, I mean, if I had been president and I'd found Jack was doing this, I would say, "You stop or you're outta here." [laughs] But, I mean, part of it is Bush was sort of a weak chief executive in many ways. Of course, Jim Baker got wind of it, and that's when Jim and Jack had all these fights. And George Bush didn't like discord among his advisors. I learned a lot about effective CEOs and ineffective ones, and how Reagan on all counts was so far ahead of—my admiration for Reagan

constantly increased after. [laughs] For Bush, Sr., who, again, is a lovely nice man, but there was—

Williams: What about later contacts with Jack, since HUD?

Rahn: After that, we just remained friends, and then we went on some speaking things together. I'm trying to remember where we were. I can sort of remember walking down this hotel, because the two of us had gone off to speak at some conference, and I can't remember what it was now. I should have kept the records and all this. But sitting around, having dinner together, and Jack was sort of floundering around on what to do next. He was starting Empower America stuff.

Then I went off to the first of the Eastern Europe stuff, and then I started a business and we ended up building a little semiconductor and doing technological transfer out of the Soviet Union. So during the nineties, or the early nineties, I was doing transition work, and the last six years of the nineties I was just building a business, which we sold to Uniroyal in 2001. So Jack and I didn't spend a lot of time together, but some. I think I did a few things to help Empower America. We'd have meetings occasionally in his office.

One other thing was he needed a chief economist over there, and so [Lawrence A.] Larry Hunter, who'd been my deputy at the Chamber and then became chief economist after I did, then Larry got fired when the Chamber went left, because Larry stood against it. Larry's an extremely good economist and very principled. So Jack was looking for an economist. Well, Jack and Larry both have very strong personalities, and in economics, I knew there wasn't going to be any daylight between them on that, but in terms of personality. So I recommended Larry.

So Larry went over to be Jack's chief economist. Larry had also been head of the Joint Economic Committee, and, again, he's a great economist. But Larry is a little bit of a hothead, as is Jack, and so the two of them, for all those years, worked together, but they were always in conflict, and each of them would bitch to me about the other. The only reason they stuck together was because they needed each other, because Larry needed the income and Jack needed Larry's brain and good work. Larry's very solid, and so it was like one of these marriages of convenience, like a husband and wife who don't like each other, but they stay around for the sake of the kids. [laughs] This was that relationship, and sometimes I ended up mediating disputes between the two of them, a couple times. [laughs]

Williams: Were you involved at all in his vice presidential run in '96?

Rahn: Not much. Larry was working for him and doing the things, and there was the famous unprepared Jack Kemp in a debate, which we were all embarrassed about that, because we knew Jack was capable of far better.

Williams: How do you interpret that then, that incident?

Rahn: Well, I mean, from what Larry told me, Jack didn't really prepare, for whatever reason, and I think he just thought it would be a cakewalk for himself. Also I think it was just maybe the mood of his day or something, because we all knew Jack was far more capable and better. I mean, we all assumed Jack was going to wipe the floor. I remember sitting there watching, thinking, "Why does he say this?" I knew he knew this stuff, and why he was so milquetoast about the thing, I don't know.

Williams: I thought of that incident when you mentioned earlier that he would read a speech and then go off and speak extemporaneous and cover the same topic, and maybe it was too structured a setting for him, no?

Rahn: I've watched Jack in good debates. He would be a terrific debater. No, Jack—

Williams: It was an off day.

Rahn: You might talk to Larry more about that, because, I mean, afterwards we were all appalled, all of us who knew Jack, because that just wasn't a Jack Kemp performance. I remember Larry saying— because I started to beat up on Larry. I said, "Why didn't you have him better prepared?"

Larry said, "I kept trying. He didn't want to pay attention. He went off to play tennis in the afternoon or stuff," or I've forgotten what he was doing. I think Larry can give you more of the blow-by-blow. But Jack, for some reason, I don't think he took the thing terribly serious, and from what I recall, didn't really prepare.

Williams: Do you have any sense that George W. Bush sought Kemp's advice in any manner or form?

Rahn: Not particularly. I don't think he liked him. [laughs]

Williams: So as far as you know, there were no interactions between the two?

Rahn: Well, I mean, I expect, knowing a little bit of the two personalities, when Bush would see Kemp coming, he'd think, "Oh, no, I've got to put up with him," because Jack, always bubbling with ideas, had things he wanted to accomplish, and Bush didn't have an inquisitive, inquiring mind. Then I learned by the Camp David thing he didn't want disagreement among his advisors. He wanted everybody to be happy, everything to be nice, and didn't like conflict.

Williams: You're talking about 41 or 43?

Rahn: Forty-one.

Williams: I was thinking more in terms of 43. I mean, he came into office in 2000, and Jack was alive until 2009. So do you think they had any contacts?

Rahn: No, nothing comes to mind. Again, Larry Hunter would be the one who could answer that, because Larry worked with him and Jack's own staffers. I mean, Jack would talk about tax cuts and stuff, but I

didn't have the impression that they were—I never much thought about what kind of relationship they had.

Williams: Speculate for a moment on what you would expect Kemp's reaction to our current global crisis to be.

Rahn: Jack was always, of course, more of an activist. A lot of my Libertarian friends and people at Cato were unhappy with Jack because he was so much a neocon and also that Jack gave the impression he didn't care as much about cutting spending. In certain ways, he didn't. I think it was Jude Wanniski used to argue that you didn't have to worry about spending because growth would take care of everything. I was not in that camp. I thought you had to do both.

I think it would be a struggle for Jack now, because he wouldn't have been for the stimulus program and all that kind of stuff, because he didn't have any use for Keynesian economics. But Jack was never as tough on spending as a lot of the rest of us would be, and I had arguments with him about that. I kept on, "Oh, we'll get growth up there, take care of the problem," type of thing, and he'd pay lip service to keeping down the growth in spending, but he didn't want to cut back programs, particularly for people he cared. I mean, Jack was a bleeding heart when it came to the poor, minorities, and things.

Jack really felt it, which I thought was a great, great characteristic, but he wasn't, I think, sometimes as hardheaded about the thing as you need to be.

But it's an interesting question. He would be critical of Obama for not being sufficiently aggressive in foreign policy. I mean, something like the Libyan thing, I think Jack would have said if you make the decision, you go in there and really do it. He'd been, I think—I'm guessing—but far more aggressive against [Bashar al-] Assad and things like that.

On the spending, I mean, Jack would be pushing very much holding down the growth in regulation and tax changes and stuff, and he would pay lip service to cutting back on unnecessary spending, but I don't know how aggressive he would be in it.

Paul [D.] Ryan, of course, worked for Jack and is a disciple of Jack, but, to me, Paul is more hardheaded about the spending side than Jack was. I have an extremely high regard for Paul. Of course, Paul very much learned at Jack. Paul once told me, he said, "Richard, do you know when you first met me, when I first met you?"

I said no.

He said, "I was a seventeen-year-old intern for Jack Kemp."
[laughs] Made me feel old, but, anyway.

No, it's sort of hard to speculate what that would be. Jack's brother Tom was always much more attuned to spending, having been running big companies and been trained as an accountant. In fact, Tom used to tell me the stories of how Jack never paid much attention to his own finances and tax things, and so get around tax time and Jack would show up with a box with Tom and say, "Hey, big brother, do my taxes," and they would have big fights about this, but Tom would go ahead and dutifully do them and stuff. [laughs]

Williams: We just came back from California, where we had interviews with Paul Kemp and Dick Kemp, but, of course, Tom is not here to be interviewed for this project.

Rahn: Yes.

Williams: You obviously knew him quite well.

Rahn: In fact, in later years, since 1990, '91, Tom and I actually became closer friends than I was with Jack.

Williams: So talk about Tom a little bit more.

Rahn: Tom, just an absolute prince of a man. He physically was much bigger than Jack. All the Kemp brothers, of course, were athletes type of thing. Tom, very smart and just the most absolute solid citizen. With Jack sometimes, people worried sometimes he'd be president, because Jack would go off on his things. But Tom was always Mr. Cool, calm. I mean, he had a temper a bit, like all the Kemps did. But if I had a box here full of money and which of the Kemps I'm going to give to for safekeeping, it would be Tom. Now, Jack wouldn't misuse it, misspend it, but he'd lose it. [laughs] I mean, that's sort of the difference in personalities. Jack very much relied on Tom. I know it was a huge blow to him when Tom passed away, because he was always checking with his big brother.

Williams: Especially Tom.

Rahn: Yes. Tom was the oldest, and, I mean, Jack always spoke so highly of Tom, and for good reason. Jack depended on Tom. Tom was the anchor, and Tom, of course, could say things to Jack that nobody else could. He was the person that could rein Jack in. People would go to Tom when they thought Jack had gone too far with things. If you wanted to lobby Jack, rather than try and do it to his face or when he wasn't listening, you'd go to Tom.

Williams: Where was Joanne in this structure?

Rahn: Never quite sure. I never knew Joanne terribly well. I mean, I was with her at a lot of the things. I remember early on I had the impression, well, maybe she was just nothing more than the good-looking wife of the football player and things, but then during—I was still at the Chamber. What was Jack? Maybe it was when he was first running for president, and she came over and she was orchestrating things, and I remember I was really impressed of what a great presentation she did and how she managed things, and she was out there protecting Jack. So I remember my impression of Joanne, which was never at all negative, but it hadn't been strong, really soar after that. Suddenly I saw, well, this woman. Jack wasn't there and for some reason she was basically the surrogate, and she not only gave a great talk, but she just managed things and was looking closely out for his interest. There was a big audience, and I knew her some, the sort of Chamber executive probably knew her best, and watching her attention to detail, just how she wanted things and this has got to be this way and everything. And right on, so my impression of her grew much after that.

Williams: The reason I asked about her right now is because she's often described as Jack's anchor.

Rahn: Well, I think in many ways she probably was. But, see, I mean, you've got the thing of husband and wife. But Tom I knew well. I was never socially close with the Kemps. His daughters had babysitted for my son, with Peggy's and my son a little bit when he was little. We all knew each other, but not close. Tom was actually the Kemp I was closest with. Tom and I spent time in Eastern Europe, Russia, traveling together and visits in California. Tom I always found easier to talk to than Jack.

Williams: Was he a better listener than Jack?

Rahn: Oh, yes. Jack was always so competitive, sometimes it was hard to have a conversation with him, and his mind would be racing so fast and he had all those things. You wouldn't have all the normal give-and-take in many ways, because he had that exceptional brain and no other people are that way. But Tom, yes, you could sit down, be relaxed and have a cup of coffee with Tom and just have sort of a very normal conversation about things and you could talk to him. He'd be very candid about Jack because we both had such a high regard for

Jack, and he loved his brother, and I had such a high respect. But you could sit there and talk about his flaws and what things we had to try to work out or whatever.

Williams: So what would be some of the components of Tom's portrait of Jack?

Rahn: Well, I mean, he realized particularly Jack's smarts and quickness and things, his rhetorical skills. I think he understood the importance of calming down Jack sometimes. I mean, I don't know their private discussions, but Jack would tell me how much he relied on Tom, and I could sort of see it when I'd be with him. You were hardly ever in a room where Jack wasn't the dominant person, but if Tom was there, Jack maybe would be the flashy one, but Tom in many ways was the dominant person.

Williams: He understood politics, but he didn't want to go there, they said. Would that be accurate?

Rahn: I think so. I don't remember actually any discussion about him running for something. He was involved and interested in politics, but Tom was basically a businessman and, of course, on the board out

there at Pepperdine, and I think he felt that one politician in the family was enough. Tom didn't need the limelight. He didn't. Tom could stand off to the side and if people didn't recognize him, he could care less. In fact, I think he probably almost appreciated it rather see what any politician has to go through. There's a particular type of personality to be able to enjoy and endure what politicians have to go through, because you don't have any private life in a way. You can't walk into a room or anything, and I think Tom so appreciated he could walk into a restaurant without people coming over and pestering him or whatever.

Williams: How do you think Jack Kemp should be remembered?

Rahn: Oh, I think Jack is a terribly creative and dynamic force in American politics, and I think there's real doubts the Reagan program could ever have been passed without Jack Kemp. He not only shaped it, but he was the most important salesperson for it. And Jack changed America. I don't think many people realized. I mean, we all love and honor Ronald Reagan and praise Reagan for the thing, but part of Reagan's success was Jack Kemp as his friend and the role that Jack provided. I think Jack probably taught more economics to more people, because Jack spoke to so many groups and did so much and

explained it so well. I mean, his audience, Jack had the national audience for a long time, and he never gave up. He was tireless with it.

You sort of look at through American history certain people were just a force for good and maybe never reached the absolute pinnacle, but Jack was one of those. America is far better off for having a Jack Kemp, and I think every American lives a bit better because of Jack's influence on economic policy. He also was extremely influential in pushing the Republican Party into having more concern about blacks and other minorities, because he was such an inclusive individual. I think he really helped shape the party and the fact that you've got increasing number of blacks in the party. I think most black Republicans would go back and say Jack Kemp was a major influence.

Jack used to make the comment he'd showered with people that a lot of Republicans wouldn't even shake hands with, but he made the difference because he could embarrass those people who were so— maybe not really racist, but of not going out there and helping along people who hadn't had the same opportunities as they had had.

Jack had enormous compassion and it came through. It wasn't phony. He was not a phony. He was just genuine and firmly believed all the stuff he went out and did. He was what politics should be about. I treasure the thought that he was a friend. I learned a

tremendous amount from him. I used to sometimes say to him I'd learned more economics from him than he'd learned from me, because we went back and forth, but he'd get things. He'd force you to think. Afterwards, Jack and I would have a conversation about some of the questions he'd asked me, it would make me think about things I hadn't thought about before. I miss him.

Williams: What was your last contact, do you recall, with him?

Rahn: Well, the last contact was after he got sick. I had some phone calls with him. He died two years ago, was it?

Williams: '09.

Rahn: So it would have been around Christmas '08, just when he learned he'd been sick, because I had first sent him an email and then I called up and we had a chat. I was always an optimist. He was an optimist. I said, "When you get to feeling a little better, when you're up to it, let's go out and have lunch," and we talked about that. Then, of course, that never happened because the cancer came far faster than any of us anticipated.

I mean, I can't remember, actually, because we actually hadn't sat down and just had a one-on-one in quite a while, but we'd be at things together. Because we'd been friends, you end up just chatting and stuff. I can't remember. I wish I could because it was one of the type of things if I'd only known all the things you would have done, but—

Williams: Did you attend the memorial service at the National Cathedral?

Rahn: Yes. I went to the funeral at the Presbyterian Church and the memorial service and stuff.

Williams: That was a pretty impressive event at the Cathedral.

Rahn: I was amazed. I mean, to fill that thing up. You saw all the influence Jack had. I think the project is very important, because the one thing I fear is that the memories and lessons of Jack Kemp will be forgotten, and when we get done with the interview I'll [unclear].

Williams: Okay. I think we're done with the interview.

[End of interview]