

JACK KEMP
ORAL HISTORY PROJECT

Interview with
MALCOLM S. "STEVE" FORBES, JR.
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Interviewer
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Morton Kondracke: This is Kemp oral history project interview with Steve Forbes, the editor-in-chief of *Forbes Magazine* and a friend of Jack Kemp's. Today is February 2, 2012; we're at *Forbes Magazine* headquarters in New York City and I am Morton Kondracke. Thanks so much for doing this.

Steve Forbes: Thanks, Mort.

Kondracke: When you think about Jack Kemp what immediately comes to mind?

Forbes: The words that [Franklin D.] Roosevelt taken from I think [William] Wordsworth describing [Alfred E.] Al Smith, "Happy Warrior." Jack was exuberant, larger than life, and had that positive attitude, very American attitude. And when I first got to know him in the seventies, a time when we're in a malaise period, in decline, seemingly unconquerable inflation, rates going up, government getting bigger, the world getting worse, Jack was a breath of fresh air. Sort of a younger Reagan, the innate optimism and his own story on football. As you know, he was an athlete, but he did what he did in the pros through sheer grit. There was nothing gifted there, it was just sheer knock-down-get-up again knock down and just make it happen. And his kids, I think two of them went into football, did the same thing. There was no easy time; they just did it. So the combination of grit, his interest in realizing economics is people and coming up with ideas to make positive things happen, well this is a drug for me. [laughs]

Kondracke: What's your all-time personal favorite memory with him?

Forbes: Oh, gosh, where to begin.

Kondracke: You can go on and on if you want.

Forbes: The good and the crazy stories. Well, in no particular order, when I ran in '96, as you know Empower America was started to be a reform think tank, activist tank, and all of us sort of saw it as a way of getting Jack ready for '96, and we were shocked at the end of '94 when he called us in and said he wasn't going to do it and that's how I got into it. Anyway, early in '96 he decided to endorse me, so here we were in Albany, New York, he and Joanne [Kemp] came up, we were in a hotel room just before the announcement, and [Newton L.] Newt Gingrich calls and tells Jack, he said, "If you endorse Forbes, your political career is over." Newt hasn't changed. And Jack said, "Thanks, Newt, but I'm not backing off." I mean, once he committed to something he followed through, and often times, I'm sure you've heard it from others, would do things that defied the normal political calculus. He was not inhibited about taking, like a venture capitalist, taking a flyer. So that was a particularly warming one. Dinner with him and others in their Maryland home in I think it was '78, just got to know him, when Kemp-Roth was still brand new, having dinner. He was his exuberant self, talking about how in sports, easy to say and hard to do, you do it because you picture yourself doing it, whether it's golf or football you picture it, which makes it easier to get in the groove. That stuck with me, that kind of can-do attitude. And numerous times with Empower America. [chuckles] He's human. Early in '93, I came on a couple of months after the thing was established with [Theodore J.] Teddy Forstmann, and we were having a board meeting up at Forstmann Little [& Company]. I think [William

J. "Bill" Bennett was there, Jeane [J. Kirkpatrick] was there, Jack was there, and we were discussing how we really set this thing up. Teddy had put up the starting capital for this, I think it was a million or two million, and they're discussion whether it should be, I forgot the designation, a non-profit or one where you could get an exemption. If you an activist organization you had all sorts of rule you had to be careful to trip over, and Jack peremptorily decided that since he wanted no restraint on what this organization could do, he decided let's go where the donations are not tax-exempt, just decided it. I looked at Teddy. His mouth just, "You're telling me I can't get a deduction on this thing?" [laughs] Jack just barreled ahead, oblivious to Ted. That was Jack. Apropos of that, we'll put this off the record, but he and Bill and others at the end of the day like to unwind, and one night after one of these Empower America meetings with donors, ginning them up for the ask, so we'd have something the night before and then the next day, seminars, but informal where you were really involved. So we went to the 21 Club, and Jack was very much of the people that night, so was Jeane, she was a sight to see, and Bill and [John V.] Vin [Weber]. I don't know if they remembered anything in the morning, but I remember Teddy Forstmann saying after things were said that perhaps wouldn't have endeared them to some of the would-be givers, he said, "We're never going to do that again."

Kondracke: Was Jack drinking?

Forbes: Yes, that night he did, which may be why it was noticeable. He usually didn't do it. But that was Jack. It was very easy-going. Yes, you could calculate, but it was not the kind of cold, sober calculus that you get from a [Willard] Mitt Romney, but it was from the heart.

Kondracke: Was he insulting to these people?

Forbes: No, no, no, no. But he wasn't tailoring his outlook on things to, you could see, Jack was wound up and on a roll.

Kondracke: What was he talking about?

Forbes: Oh, everything, everything. But that was Jack.

Kondracke: When did you first meet him and where?

Forbes: It was through Jude [T. Wanniski. I'd read a piece Jude wrote, or maybe heard Jude at some conference, this was '76, '77, and in those days any tax reform was all focused on business, you know [Barber B.] Conable [Jr.] 5-10-15, or whatever they called that plan, all business, or reindustrializing America. You know, real backwards-looking stuff. And I ran into Jude at one of these things, maybe it was *National Journal*, I can't remember, but he said, "Oh, there's this wonderful congressman, big tax cut, pro-growth." I said, "Wow, this goes against the grain." And first heard [Arthur B. "Art"] Laffer's name. So I read about Laffer, read about Jack, loved the Kemp-Roth bill. Met him soon thereafter, wasn't hard, you know you wanted to meet him you met him. And was taken with him, and wanted him to run in '80 and was disappointed he didn't, but they got the Gipper, tribute to [Ronald W.] Reagan that at his age he could still absorb new ideas, new proposals and stick with them. Jude could agitate all he wanted, and the *Journal* did so effectively and others did as well. And Jude played a great role. But Jack was the one who put a public face

on it. Jack was the one who brought Kemp-Roth to life and took it beyond just a tax proposal, but tied it into entrepreneurship, tied it into opportunity, tied it into creativity in a way that just took it out from the driest dust to something, by golly this is the essence of this country and we got to do it. Also, he could pound home ideas like static scoring, you know how crazy that was, without putting people to sleep, and could advocate and didn't hesitate to go for gold, which was even crazier then than it is today. You know only survival nuts went for that, but no, he tied it as stability, flexibility, ability to move forward, it was pro-people, not the cliché of conniving, constricting bankers who love to see farmers suffer, gave rise to William Jennings [Bryan]. He gave a whole different twist. So he personified in a way that our current candidates have not been able to do, the exuberance, the exciting exuberance, of entrepreneurial capitalism, of free markets, and never caught up on this rich stuff and didn't hesitate to take you on. He would tackle you. So whether it was tax reform, tax cuts, empowerment zones. They said at the time he didn't pay enough attention to the spending side. Well, spending wasn't really the problem then that it is today. The key thing was getting this economy moving. And he was for personal accounts, so he got it on reform, but it was non-root canal reform.

Kondracke: When did you meet Jude?

Forbes: I think it was late '76, early '77, and it was just a chance thing. He at the time was working on his book, *The Way the World Works*. That was an exciting thing. Taxes is a price, and how you go back in time, and governments always over-extend and end up killing

themselves by killing the vibrancy of their people—subjects, citizens, whatever.

Kondracke: So Jude Wanniski tells you about Jack Kemp.

Forbes: He tells me about Jack.

Kondracke: Did you call him up? Did you go down to visit him?

Forbes: Yes, called up and said, "I'd love to meet you." Jack was easy. Just do it. And he would include you in the dinner like I described; it wasn't planned. God knows how Joanne coped with this. But suddenly 15 of us, 12 of us are trooping into his house for dinner. How do we feed these multitudes? That was Jack. "Come along, come along." And it wasn't a sort of push-out, or 'you're not quite part of the gang yet.'

Kondracke: So you became part of the supply-side gang right away?

Forbes: Yes.

Kondracke: Wanniski, Laffer, [Robert] Mundell, all those people?

Forbes: Yes. At a troubled time, especially with the fiftieth anniversary of the Crash of '29 coming up, it was the first time you had people making the case, serious case, that this was not the Depression from which came a radical change in the role of American government. It's hard to believe, people say it was a simpler time, but 1929 was a complicated world, been through a world war. The federal

government was three percent of GDP. Take state and local governments, barely 10 percent. The most sophisticated, complex, innovative country in the world, and we did it with 10 percent government. Jude and Mundell and others made the case, especially Mundell, that this is not a failure of free markets, it was a failure of government. And did so in a way that was a little different twist on Milton Friedman. Friedman was part of the, almost Keynesian. Keynesian said you do it through spending, maybe easy money. Milton said it was money. Milton obviously expanded on that over time, but it was still the government could guide these things, it was just which tool you'd use. The thing about Jack was and what he personified was, no, government creates the environment; people do it, which was a big break from the orthodoxy, still reigning orthodoxy.

Kondracke: You regarded yourself as a supply-sider in '76?

Forbes: Yes, '76, '77.

Kondracke: As soon as you knew there was such a movement.

Forbes: Yes. Probably '77. Reading and recognizing, by golly there is a different way than raising taxes. I thought 'Well, gosh, maybe that's how you flight inflation is by raising taxes, reducing demand.' And suddenly this was like, wow. This is so much better.

Kondracke: Was it a conversation with Jude or was it reading?

Forbes: It was more than a conversation.

Kondracke: Were you part of the Michael 1 [restaurant in New York City] gang?

Forbes: I didn't go to Michael 1 really. Met [Robert L. "Bob"] Bartley. But this was more of a, gee this sounds interesting. Did a lot of my own reading; did some work with [Lewis E.] Lew [Lehrman] in '80 and '81.

Kondracke: Lew Lehrman.

Forbes: Lehrman Institute. They'd bring economists in and you have roundtables. I did a series of those for Lew. Initially it was taxes that attracted me. I still thought the gold thing a little far-fetched. It was about '82 it suddenly hit me, what they were getting at.

Kondracke: What is the influence of Ayn Rand on this whole group? Any?

Forbes: No. I think one of the things that made Jack appealing was that he realized that this is more than human beings, the spiritual side, which [George F.] Gilder gets, Michael Novak gets. It's not just a narrow, rationalist thing, it's liberating by believing you're liberated, which sounds contradictory, but Jack really got it.

Kondracke: Did you participate in the [Jeffrey L.] Jeff Bell campaign in '78?

Forbes: I did. That was my first fundraiser. My wife and I did it at our house in Bedminster [New Jersey]. I think it was \$100 a head, or

\$150, I can't remember. We got [C. Douglas] Doug Dillon to come, Treasury secretary under Kennedy, and successful. I forget how much we rung up, but nothing by today's standards. But it was helpful for the election, yes.

Kondracke: And Jack participated in that, right?

Forbes: Yes. '78 was when you could really see this start to come together. You had Proposition 13, you had Jeff Bell's victory over an incumbent in New Jersey, even though he lost the general, the point was made things were stirring in a very positive way.

[interruption]

It could become plausible that Jack could go the distance.

Kondracke: You said that you hoped that he would run for president in 1980. How much discussion was there of that and what did you say to him?

Forbes: Urged him to do it. Jude of course was all in favor of it. A lot of us thought since the field looked wide open, why not? The amazing thing is, especially in the environment of today, Kemp-Roth made progress very quickly. But you could tell with other candidates it was a checklist, 'I'm for this, I'm for that, I'm for that.' Whereas with Jack it was the essence. This was not going to be just tossed aside.

Kondracke: Were you part of the Wanniski-Laffer plot to get Jack to run so that he would end up vice president?

Forbes: No! I don't know what their thoughts were. I thought, at the time Jack was 44, 45, okay, just on the edge, but fine. Not the youngest to go after this, so why not? The whole world was being turned upside down, and ripe for new thinking, ripe for overturning destructive orthodoxies. This guy could do it and do so unashamedly, and do so in an appealing way that you didn't feel you were a part of a small group, but by golly this was a real positive movement.

Kondracke: You worked for Reagan.

Forbes: Initially not. But what turned me on Reagan was when Jude and Jack went out and Reagan got it. Reagan, [John P.] Sears got it. So I said, "Okay, let's go with it."

Kondracke: What did Jack say when you urged him to run? Did he say that he was thinking about it, did he say that he was going to endorse Reagan?

Forbes: Well, he was flattered, but he was enough of a pro not to commit to somebody like me at the time, and talked about got to find ways to move the ideas, those were the important things. Politicos always say that. I think it was more true of Jack than others. His essence was ideas.

Kondracke: Did you go to the '80 Convention?

Forbes: I did. Detroit.

Kondracke: And were you part of the Kemp for vice president movement?

Forbes: Such as it was. By that time it was clear, which is why all of this talk VPs is silly at this stage, because it's a very different calculus. "Okay, here's the environment we are in. What do we do?" And you remember this is when there was a huge movement to get [Gerald R.] Gerry Ford [Jr.] as the VP as sort of a co-chief executive. Ah, man. I remember that was a depressing evening hearing that. No, this is not what, Ford was smart enough to know it wasn't going to work at the end of the day.

Kondracke: Did you spend your time in Jack's suite and were you around when this whole business was going down?

Forbes: No.

Kondracke: No. Just a diversion, but did you go to Super Bowls?

Forbes: No, not when Jack was alive, no. I have in recent years.

Kondracke: He used to have these trips that he would sponsor, but you didn't take part in those?

Forbes: No.

Kondracke: So, between 1984 and 1988, he's basically gearing up to run for president. What role did you have in the lead-up to the '88 candidacy?

Forbes: Cheerleader. Willing to write, help out, but wasn't part of the inner discussion. If there was an inner discussion with Jack everything was sort of out there. But we all expected it and knew that I liked the senior [George H.W.] Bush, especially on national defense issues. I thought he was very good on that. But we all knew it would be a long shot, but Jack would be the only one who could challenge effectively George Bush, Vice President Bush. Dole was seen then as the enemy. You know, the jokes about the bus and the comic books and all that stuff, so we didn't see that as an alternative. Some other nice people, I'm sure, were running, but this in our minds was Jack's time.

Kondracke: Did you make contributions to the campaign?

Forbes: I think I did make contributions, \$1,000. They didn't have Super Pacs then, so I wrote my check.

Kondracke: Did you go out and campaign?

Forbes: I gave some speeches, nothing big. Did a little part.

Kondracke: During even the first Reagan administration, after Kemp-Roth was adopted as the basis of Reaganomics with a lot of other things, 10-5-3 and all that thrown on, then they began to pull back from—

Forbes: See that cartoon there? [pointing] Mr. Burger [phonetic], new super-sized supply-sider?

Kondracke: Yes.

Forbes: I got that from the period. There's another one up there too. But anyway.

Kondracke: So Jack started opposing the administration was it was going to raise taxes—'82, '84 and so on. How did you feel about what he was doing?

Forbes: I thought he was doing the right thing. Now in retrospect you could say Reagan got a huge thing through. This stuff was to make sure the big thing wasn't lost. A lot of people who say, "Oh, Reagan raised the Democrats amazingly, now Reagan is their new best friend." Reagan I think recognized, once he realized that you can't get spending cuts with this crowd, he learned three for one the tax increases come, the spending cuts never come, that you make tactical moves and preserve the essence. Same thing when he did the deal on protecting motorcycles in this country. The Japanese auto industry was again, buy time and go for the big stuff. And even though a lot of us were antsy in '82 and '84, when it seemed like [James A. "Jim"] Baker was trying to maneuver a grand bargain or something that happened in '90, '91, it didn't happen. And then miraculously came 1986, when [Daniel D. "Dan"] Rostenkowski signed on. They all signed on. And they threw out a lot of tax shelters, fine. But to us getting that marginal rate unfortunately the price was increasing capital gains, we all thought that was temporary, but getting the top rate from 50 to 28 in a bipartisan manner while cleaning up the code, okay, that's not bad. And then free trade with Canada. We take it for granted, NAFTA [North American Free Trade Agreement], free trade

with Canada, today, but for 100 years it was just considered no way are you going to get free trade between mammoth America and the siege in their minds, Canada. But it happened.

Kondracke: Were you at the poolside meeting with Irving Kristol and the others when they discussed whether to back Bradley-Gephardt, and decided to go in a different direction on tax reform?

Forbes: No.

Kondracke: Okay. Now you were the president of the Board for International Broadcasting.

Forbes: Right.

Kondracke: Was Jack your funder? I mean, did you have to go to the Foreign Ops [Foreign Operations Subcommittee of the House Committee on Appropriations] subcommittee to get you money?

Forbes: Obviously we had four committees—two for spending and two for authorization, and he was not on the subcommittee that we testified at. He was sympathetic to what we were doing but it was a different set of player, entirely different set of players.

Kondracke: Before he ran he came to be critical of Reagan on foreign policy. In fact called for [George P.] Shultz's resignation. How did you feel about that, or did you know about it?

Forbes: Some I did not. I knew he was unhappy with Shultz; I knew he was unhappy with State [Department] and Treasury [Department] precisely because, not precisely, but among other things not reforming the IMF [International Monetary Fund], not having people in those slots that make international policy so that you could not move to a gold standard, you could not move to the IMF, which is still stuck today, to devaluations, austerity. Get rid of subsidies, that's fine, but timing is everything in these countries, we're discovering again with Egypt. The frustration was very real. Baker, whatever his capabilities were, which were enormous, did not get sound money, did not really understand supply-side economics. He thought we were kind of crazy people. So it was a source of frustration.

Kondracke: And Shultz?

Forbes: Shultz, I never felt he was the evil one at all. He wasn't as hard-line as I was, but I think he also, even though, in fact I know he does not remember it, but I had a little fight with him on the radio on the funding. State was always trying to grab that money. But I felt given the realities of the State Department and the Hill, you could do worse. I felt [Alexander M. "Al"] Haig [Jr.] was his own worst enemy. On the key thing Reagan had this wonderful thing of focus on the big thing, which helped bring down the Soviet Union. He knew when to seemingly seem soft, when to be hard, and had a real feel for it. Even the people around him, Reykjavík, he knew when to be hard and when to be conciliatory. And clearly on the big stuff Reagan was in charge. This is a side thing, but one of my favorite Reagan stories is in the early eighties, when Hague and others, the White House was in turmoil, fighting, everyone was at each other's throats. I think

[Rowland] Evans [Jr.] and [Robert D.S. "Bob"] Novak had an interview, late '81 with Reagan, and said, "How are you coping with this fratricide?" And Reagan, as he often did in those situations responded with a story. This is about the two psychiatrists. They go to work together, a young one and an old one. At the end of the day the young psychiatrist is just drained, bedraggled, loose tie hearing all these terrible stories. The older one is as serene and as calm and cool at the end of the day as at the beginning. Finally the younger psychiatrist said, "How do you do it?" The older psychiatrist said, "I don't listen." [laughs] So Reagan knew when to listen and when not to listen.

Kondracke: Did you go to the '88 Convention?

Forbes: Yes.

Kondracke: Now there was some hope at the '88 Convention that Jack would be George Bush's vice president. Were you around for that?

Forbes: I talked to Jude and others but I wasn't too optimistic. Bush had won it; he nearly faulted in Iowa, which killed Jack, unfortunately in New Hampshire. So I thought it would be a pure calculation. I did not think it would be [James Danforth] Dan Quayle, because Indiana, we all thought [Richard G. "Dick"] Lugar, maybe [Richard L. "Dick"] Thornburgh in Pennsylvania. But not Dan Quayle. But I didn't think it was going to be Jack.

Kondracke: What about during the HUD [U.S. Department of Housing and Urban Development] years. What was your connection when he was at HUD?

Forbes: Would see him frequently. We were always trying to push him. It's amazing when it's not your life how free you are to give advice. "Why don't you run for Senator?" when those two seats came up in California. "Why don't you run for governor of California? You could win out there." It was only in the late eighties. We think of today California, hopelessly blue. Until the late eighties California was a very red state. [C. George] Deukmejian, Ronald Reagan, you know, it was very much a Republican state. Gerry Ford carried it in '76, [Richard M.] Nixon in '60. I mean, it was a reliable Republican state. But you could see in the late eighties something was shifting there. We felt at the time that Jack would be a better governor than somebody like [Peter B.] Pete Wilson, so we were always pushing him to do something.

Kondracke: Who's "we?"

Forbes: Jude, me, I'm sure Art when he couldn't get to the Senate. He ran for the Senate once in California. Go for it. The staff was always pushing him, especially when those two Senate seats came up, I think it was in the early nineties.

Kondracke: What did Jack say?

Forbes: He said he just didn't want to do it. I think '88 took a lot out of him. When you lose a presidential race. And he had debt. He did

not like debt, hated it, wanted to pay that off. So he had no appetite to go out and put it all at risk again. We thought it was a slam dunk, but he had been around long enough to know politics.

Kondracke: Well, he wasn't a resident of California either.

Forbes: It would have been very easy. The thing that we thought was attractive, most people in California are not native Californians. Most are transplants. Jack was born there, raised there, had a lot of roots there, brothers there. So it would have been fairly easy. The fact that he came from Buffalo would make it even easier. He was an unusual guy. I don't think it would have been an issue at all, given his roots there.

Kondracke: So he describes himself as a bleeding heart conservative, and he believes that government has a role to help people. He wanted government to do things. You seem to be more of a small government guy. So did you have discussions about that with him?

Forbes: I thought Jack had the right approach at the time. The Leviathan today is much more bloated than it was 20 years ago. And a lot of Jack's stuff even though he'd say was not even a parakeet on spending much less a hawk, really went for things like school choice, really went for things like empowerment zones, enterprise zones, which in effect, government again, create the environment, remove the obstacles and people will move in there and do it. Having people own their own homes instead of government housing. Yes, his government thing was more of government helping enabling you to

get on your feet rather than we're going to entangle you in a net and make you dependent on us.

Kondracke: He always advocated the idea that the natural home of African-Americans was the Republican party, and he was always reaching out to them, more than reaching out to them, trying to invite them in.

Forbes: Yes, he tweaked [C.] Trent Lott on that all the time.

Kondracke: What did he do with Trent Lott?

Forbes: Oh, he'd tweak him and say, "You guys with your Southern strategy." And Trent Lott, "I got 40 percent of the black vote in Mississippi" and Jack would always be ribbing him on race. Lott would get annoyed.

Kondracke: No Republican that I know of took that stuff seriously except Jack Kemp. Really seriously, I mean he seemed to believe it.

Forbes: Well, I think he, having played athletics with people most people wouldn't normally socialize with, I think he had a gut feeling in terms of values. Values enable you to move up. He'd seen it with his own eyes. I think he thought instead of trying to have a program, how do we reach out to the blacks? Well, if we increase this program and do that. No, he thought of it as boy, sweep away the barriers, let you control the schools, let you own your own home, get rid of capital gains tax in the inner city, by golly things will happen. Talent will emerge. And therefore what [Barry M.] Goldwater did in the '64 Civil

Rights Act easily overcome. We're the party enabling people to get ahead. Therefore you want to get ahead, we're the party. So I think if he had become president, that would have happened, at least with him. And the example I think would have had a powerful effect on others.

Kondracke: Do you think he would have made a good president?

Forbes: And that's why on immigration, we got in trouble with immigration back in '94, Empower America did. We did not like the campaign the GOP was waging in California and said so publicly. Pete Wilson was furious. I remember him calling up Empower America screaming, "What are you guys doing?" Donors calling up saying, you know, Wilson had ginned them up, "What are you guys doing, blah blah blah blah." So in that sense I think people sensed about Kemp, you believe in our ideas, join us. It wasn't just verbiage, come on, I'll hug you, we're marching forward together. It wasn't an act. It was all too real. He wouldn't hesitate to again throw the calculus out and try to make things happen.

Kondracke: Do you think he would have made a good president?

Forbes: The answer is yes, and the reason is you cannot manage the federal government, you cannot get your arms around the federal government. What you can do as president, hope to do, is do maybe two or three big things, maybe. And he had that focus. If you get a couple of big things right, then the private sector begins to overwhelm the public sector, and you don't have to wage trench warfare, which unfortunately our guys did in the mid-nineties. You know you went for

a year and then you lose ground. It's like World War I, trying to do program by program. So if you get it right on taxes, huge. If you get it right on education, huge. You let people control health care, huge. He got that. I think he could have brought people together to make it happen too.

Kondracke: Okay. Empower America, how did it get organized?

Forbes: "Organized" is an interesting word. [laughs]

Kondracke: Yes, expand upon that too.

Forbes: The idea was for Jack and Bill and Jean to come together for a vanguard, Pretorian-guard organization that would go out and be at the forefront of these issues. Even more than a Heritage [Foundation] or a Cato [Institute]. Go out and fight for these issues. Which is why we didn't have a tax-exempt status. Not going to have worry about how we say things; just going to go do it and have an impact. So we came together, Teddy provided the initial funding, with his brother [Nicholas C.] Nick [Forstmann]. We started to do some fundraising, and then started to get out and start stirring the pot. Later that summer Teddy decided, "Okay, this thing is moving, but I've got other things I've got to do." And Jack called up and said, "Steve, I've got to see you." I said, "Okay." He said, "Well, I'm not even going to wait to see you. You have to do this as a favor to me. You've got to become chairman of Empower America." "What?" He says, "You've got to do it. Teddy wants out. You've got to step in, NOW." That's Jack. No subtlety, no dance, just boom, do. "Bill will work with you." [William]

Bill Dal Col. I met a couple of times but really didn't know him. I said, "All right." I knew what I was getting into, but figured, why not?

Kondracke: What were you getting into?

Forbes: Everything. Getting into Jack and the, how would you call it? The spitball fights between Jack and Bill? It's the usual stuff.

Kondracke: What were they about?

Forbes: Well they're just different temperaments, very different temperaments, so, of course, there's going to be some jostling. I'd be surprised if there wasn't. But in terms of putting together events, in terms of helping out in races, in terms of getting positions moved forward, it was fun. I think even though we don't get mentioned in what happened in '94, I think a lot of what we did helped create an environment where this positive approach, brand new approach, could work. And Newt and his Contract with America was the headline thing, but I think we did a lot as well.

Kondracke: What did you do?

Forbes: In terms of agitation, everything, op eds, speeches, TV, the whole nine yards, all the instruments we had at the time. My experience with Radio Free Europe and Radio Liberty helped on that, fight the battle of ideas constantly. This was catnip for Jack. The organization made sure that worked, so he was like a Samurai warrior, he'd just focus on fighting and not have to worry about logistics and all that stuff. We would do that for him.

Kondracke: How much of your time did you spend on Empower America?

Forbes: Too much, you know, like anything. But it was good. We felt we were contributing and making sure the Party and conservatives did not go back into the root canal genetics. Kept that Reaganesque, positive Kempesque approach of optimism, and creating an environment where humans can improve themselves.

Kondracke: Did you step in to Forstmann's role in funding?

Forbes: Not writing checks. I always felt, being of Scottish descent, persuade others to write the checks, which is good, because then people have a stake in it, and therefore it builds on itself. You build cadres, you not only have a donor list, but resources when a battle needs to be fought you can get together.

Kondracke: Who were your big funders?

Forbes: Bill can give you some of the names. Nicky Forstmann was very helpful. [Thomas] Tom Weisel was very helpful both in what he wrote but also bringing together people in California, the high tech.

Kondracke: Who's Ted Weisel? I don't know him.

Forbes: He's a venture capitalist who had a firm called Montgomery Securities. Then he went on his own, Weisel and Partners, funded a lot of startups in the Silicon Valley [California]. So he knew that area

and could bring those entrepreneurs in. Very, very helpful. So we had a good West Coast connection. And who was the other one? I can't remember the name. There are a number of people who would do ten, twenty, thirty-thousand dollar checks. That's how you make those things work.

Kondracke: So the budget was about two, three million dollars a year?

Forbes: Yes.

Kondracke: As I understand it Jack did not get paid by Empower America, he got money from making speeches and also from Heritage. He was at Heritage at the same time.

Forbes: Yes.

Kondracke: How did that work?

Forbes: He was, you have to ask [Edwin J.] Ed [Feulner, Jr.] what he did for them. I know he did events for them, I think he signed mail for them, so he earned his keep with them. But, as [Winston] Churchill said, people talk about hand to mouth; mine was mouth to hand in terms of making a living writing and speaking.

Kondracke: What were the famous campaigns besides the opposition to Pete Wilson on immigration in '94, what other famous battles did you wage?

Forbes: Immigration, just pushing on a renewed round of tax simplification—[Robert W. “Bob”] Kasten and others got it. Moving forward on entitlement reform, health care, because remember [Bill] Clinton was pushing Clinton Care, empowering patients, and making sure the Party didn’t retrogress in being the tax collector of the welfare state. So it was nitty gritty stuff. We had good momentum and it wasn’t until ’95 when Newt took over as Speaker that the initiative passed from our hands. He and [Robert J. “Bob”] Dole were in charge and that’s where the action was, on Capitol Hill. I think the two disappointments we had, first meeting with Newt was an experience, Professor Newt. Made Jack look like Romney [laughs] when it came to organization.

Kondracke: This is after Newt becomes Speaker?

Forbes: Yes.

Kondracke: You all had a meeting with him?

Forbes: We met with him a couple of times to go over things, how could we help. I think the thing that sort of disappointed us was that he was not the enthusiast about tax cuts as we were. We thought we’d laid the groundwork working with candidates, repeal the Clinton tax increase. Just repeal it. So we’re starting over. And Newt wouldn’t do it. It was spending, other things, which is how he got caught up in Medicare, and they never changed static scoring, which to this day is the bane of trying to get effective tax reform. Didn’t do it.

Kondracke: So Newt in those days was a conventional root canal Republican?

Forbes: He was more than conventional.

Kondracke: Yes, he's not conventional, that's for sure.

Forbes: In any stretch of the word. Moon colonies, okay. [laughs] Great fodder for comedians about who you send to the moon. But anyway. The tax thing was not a priority. In that sense it was more like [William P.] Phil Gramm. You know, reduce the budget. Did some positive things, like obey the rules that you pass for other people. First thing I think they did when they organized Congress in '95. So there's some very, very good stuff there. But I think all of our lives would have been easier, and I think the counterrevolution that started in late '95, '96 would not have happened if we had done the tax thing.

Kondracke: What was the counterrevolution of '95, '96?

Forbes: When the spending cuts we achieved—"we"—had started to come under attack. Clinton, even though he said this is the year of big government is over, they had already raised money, [Dick] Morris and others, to start hitting Republicans in '96, and we had overplayed our hand, or didn't play it right, on the showdown with Clinton on Medicare. Newt was complaining about the seat on the airplane instead of focusing on the big thing. Reagan never would have done that. So, the momentum was lost, and you knew the bad guys were regrouping, which again is why on budgets you don't engage in trench warfare. You hit the big things, you hit three-fourths of it, and the

rest you can do piece by piece as long as you get the big ones done, because not only do you get them done but they're popular. Tax simplification, cuts—popular. Kemp understood that. You own your own Social Security, your own capital, creating capital—popular, not taking something away.

Kondracke: Was Kemp in favor of private Social Security accounts?

Forbes: He was favorable I think to the notion of it, how you do it.

Kondracke: He never made a big campaign out of it though.

Forbes: No, but he loved the idea of people having their own capital. So it would have been a means to an end.

Kondracke: Supposedly his differences with Bennett were over poverty and welfare and stuff like that. Do you remember any of that?

Forbes: I just remember, I think it was less over policy, and just the fact that you have two very strong, vibrant personalities.

Kondracke: Did there have to be a unified position out of Empower America under both of their names, and so it was an ego thing of who was going to be out front?

Forbes: Again you've got to talk to Bill Bennett on this and some of the people who saw the fire between the two in the office and the DMZ [Demilitarized Zone], the Green Line, Empower America. I think Bill thought that Jack didn't fully appreciate the cultural issues that

[Charles A.] Murray's talking about in his new book [*Coming Apart: The State of White America, 1960-2010*], "Fishtown v. Belmont" [article in *New Criterion*], that he didn't appreciate you just don't get rid of capital gains and everyone suddenly is, you know, [Steven P.] Steve Jobs. So Bennett was right, but Jack was also right. So I think it was different emphasis. I think Bill was weighed down by a deeper understanding of the imperfections of human nature, whereas Jack, "All right, we're imperfect, but let's go out and do it and not get hung up on it."

Kondracke: What was Vin Weber's role at Empower America?

Forbes: Advising and strategy and making sure we kept on track.

Kondracke: And was Jean Kirkpatrick around at all?

Forbes: Yes, oh yes.

Kondracke: Was she in residence at Empower America or at AEI [American Enterprise Institute]?

Forbes: No, she had her own thing. In fact, in terms of foreign policy, since both Bill and Jack were more focused on domestic, she sort of had a free run at it. [laughs] There was no female Bill Bennett to joust with her.

Kondracke: Right. What did Dick Gilder have to do with Empower America?

Forbes: Helping to finance it. Also understanding the ideas and willing to proselytize.

Kondracke: And was he part of that inner circle?

Forbes: Became it, yes.

Kondracke: Who is Dick Gilder, exactly?

Forbes: He is a money manager. I think for a while he managed Jack's money. But was one of these unusual people who were very intrigued with ideas. He's worked closely since then with Lew Lehrman, with [Abraham] Lincoln and other projects. But he got it. He was a true supply-sider and loved the battle of ideas.

Kondracke: And was Lehrman involved too?

Forbes: Not with Empower America. He had his own shop, but obviously simpatico on ideas.

Kondracke: And [Donald H.] Don Rumsfeld?

Forbes: Informally. We'd have him speak, we'd have dinner with him, but he wasn't actively involved.

Kondracke: We've heard that during the Empower America era there was an estrangement between Jack and Jude Wanniski. What was that all about?

Forbes: Well, Jude, everyone's estranged at one moment or another. It's a cyclical thing. The problem with Jude was that he 1) wouldn't keep a secret, so if you told him something in the morning you knew it would be in his newsletter in the afternoon. It's just the way he was. To him it was always 'go out there.' And he liked to control things, or think he controlled them. So if you did something that went against what he thought you'd agreed to do, he'd get mad at you. No restraint. I remember when I was running. There was a speech on some big occasion. He wrote a speech for me, and was apoplectic that I didn't use it. "This was going to make you president, why wouldn't you have used this?" "Okay, my loss." So with Jude it was either 100 percent or zero percent. You'd be estranged and then the next day, or whenever the pout period was over, it was back to normal. Others can give you more detail. I didn't have direct knowledge of it, but in the debate in '96, Jude called Jack a few hours before and said, "Here's what you do and don't do." I think it messed up Jack's game. Yes, estrangement. You always had estrangements with Jude. I had them, everyone had them. You just knew, bound to happen, let it roll, it will come back, always did. [laughs]

Kondracke: Did you at the end, over time, patch it up with Jude? Because he went off the deep end on Louis Farrakhan and Iraq and stuff like that.

Forbes: Yes, but he would always be coming back. So, yes, he thought you're nuts on Iraq, thought you shouldn't do this, shouldn't do that, and then some other issue comes up and, by golly, we've got to fight this. Gold or whatever, so, you know, off we go.

Kondracke: But you didn't know specifically what Jack and Jude were fighting about.

Forbes: No.

Kondracke: Was Jude around Empower America?

Forbes: He didn't run it. I mean because this wasn't his creation, therefore, I think he always viewed it with deep suspicion, getting Jack to go in directions he shouldn't go. Because he wasn't running it he had a jaundiced eye toward it. He would go to the meetings, in that sense, our annual meeting, wherever, he'd be part of it, but he wasn't doing it on a day-to-day basis, you know, organizing events and stuff like that.

Kondracke: Did Empower America have conferences?

Forbes: Yes, we would from time to time.

Kondracke: To promote some idea?

Forbes: Yes.

Kondracke: Do you remember any particular campaigns?

Forbes: We'd have an annual meeting where you bring everyone together and have seminars and the like. And then San Francisco, I think that was both bringing the donors together but also—

Kondracke: Do you mean the '84 Convention?

Forbes: No, this would have been Empower America, we had a meeting with Weisel, bringing people together. And promoting tax reform, empowerment zones. The agenda didn't change. That was the nice thing. It wasn't moon colonies one day, something else the next day. It was—

Kondracke: Was there a formal agenda? Did Empower America have a statement of purposes?

Forbes: I'm sure we did, but we all knew 1) it was what the issues were, 2) we saw ourselves as cadres for Jack's '96 campaign.

Kondracke: What did Jack say about running in '96 all during this period?

Forbes: He didn't have to say anything, until the end of '94 we thought it was a given. The debts had been paid off from '88, he had served his time in the Bush administration, survived that, did not kill Baker. So we just thought after the Bush administration ended, it's Jack's turn. This would be his time. As Clinton got in trouble, on nationalized health care and the like, we thought, boy this is going to be a natural. No way Bill Clinton's going out-people Jack Kemp. Jack has the right ideas, but not coming across as Scrooge. We didn't even discuss it. It was just a given.

Kondracke: Were there political consultants around, preparing— there were for '88, there was a whole change in his staff and

Forbes: No. We thought doing what we were doing in Empower America was in essence preparing people and supporters to easily morph after the '94 elections into running Jack in '96.

Kondracke: Running for president was not a four-year operation in those days. You could do it in two years?

Forbes: Oh, yes. In effect, a lot of what you do when you run for president would have been already done with Empower America. Ideas, research, who are sympathetic, where. It was a national organization.

Kondracke: So did you have people in Iowa and people in New Hampshire and—

Forbes: Not in terms of, we thought after the '94 elections, okay, you start putting, you formally put a ground organization, but Jack knew after all those years in politics, numerous people, everywhere. So it was just a matter of getting on the phone, all right, who's in charge, there's a lot of organizational work to be done, but it would have been a matter of weeks once the November elections were over. We thought by the turn of the year this thing would be cranked up.

Kondracke: So when did he tell you he wasn't going to do it?

Forbes: In December.

Kondracke: Of '94?

Forbes: '94.

Kondracke: And how did he tell you?

Forbes: He just said he decided he wasn't going to do it. He called some in, some of us one by one, and said he decided not to do it, and we were flummoxed. "What?"

Kondracke: Do you remember where you were?

Forbes: It was in Washington at the time.

Kondracke: Face-to-face or on the phone?

Forbes: This was face-to-face. I'd already known because I'd heard. He'd started telling people. More than a bit of a surprise.

Kondracke: So how did you get into it? '96?

Forbes: When he dropped that bomb on us, all of us are looking around at the field. Who's the most Kemp/Reagan-like candidate out there? I couldn't find anyone. So I think it was my grandfather's example. He wrote about entrepreneurs when he was a business reporter and then he decided he wanted to be an entrepreneur too and started the company 95 years ago. Jude suggested it; others suggested it. We thought, 'Yes, somebody's got to raise the banner.' So one thing led to another, totally unanticipated. In '94 I would have said, "You're nuts. We got our guy."

Kondracke: When did Jude talk to you about it?

Forbes: When what?

Kondracke: When did Jude talk to you about it? I mean by legend at least Jude was the one who nudged you into doing it. Is that true?

Forbes: He was the first. But others were mumbling it too. So you too can run for president. [laughs]

Kondracke: Jack did not endorse you until March of '96.

Forbes: Yes, I think it was either late February or March, I can't remember.

Kondracke: When the game was half over, or more than half over, right? Dole had won a whole bunch of primaries.

Forbes: Jack had indicated that he might do it before Dole had won in South Carolina, which is when he started to solidify the thing. I'd beaten him in Arizona and he came back in South Carolina. One of the things Bob Novak did in June of '95 is he got Jack to promise that he'd back me, and so it was just a matter of when we could get the thing done.

Kondracke: Run through that scenario. What happened now?

Forbes: Bob Novak, who was very close with Jack and Jude, pinned Jack down. Jack was sympathetic when I approached him about running but he wasn't going to immediately commit to a—

Kondracke: When was this? When did Novak elicit that?

Forbes: It was in the summer of '95, I think around June or July, before I announced. He said, "If he does it are you going to back him?" And he wouldn't let Jack wiggle away.

Kondracke: Where did that conversation take place?

Forbes: Not sure. It was in a hotel.

Kondracke: Did Novak report it?

Forbes: No. You would have to check the clips. I think he put it like, "Sources say Kemp is—very sympathetic, you know. But he knew enough never to say it until it's done but he hinted that it was going to happen.

Kondracke: So Novak in effect was acting as an operative as much as a—

Forbes: Both. Making his own news. [laughs]

Kondracke: Was Novak favorable to your candidacy too?

Forbes: Yes. He figured somebody has got to fight these things. It's not just spending, moving a legislative calendar.

Kondracke: So give me the order now. Who wins Iowa?

Forbes: The first one was actually Alaska. Nobody knows, Alaska and Louisiana had contests before Iowa in '96. Alaska had a peculiar two-day caucus. They had 20 percent of the state or 25 percent on Saturday, then rest on Monday or Tuesday. Why they did it that way I don't know. On Saturday, those caucuses I won. These are the things they never report. Then the Dole camp and the Gramm camp said, "We can't have him win in Alaska because he's competitive in Iowa. So they threw their support to [Patrick J.] Pat [Buchanan], so Pat narrowly won Alaska.

Kondracke: Pat Buchanan.

Forbes: Yes. I finished second. Pat won, beat Gramm in the caucuses in Louisiana. He competed there; we did not. And then Dole won Iowa, but by a small margin. It was not an impressive victory.

Kondracke: Who was second?

Forbes: Buchanan was second, [A.] Lamar [Alexander] was third and I was fourth. Then New Hampshire, Buchanan wins, Dole is second, Lamar third, I'm fourth. Then came Delaware. I finished first, Dole was second, Lamar was third, Buchanan did not compete there. Then came Arizona. I was first, Dole was second and Buchanan was

shocked that he was third. He thought he was going to win Arizona. And Lamar was far behind.

Kondracke: But why didn't Jack come out and endorse you at the get go?

Forbes: I think it's one thing to endorse somebody for governor or Senator; for the presidency, which he had been through and therefore he knew this was an entirely different experience, which candidates take a while to grasp, which is why, for example, [James R.] Rick Perry got off to such a rough start. What he did in Texas worked. You can't do that nationally, and so by the time he got his footings it was too late. So I think Jack wanted to see is this thing for real, can he put something together? It's one thing to say you're going to do it. Are you going to get any traction? Is this going to embarrass the cause? People say, "You backed Kemp's policies and you failed." Therefore you end up hurting the cause instead of trying to nudge a Gramm or somebody into moving on taxes and not just on spending.

Kondracke: Were you disappointed that he didn't endorse you from the get go?

Forbes: No, I was delighted that he had made the commitment to Novak.

Kondracke: How did you find out about the commitment to Novak?

Forbes: From not directly from Bob but via I think it was either Bill or Jude or Linda [P. Bond].

Kondracke: Who's Linda?

Forbes: At the time it was Linda Pell. She's now married to [Christopher S.] Kit Bond.

Kondracke: Who was she?

Forbes: She's a fundraiser. She worked with us in Empower America.

Kondracke: So you didn't have anything to do with putting Novak up to asking Jack.

Forbes: No.

Kondracke: Did you talk to Jack about the endorsement?

Forbes: I did when I told him I was going to do it. I obviously expressed the hope that he could see his way to support the campaign. I figured it's going to take several pushes. But I also remembered, not to sound grandiose about it, but in reading history, which Jack loved, you know after France fell in 1940 and Britain was alone, Churchill knew it would do no good to ask the U.S. for substantial aid until he showed we are truly in this. It's not verbiage. We're going to go all the way. So after six weeks Roosevelt and [William L.] Mackenzie [King] in Canada, "All right, this is for real. He's not going to fold the way the French folded. We'll give the aid." So I felt with Jack he'll want to see, can we put it together? Can we get traction? How well will I do in the public square debating these

things? And if we show that this can go somewhere he'll be helping out.

Kondracke: Did you consult with Jack as you were campaigning?

Forbes: I would occasionally give him a call to give him a progress report. But I figured others would apprise him of what was happening, so let the thing mature.

Kondracke: What about Kemp's friends? Did Vin Weber support you?

Forbes: He was sympathetic. Bob Kasten came on board formally. Very helpful. A lot of those that supported Jack in resources.

Kondracke: Dick Fisher [phonetic]?

Forbes: I'm thinking of people like Tom Weisel was helpful. But again, I could understand why they'd want the Missouri attitude, Show Me. Show that this is for real, you're not going to embarrass us. And you can see it today. How you can rise up and down. It's a very different arena.

Kondracke: And Bill Dal Col who obviously had been Jack's chief of staff was your campaign manager.

Forbes: Right. So I felt there was no lack of lines into Jack.

Kondracke: At the time that you're running Jack is running this tax commission, right? Now what was the design of the tax commission? Why did he do that?

Forbes: I think he was using any occasion and any vehicle to push the thing and was quite willing to sally forth on it.

Kondracke: Whose idea was the tax commission?

Forbes: Don't remember.

Kondracke: It wasn't Dole's?

Forbes: I don't think so. I don't know what the genesis of it was.

Kondracke: Was Dole campaigning on traditional Republican economics?

Forbes: Yes, it was sort of my turn, I've got the experience, I know how to get things done in Washington. What are you going to get done? I know how to get things done. You know, it was what he did when he got the nomination.

Kondracke: Did you run a Kempian campaign beyond the flat tax, or was the flat tax your main—

Forbes: Flat tax, medical savings accounts, personal accounts for Social Security, term limits, which was a big thing at the time. I'm not

sure Jack was in favor of that but I was. [laughs] And strong national defense, school choice. It was a full board.

Kondracke: Your flat tax: 17 percent across the board, no capital gains tax, right? No tax on dividends and interest. Expensing for industry—

Forbes: Capital

Kondracke: Capital and stuff like that. Okay. There are people, this is Hall-Rabushka, right?

Forbes: It was modified Hall-Rabushka. They had 19, I thought we'd get it down to 17, but they came up with the framework for it definitely.

Kondracke: Now as you know, Bell, [John D.] Mueller, Lehrman viewed this tax plan with skepticism, because they said that this would essentially eliminate taxes on capital, therefore putting all tax on labor, and it would be distributionally skewed to help rich people and therefore be a political loser. Did you ever have a discussion with Jack or any of these other people about this?

Forbes: Not really. I knew enough about it so I felt I could defend it, and I designed it in a way so that everyone got a tax cut, so we would not get into those kinds of arguments. Distribution again has sort of a static mentality. And that ultimately the consumer pays all the taxes anyway at the end of the day, when you buy something. And the only way somebody could accumulate capital with the kind of code we had

was if you started your own business. There was no way under this current code that on salary it's extremely difficult to build up real capital. So I felt by slashing your rate, having those generous exemptions—at the time it was \$36,000 for a family of four—and no tax on your capital, so it's sort of a super 401K, Roth, IRA, whatever you wanted to call it, remove all the restraints. Everything is an IRA. Then you can start to have a chance to put together some capital. So I thought it was a capital creator and a liberator from what the Japanese call the Sauri [phonetic] man. You can get something.

Kondracke: But would not the distributional effects be way skewed toward the higher end, as in Mitt Romney would pay zero tax?

Forbes: Well, no more than, you can make the same argument about Kemp-Roth. Thirty percent on somebody in the 70 percent bracket is a heck of a lot more money than 30 percent making five or 10 thousand a year. In terms of capital, everything gets taxed, either at the business level if you want to have the company pay the tax, or the individual pay the tax, the tax is paid. How do you get capital gains? It's from the prospect or a company making a profit. Right now that's taxed at 35. One thing Romney finally glommed onto is his 15 percent rate is post-the-company, especially with a startup, paying their tax.

Kondracke: So what was your corporate tax rate?

Forbes: Seventeen. That way you didn't have to have Chapter S's, you didn't have to have LLC's [limited liability companies], it was seamless. Everything is taxed, taxed once, as close to the source as possible. That's why you'd want to do it on the business level instead

of doing it like a REIT [Real Estate Investment Trust] does to the personal level, just makes it a lot easier, a lot less paper. So I didn't get caught up on distribution; what I wanted was how do you create more capital? How do you have decisions made because of opportunity, not because of tax considerations.

Kondracke: And what kind of revenue did you expect to collect?

Forbes: I did a more thorough modeling when I wrote my book on it in 2005. Within four years you'd have huge more revenue than you had at the beginning, even with all those exemptions.

Kondracke: Because of supply-side effects.

Forbes: Yes. And it's not outlandish. I mean, you don't have to say "We're going to grow 20 percent." No, no. And the other thing that gets overlooked on these things when you talk about distributional effects is that a more benign economy means increases in assets. If you see a future, then the present value of your assets goes up in anticipation. Markets try to anticipate the future. One thing that came out of what Reagan did in the eighties was that not only did government revenues grow, not only the economy grow, but the wealth of the nation grew. The national debt in the eighties went up 1.7 trillion, which was real money in those days, and the wealth of the nation went up 17 trillion. So that's what you want. Suddenly the liabilities of all these entitlements become a little less fearsome when your asset side is stronger.

Kondracke: But Reagan ran up huge debts. He doubled the national debt.

Forbes: Yes, but the wealth of the nation vastly exceeded it by a factor of ten-fold.

Kondracke: So as a percentage of GDP he didn't increase the debt.

Forbes: Well, as a percentage of the wealth of the nation. That's what you have to look at. What are your assets, what are your liabilities? He sharply increased the assets, which is how we dug ourselves out the hole we had in the early eighties. Pensions were under water, everything was under water.

Kondracke: All of a sudden Kemp gets selected as veep.

Forbes: Well that's what made it so funny when Newt called up and said, "You've destroyed your career." Dole, who would be the strongest the guy on the ticket? Well, he did polling, it was purely polling-related. The only one who moved the meter at all was Jack. That's when you make your own career.

Kondracke: What do you know about the internal discussions?

Forbes: I don't. I just know it was purely polling, who would help. So the fact that Dole wanted Jack to fall off a cliff in a bus for 15 years didn't matter. Who was going to help me get in? Pure calculation, nothing personal. [laughs]

Kondracke: How did Jack take all this nonsense that Dole was dishing out? The bus, the bus goes over the cliff. How does the joke go? The bus goes over the cliff, there's only one problem—

Forbes: Well, yes, one version, the bad news is that the bus goes over the cliff; good news, it was full of supply-siders. Then, what's in Jack's library? Comic—

Kondracke: What's in Jack's library? What was that?

Forbes: You know, comic books, comic books.

Kondracke: Which everybody knows is absolutely not true.

Forbes: Well, it's the opposite. Unlike Dole, who did not read books, Jack did. [laughs]

Kondracke: So what did Jack say about Dole?

Forbes: He was dismissive of him. He appreciated obviously his legislative talents, but he felt very strongly somebody's got to guide him. "Here's the bill, Bob, we have to push through." "Okay." "Get it done." Dole would help know how to get it done. But in terms of understanding what makes an economy move, to him Dole was a 1950s Republican. You've got to balance the budget first. Dole would have opposed the Kennedy tax cuts. "You've got to balance the budget first." Don't realize you create a vibrant economy, you can put finances in order. And by the way, at the end of the eighties with Reagan the national deficit was way down, and if you take state and

local surpluses, which existed at the time, government books are about balanced. It wasn't askew at all, and a much stronger economy.

Kondracke: Were you surprised when you heard that Jack was going to be the veep?

Forbes: I was very surprised and then excited. You know, okay, this might work. Then not to bore you with it but Dole came up with a tax plan, convoluted but, hey, it was a move in the semi-right direction. We all met I think in Chicago, all of us lined up. Dole unveils the thing just before Labor Day. Then I remember hearing, those involved in the Kemp campaign, I said, "When's Dole going to push it on the campaign trail?" "Well, you're not going to believe this but they did polling and they feel that people are more concerned about drugs right now so next week's issue's going to be drugs." I thought, 'Oh, man. This ain't going to work. Jack can do whatever he wants, it's not going to work.'

Kondracke: What was it, a 15 percent across-the-board tax cut or something like that?

Forbes: Something, I don't remember the details. I just remembered it was better than Dole was at the beginning of the year so okay, we move the needle on that.

Kondracke: What do you know about the debate and why Jack didn't perform up to expectations?

Forbes: You have to ask others. I just heard the story. Jude called him and messed his mind up before going out in terms of how you do it, so, that can happen. You get too many, especially before you're going out to perform in an audience like that, you better have your mind very clear on what you're going to do. You may have to change it when you go out there, but you don't want one person telling you one thing, one person telling you another, beating your brains out before you go out there. No. But others are closer to that than I am.

Kondracke: Did you have anything to do with the campaign? Did you travel with Jack or anything?

Forbes: No. I did some events for Dole, Delaware and other places, but not with Jack.

Kondracke: What about your 2000 campaign? Where was Jack on the 2000 campaign?

Forbes: Jack backed [George W.] Bush on that one, and told me in advance that if I ran it might not be like '96.

Kondracke: Why did he back Bush?

Forbes: I don't know why. You have to ask others. Whether he'd just had lost the fight in him. I don't know. Or maybe he felt, 'Well, this guy couldn't do it. Maybe somebody else, I can tutor them, get them to see the light. Bush wasn't like Dole. He was still largely unformed, hadn't been bad in Texas, was right on immigration, unlike a lot of the Party, so the guy's instincts were promising. Maybe something can

come of it. [Lawrence B.] Larry Lindsay was around him, so maybe this can work.'

Kondracke: When did he tell you?

Forbes: I don't know the exact day. It was some time in '99. So it was not a surprise. We knew it was coming and had our one-liners to deal with it.

Kondracke: Did he just call you up and say, "Steve, I'm sorry. I'm going to support Bush"?

Forbes: No, I think others, sometimes is done in politics, you sort of throw bread crumbs out there and get the hint so when the conversation comes, it's not—

Kondracke: Not a big surprise.

Forbes: Yes.

Kondracke: Were you disappointed?

Forbes: I was disappointed. I was hopeful. But I felt we could still do it. Almost did in Iowa. Almost doesn't count, but, you know, give it a shot.

Kondracke: What of the Kemp gang did you have with you in 2000?

Forbes: Bill was with us again, Linda was very, very involved. A lot of the Empower America people were involved.

Kondracke: Did Bennett support you?

Forbes: Not formally, but very sympathetic. In fact I think in '96, you'll have to ask others, I think Dole had asked Bennett if he was interested in v.p. At least they had a talk about it.

Kondracke: Remind me now how far you got in 2000.

Forbes: Big push was Iowa, so we finished second there. Then after that it was a two-man race between McCain and Bush. So I finished third in New Hampshire, did one more and then said, "Can't do it."

Kondracke: What did Kemp think about the Bush administration?

Forbes: Which one?

Kondracke: Second Bush administration.

Forbes: Never really got into deep discussion, but I think it was a feeling they could do more. A lot of us were hopeful when [R. Glenn] Hubbard, what was it—2002, 2003 they started to move on doing away with taxes on dividends and getting away from the crazy tax cut they did in 2001, which was useless, phased in over 500 years, useless. Two thousand three really was good stuff, worked. So, hopeful that this was a harbinger of more to come, which it wasn't.

Kondracke: Because? Why wasn't it? Did they just not get it?

Forbes: I don't know why it didn't. Problem was none of the Treasury secretaries understood supply-side economics. And the other thing they did, and I don't think to this day President Bush realizes how damaging it was, was weakening the dollar. That did not have to happen. And you would not have had a housing bubble if the dollar had been stable, or certainly not to the scale—

Kondracke: That brings us to monetary, which I'm sorry we've delayed so long. Since a gold standard was so much a part of supply-side economics from the get go, why didn't it ever get traction?

Forbes: Well, I think the feeling was if it was going to happen it would be with Reagan. It did not. He got a lot of other things done—the tax thing, deregulation, winning the Cold War—not bad. But they did not get around to the monetary side and the problem was even though Reagan was sympathetic, no one else was. It was a classic case of you may have a great idea, but if the environment is not right it is just very, very difficult to do. Every economist has been taught gold is a relic. Caused or deepened the Depression. Only gun nuts and some others do it. And so the work that Mundell's done on it, [Friedrich] Hayek, [Ludwig von] Mises, and others, just flies by the boards. It's coming back again, because we see what happens when you don't have a reliable anchor. We saw it in the late nineties. I remember [Alan] Greenspan was furious when I ran, it was in Iowa. I was denouncing the Fed for the collapse of the commodity prices. They didn't advertently over tightened. Greenspan sent the word out that you should not attack the Fed [Federal Reserve Board]. It was like

attacking the Supreme Court. As if this was created by the founders. So the environment could have been the early eighties. People knew what was happening could not continue. Just as in '86, you could have put a flat tax in in '86, or come close to it. After that you're going to have to wait another generation before you could get the right environment.

Kondracke: Speaking about '86, you're not satisfied that '86 was adequate, in terms of—

Forbes: Given what we had at the time, given the reaction to Reagan's first round of the semi-Kemp-Roth tax cuts of '81 and the fact that no one liked this stuff anymore, I thought it was a miracle. I wish we could have done more, but getting that down to 28 and getting Rostenkowski and others to sign off on it, that was huge, huge, and set the stage for what you saw in Europe. They didn't go nearly as far. Most countries, even Sweden, started cutting their tax rates. [Margaret H.] Thatcher I think got the impetus to cut from 60 to 40 in one fell swoop, no phase-in, just did it in one fell swoop. So, yes, that was good.

Kondracke: Okay. What haven't we covered?

Forbes: You tell me.

Kondracke: Do you have any memories or thoughts about Kemp that I just haven't asked you about, that an oral history should?

Forbes: For a guy who never went beyond the House in terms of elective office, he had an outsized influence, not only on policy in his time, but you look at Paul [D.] Ryan today. He came out of the Kemp legacy. He worked in my campaign in '96, before he got elected in Congress in '98. So the seeds are out there, and the sad thing is so far the national candidates haven't put it together the way Jack did. He put it all together. It wasn't just one issue like with [Ronald E.] Ron Paul. Jack had an expansive approach, and tied the ends together. In that sense, it's still a work to be completed.

Kondracke: Steve Forbes, thanks so much for doing this.

Forbes: Thank you, Mort.