MILLER CENTER OF PUBLIC AFFAIRS
UNIVERSITY OF VIRGINIA

SYMPOSIUM

JACK KEMP AND THE TAX REFORMS OF 1981 AND 1986

April 18, 2011

PANEL 2
JACK KEMP AND THE TAX REFORM ACT OF 1986

JACK KEMP FOUNDATION
WASHINGTON, DC

Morton Kondracke: Okay, we're ready to resume, this time discussing the other significant anniversary that's taking place this year, namely the twenty-fifth anniversary of the 1986 Tax Reform Act, with major participants in it, including John Mueller, who's back with us because he was on Jack Kemp's staff throughout the period; Dave Hoppe, who was his chief of staff at the time; Jeff Bell, who was always around, as we discussed in the '78 campaign and then Bill Bradley reveals that he was instrumental in advising him and cheering with him and drinking champagne with him when the battle was done; Senator Robert Kasten, Wisconsin, who was co-sponsor of the Kemp-Kasten Bill, the Republican version of tax reform; and, as we said, Alan Murray, who was the other author of the book on the subject.

Alan Murray: Still for sale.

Kondracke: So we had Art Laffer as the introduction to the first panel, and now we have a "laugher" of a different kind to introduce this panel. Go ahead and play that. It's audio.

> *[Audio played: "Reganpackwoodrostenkowkitaxsimplication" from Capitol Steps album*, Thank God I'm a Country Boy, *1986.]*

Kondracke: So, panel, what are the origins of Jack Kemp's interest in tax reform? Where did that idea come from?

John Mueller: Well, I know that in 1982 he and Bill Brodhead talked about a tax reform, co-sponsoring a tax reform.

Kondracke: The Democratic congressman from Michigan.

Mueller: It would have been a rate-reducing-based driving bill that never really went anywhere, but they did discuss it seriously. I think I should start by saying that tax reform stressed all the fault lines of both parties, but also stressed the fault lines in the supply-side movement precisely because of the difference in emphasis as to whether it's things like the investment tax credit or the rate reduction, which have the most oomph. So he would not have the unified party behind him that he had in the beginning.

As your conversation with Senator Bradley mentioned, we did have a poolside party in Jack's backyard in August of '83, at which Irving Kristol made the suggestion that the Republicans should just endorse Bradley-Gephardt. It had the kind of man-bites-dog approach to it that he liked, and we did seriously discuss whether that would be a good idea. Among the folks who were there were Alan Reynolds; Craig Roberts; Richard Rahn, then at the U.S. Chamber; Jeff Bell; Irving Kristol; Jude Wanniski; Marc Miles; Lew Lehrman; and Norman Ture. We discussed seriously, as darkness fell, whether we should just go with Irving Kristol's idea. But as is mentioned in *Showdown in Gucci Gulch*, Lew Lehrman's point carried the day, which was that he thought we could do better and that it would be better politically for the Republicans to have their own version of tax reform, because it could lead to a better ultimate result.

Murray: So there were two principles that Bradley had laid down when he did his bill in 1982, two principles of tax reform. One was that it should not raise or lose revenue, it should be revenue-neutral, and the other was that it should not change the distribution of the Tax Code.

It should be distributionally neutral. Now, you can argue over whether his bill was or wasn't, but those were the principles. Was this group sitting around Jack Kemp's pool in August of 1983 in agreement with those principles?

Mueller: Most of them actually did not have a firm view on the issue. It was my job as Jack's liaison to the supply-siders to poll everybody, which I did in the next month. I polled them about their analyses of this specific bill, whether it would fly or not, and we came to the conclusion after about a month's discussion that we could do a lot better. Bradley-Gephardt did get the rates down, but it also repealed indexing, which is a big deal when there was still inflation. It got much of its revenue by disallowing the deductions for everything above the 14 percent rate, and there really wasn't a firm reason for doing that, so you had what we thought was differential treatment of different taxpayers.

Murray: But they argued the reason for doing that was the distributional neutrality idea. When you bring down the top tax rate as much as they were bringing it down, it looked like you were giving a big tax cut to the people at the top, and so they made that up by taking away all those popular deductions from people at the top.

Mueller: Right. But we thought we could build a better mousetrap, because the so-called flat tax was very salient at that time, and I think Pete DuPont was actually running on a version of the Hall-Rabushka plan [Robert Hall and Alvin Rabushka flat tax plan], and that was one of the first plans. Even George Shultz had mentioned it, in the context of tax reform, to the President. So it was out there, and it was, apart from Bradley-Gephardt, the first tax plan that I analyzed.

The difficulty with this approach is not the flatness of the rate, but what you might call the lumpiness of the base, because the current income tax system, then as now, is based on all income, labor plus property income. But the so-called consumption tax defines investment as investment only in property and things, but not investment in so-called human capital. So there was this disparity built into it at the time so that if you zero-out the taxes on the investment and property through expensing of the initial investment, but also zero-out the rate of return on that investment in terms of no tax on capital gains interest and dividends, you've taken all the property income out of the tax base, and that only shrinks it by about one-third, requiring a top rate 50 percent higher. But it's also very lumpy because 80 percent of American families get about 80 percent of their income from labor income. This is the point of one side of this two-page chart I handed out, where it says, "The most common durable source of factions," quoting James Madison, he said, "is the various and unequal distribution of property."

This chart explains to me why the Reagan-Kemp approach was popular, treating everybody the same, cutting rates across the board on both labor and property income, because it shows that the "you as voter" self-identification tracks very closely with the level and shares of income coming from labor and property income. Democrats are very strong at the lowest levels of income, but it tapers off toward the top, because as you go up the income scale, you get more and more of your income from property income. So there's a reason why the Democrats are always trying to load all the taxes onto property income, because these are not their constituents, and to lower the taxes as far as possible on labor income.

In Congress, the Republicans are always trying to zero-out the taxes, if possible, on property income and load all the taxes on labor income. Both are politically unpopular, but the Democrat strategy is less unpopular because about 50 percent of voters identify themselves as Democrats, about 40 percent of Republicans, and 10 percent as Independents. So to get more than 50 percent, if you're a President like Reagan, you've got to get all the Republicans, all the Independents, and some of what used to be called Reagan Democrats. And the way to do that to make this politically successful is to get all the rates down and broaden the base as far as possible to spread the taxes as broadly as possible. That's why I think both Kemp-Roth and the '86 Tax Reform worked politically and why more recent efforts on both sides have not worked, because the parties are still focusing on the interests of their constituents, but not seeing the big picture.

Robert Kasten: I think you're right. The answer to your question was that most Republicans hope to lower rates at that point. That was the hope, and I think that kind of the background, including the flat tax debate, is an important part of the foundations, if you will, of what we did, and people were concerned because of the politics of it. I mean, not just the real estate lobby, but there were a number of different people that were. So we started talking to people about flat tax and then later about the other, the '86 Tax Reform. People were concerned not about the economics, but were concerned about the politics. The politics started to work its way through when it was recognized that Bradley-Gephardt would stay with us, and we had the support of the President, and we had the support of the Treasury Secretary, as Bill Bradley's tape just showed.

Kondracke: Just to go back to this August '83 poolside meeting, was the gathering assembled to deal with Bradley-Gephardt or was it for some other reason?

Mueller: It was to figure out what the next step was. Jack was already talking as early as early '83 about the next step in Reaganomics. There was an effort each year after Kemp-Roth to have a tax increase of some sort. TEFRA [Tax Equity and Fiscal Responsibility Act of 1982], there was an '83 bill, '84, and the idea, I think, on the supply-siders' part was to have a countermove to get the rates down with a base-broadening approach to head off tax increases, which would otherwise be inevitable. I think it was in general agreement that Jack should wildcat with dissident Democrats like Bill Bradley. And as Bradley mentioned, it seemed to be a live option that he would be able to sell the Democrats on the idea for the 1984 campaign, and, therefore, the Republicans should have their own version of it. So it was "What's the next step?" and it was debating.

Kondracke: So did Jack Kemp just direct the discussion? Did he just listen as everybody else—I'm just trying to get a picture of what exactly happened around the poolside.

Murray: You have these two competing factions. Irving Kristol says, "Endorse Bradley-Gephardt." Others say, "Well, no, we don't like Bradley-Gephardt. We need to do your own bill." How did Jack play into that?

Mueller: It was a more freewheeling discussion, because many of the participants stipulated they did not have intimate knowledge of what was actually in Bradley-Gephardt, and that's why it took a month of further polling and reconsideration to—

Jeff Bell: If I could say, my memory of the conversation is that when Irving said that, there was a stunned silence around the pool. Nobody had a readymade objection to it, and that moment, the lack of objection, the stunned silence, had enormous weight in what John subsequently described as carrying out the logistics of the opinion, the survey, so to speak.

Kondracke: You were there?

Bell: Yes.

Alan Reynolds: I must say I don't remember the details of it too much, but I know my basic objection is very similar to my objection to what was done in October 1990 by the elder President Bush, which is that if you keep the rate down but phase out deductions and exemptions, you're raising the marginal rate.

In the case of the Bush, it's about four and a half points. By the way, President Obama wants to do that, so that's four and a half points added to 39.6, plus the Medicare tax of 2.9, top rate would go 47 percent, plus state taxes. We already have, according to the OECD, the most progressive tax system among the major industrial countries, not so much because of high rates at the top, but because of negative income taxes, the earned income tax credit and the child credit in the bottom fifth, bottom 30 percent real.

Mueller: It wasn't because of the earlier tax rate reductions. Every time we cut the rates, the distribution of the tax burden has skewed upwards rather than downwards.

Reynolds: Has skewed upwards, absolutely right.

Mueller: And we used that in articles at the time both in predicting the results and then in trumpeting the results when they actually came in.

Kondracke: So, afterwards, you did a poll of all these people. How did the poll come out?

Mueller: Mixed. It was really Jack's accepting Lew Lehrman's argument that it was better to have a Republican alternative as a counterweight rather than putting all the eggs in one basket, that we could do more by going on separate tracks in our parties, because there are lots of dynamics within each party, and Jack was at his best in open-field running politically. That's why he thrived in the House. That's where everybody is his own Secretary of State and his own Secretary of Defense. He just excelled in that kind of changing environment.

Brian Domitrovic: How much of this was politics; that is, that the Republicans had to have their own plan because they had to have a plan that was different from the Democratic plan? And also, to what extent was Jack thinking about running for President in 1988 and wanted another signature program to run on?

Mueller: I think it was certainly on his mind, but the presidential stuff didn't really gear up until '85, '86. So this poolside meeting, which was a few years before that, I think, primarily he wanted to head off tax increases immediately.

Murray: You folks were, at the time, a little discouraged, right? I mean, you had a big tax increase in '82. You were looking at tax increases in '83. It must have felt in August of '83 that the momentum had shifted.

Bell: Yes, it was absolutely an attempt at a counterattack on the tax increasers. I can just speak for myself, being there. That's what I wanted this to have come out of it, because I believe ideologically in lower tax rates being a better system. But the politics of it at that particular moment were not favorable to that point of view.

Reynolds: I recall also that the increased tax rates were primarily on the corporate side. We're talking about stretching out what had been accelerated and depreciation and that sort of thing, and that gets back to that tension between the corporate-type supply-siders and those who were focusing on individual rates. They hadn't messed with individual rates at this point.

Bruce Bartlett: I think that history is getting a little bit skewed here. The most important thing driving tax reform, in my opinion, was that right after the tax cut of '81 took place, the deficit suddenly became a big issue, and so that just took tax cuts off the table, right? So it was in December of ’81 that Hall and Rabushka wrote their famous *Wall Street Journal* article laying out the idea of a flat tax, and very shortly thereafter there was a very influential article by an economist friend of ours named David Hale, that appeared in the Heritage Foundation’s journal, in which he made an interesting argument, which was if we do revenue-neutral tax reform on a static basis, on a dynamic basis it will raise revenue. So this became a very popular way to talk about tax-raising revenues in a supply-side context.

If you check the historical record, you’ll see that by mid 1982, there was already a very considerable amount of discussion about doing tax reform and having some sort of flat tax. David Stockman was talking about maybe putting it into the budget for January. Ronald Reagan made a public statement about this in a speech in California in July. The Joint Economic Committee held hearings on the flat tax in ’82, and so did the Senate Finance Committee. So all this well predates Kemp-Kasten. So the ground was being plowed by ideas such as the flat tax that dovetailed into the tax reform today.

Kondracke: But the flat tax was a Republican idea, right? I mean, there weren’t any Democrats who were in favor of a flat tax, were there?

Reynolds: How about Robert Hall?

Murray: But it wasn’t distributionally neutral in the sense that Bradley-Gephardt—

Bartlett: But that was the Bradley argument.

Reynolds: . . . have almost no behavioral changes in them. For example, they're inadequate at best. For example, if you double the capital gains tax, we'll get just as many capital gains, but people will just sit down and write bigger checks. On the contrary, we double the capital gains tax, guys like me won't sell any stocks, period.

Bartlett: I think Bradley-Gephardt was really a response to flat tax.

Kasten: Exactly. That's what I was trying to say earlier.

Reynolds: I think so, too. Yes, they had a big influence.

Kasten: The tax debate with DuPont and these articles you're talking about, that was '81, '82. And Reagan more than once, at least in my memory, came out—I mean, maybe it wasn't in big programs or Saturday radio broadcasts or whatever, but the Republican Party, I think, understood that Ronald Reagan was for a flat tax.

Bartlett: Or he wanted to be.

Kasten: He supported those ideas because he loved, as we all did, the typical kind of Chamber of Commerce speech against the lawyers and the accountants, and that it takes ten people to do your taxes, etc., etc., etc. And whether it's send it in on a postcard, all those different things that we were all talking about, we were talking about a lot of those kinds of ideas based on the articles you're talking about, before we got into—

Bartlett: The way I saw it at the time is it was a way to talk about cutting tax rates in a budget-constrained environment.

Reynolds: Hence revenue-neutrality.

Kasten: Exactly.

Mueller: Here's how Jack saw it in an article after he lost the race for 1988 presidential nomination. He said, "For example, on the economic issues, we began with the tax and spending victories of 1981, but almost immediately a backsliding began, supported by Republican status-quo managers and Democrats alike." In the new post-Kemp-Roth climate, it took the form of closing loopholes and revenue enhancement rather than tax rate increases, but these tax increases occurred on a yearly basis, 1982, 1983, 1984, until some of us mounted a counteroffensive by joining insurgent Democrats to put through a rate-cutting tax reform. The tax increasers extracted their price, ridiculous complication rather than simplification, but we did get the rate down marginally, the income tax rate down to 28 from 70 percent in 1980 and doubled the personal exemption to $2,000." So it was both political and economic, I think.

Reynolds: The dynamic point that Bruce raises is critical here, because there's really very rapid growth of real revenues in the eighties because there was rapid growth in the real economy over 4 percent, and the share of GDP going to individual income tax is surprisingly constant, around 8 percent of GDP, and that was true when the rates were 70 and it's true when the rates were 28. You get about 8 percent of GDP. But if GDP is growing faster, then the revenues are growing faster in real terms.

So the key thing is, do you have a structure in place that's conducive to economic growth, and we did. Eighty-six was so successful in some ways, despite the controversy among the capital formation crowd, that it was emulated all over the world. We had massive rate reductions. Almost every LDC developing country cut their tax rates in half. India went from 60 to 30, for instance.

Mueller: The bill itself was done in static revenue-neutral terms.

Reynolds: Yes, but where they thought they were going to get revenue was from the capital gains tax and the corporate tax, and they didn't. They got it from the lower individual rate, primarily.

Kondracke: So, Senator Kasten, how did you get involved in this whole thing? Who approached who?

Kasten: Jack and I had been working together since when I was in the House of Representatives in the early 1970s. The beginning of this, for me at least, was at that time I was in the House of Representatives, the Republican delegation from Wisconsin was two: Bill Steiger and Bob Kasten. When I came to the House in '74, Bill and Jack were already talking and working on things like reducing the capital gains tax. I joined into that debate, and from that point Jack and I became friends and co-sponsored each other's legislations and bills and whatever.

This morning we were talking about how Jack reached out and helped people. I think starting in '75, he was in Wisconsin at least once a year bumping around in an airplane, in and out of Waukesha or Oconomowoc or wherever, helping me. In ’78 I ran for governor; lost. In ’80, I ran for the Senate; won, with Jack’s help, against Gaylord Nelson, and that was the year that we took over the Senate.

At that point, we started talking together about the opportunities, whether it was capital gains tax reduction, all the other kinds of efforts, and people like John and others were involved in this. My staff person at that point was Dawn Gifford, who had been a former Kemp staff person, came on our staff in part because of her experience, limited experience, but her experience with John and Jack.

So, as I said earlier, we also were considering capital gains tax reduction. We were considering enterprise zones. We were considering other kinds of positive changes that, more than anything else, I think the thing that brought all of our thinking together was incentives, that incentives affect human behavior and they can make a positive difference in our government and in our society, and that people respond to incentives and that we need to put more incentives in different ways, whether it’s enterprise zones or tax reduction or capital gains tax revenues, whatever. But the overriding theme was incentives.

Kondracke: So Don Regan is studying tax reform all during 1984, so was the Kemp staff or Kemp himself in touch with Don Regan and the other people who were working on that? Did he have sort of a dialogue while that was under way?

Mueller: We were following what was happening in development of Treasury-1, and because we knew a lot of the people who were in the administration, we didn’t have a whole lot of input. We thought that what we saw, the rates were coming out rather too high. Their rate came out actually above 35 percent, but they shaved it just kind of arbitrarily, and that was too high for Jack. He thought 35 percent was—we could do better than that, as indeed we did. But it took an awful lot of—

Murray: So the fascinating thing about that period was—and I think this was mentioned this morning—you had Reagan call for tax reform because he thought Mondale was going to, and, in fact, Mondale wasn't going to. He didn't like the idea. It didn't fit with his politics at all. Then you had Reagan say, "Report back to me in December 1984 after the election . . ."

Mueller: Which caused derisive laughter.

Murray: Laughter in the State of the Union Address, which doesn't happen very often.

Kasten: [unclear] doesn't happen very often.

Reynolds: It does now. Didn't in those days. We're talking about a different Washington, right!

Which just raises the point that nobody—in fact, as a personal piece to this, I was like cub reporter at *The Wall Street Journal*. The only reason I was allowed to cover the damn thing was because nobody thought it was going to happen. The President didn't think it was going to happen. So did you all think it was going to happen, or did you feel like you were pressing a futile effort?

Mueller: I thought it was going to happen. I had been involved in the ’81 tax reform, and whenever anybody says something is politically impossible, I can just say I’ve been part of at least two initiatives that were . . .

Murray: . . . politically impossible . . .

Mueller: . . . until the day they happened.

Kasten: We thought it was going to happen, and we also thought it was the right thing to do economically and politically. It was the right thing for us to do as Republicans.

Mueller: We thought we had the substantive . . .

Kasten: . . . politically. Look at the Jeff Bell arguments, I mean the debates with Bill Bradley, whatever. We thought those debates around the country would be helpful to us as Republicans. We also thought we’d be doing the right thing. So there wasn’t a downside. We hoped it would happen. Whether we believed it would happen or not, maybe. We certainly thought there was a good chance, because the President was for it.

Dave Hoppe: On the political side, you had going on in the summer of ’84 the Republican Convention. The biggest issue at the Republic Convention was a comma.

Barlett: Was a what?

Hoppe: A comma. A comma in the draft. In the drafts, what you would do with the drafts is we would write up drafts. Senator Lott, then Congressman Lott, was the chairman in 1984, and I was working for him then. We would write up the drafts and send them to the White House, and they would keep coming back with things that equivocated on taxes and on tax reform.

Murray: On tax reform. As they are developing, Regan is developing them.

Hoppe: Yes, and the person who was reading them at the White House was Dick Darman.

Kasten: And Jim Cicconi and James Pinkerton were behind the curtains, and I was the chairman of the Subcommittee on Economic Reform, and Dawn was my staff person. We were always trying to make it unequivocal.

[momentary unclear chatter].

Hoppe: It literally got to the point where Senator Lott called Jim Baker and said, "I don't want to see Dick Darman in Dallas, I don't want to hear that he's in Dallas, and I don't want to hear that he calls anybody in Dallas. The only person he can talk to is me, nobody else at any time, and I don't want him there." And he wasn't. He was in Maine.

Mueller: The language in question was a sentence that said, "We oppose tax increases which would hurt economic growth." So I forget who it was that realized that inserting—

Hoppe: Bill Gribbin.

Mueller: Bill Gribbin. Inserting a comma after "tax increases." Comma. "We oppose tax increases," comma, "which would hurt economic growth. [laughter] And that was a huge—

Murray: And Darman was trying to keep the comma after. [laughter]

Mueller: The whole thing was about a comma. Exactly.

Hoppe: As the senator said, he was the chairman of the subcommittee that was doing this in order to make sure we got through the whole process without this going on.

Kasten: And all the people that you talked about were the people advising us. I mean, they were the people that had testified in the hearings beforehand, your pool party, basically, and the whole group of other people.

Mueller: I think the gold plank was the other one. "A dollar is good as gold" was a huge fight, but it stuck.

Murray: This is similar to the Bill Brock story we were talking about this morning. How much opposition was there within the Republican Party to the idea of making tax reform central?

Kasten: I don't know what Bill said this morning, but among the kind of traditional Republican Party, I would say the static Republican Party economic thinking, there was a lot of concern about it.

Mueller: Bob Dole was concerned about it.

Kasten: I would begin with Dole, and at that point was Chairman of the Finance Committee or ranking member during part of those years, basically chairman. There was a lot of concern in corporate America about lowering tax rates, and maybe it's related to the issues that Alan was speaking to earlier, that they weren't so sure. We were kind of like a group of vigilantes out there on the edge, and we really weren't in the main line where everybody wanted us, and especially that platform, because we were trying to make a statement there, and all of a sudden, it came from the administration.

Kondracke: But tax reform, if it's going to be revenue-neutral, does raise taxes on some people, so that comma would imply that you're not going to raise taxes, which is now religion in the Republican Party, never raise taxes on anybody. Right? So what tax reform would do would be to lower the rates but also raise taxes by closing loopholes. So how does that square here?

Mueller: That was a Glover Norquist interpretation in those days, that you can't close any loopholes. The whole idea of tax reform was to close loopholes to get the rates down.

Kondrake: But there were people who were defenders.

Kasten: We called it "a fair tax."

Kondracke: But there were defenders of the loopholes who were Republicans. As I understand it, the whole House Ways and Means Committee Republican—

Kasten: Well, if you were on the Ways and Means Committee and you'd been lobbied and entertained for all these years by people who want loopholes, then this is the kind of discussions we used to have.

Murray: Well, Bob Packwood.

Kasten: Well, he saw the light. He saw the light. And Rostenkowski is the same.

Bell: There's a real simple way to describe what happened with the two bills. Corporate America was for the '81 bill. Corporate America was not in favor of the '86 bill until it became inevitable.

Reynolds: If you ask a corporate CEO about taxes, he'll say, "Don't tax my company. Tax my stockholders, my workers, and my customers instead." The trouble is, that is that company, and the success of the company depends on their stockholders, their workers, and their customers. So this gets to the individual versus the corporate.

Bartlett: The clinical attitude was different back in those days. I mean, compare GE's nonpayment of taxes in '82, which was a scandal, and its recent nonpayment of taxes, which nobody gave a crap about.

Reynolds: Also wasn't entirely true.

Bartlett: That's beside the point. I'm talking about the political reaction was very different, I think, over that time period. People were very upset that corporate America was getting away without paying its fair share, and today I think people are really much more accepting of the idea that corporations don't pay taxes; individuals pay taxes.

Kasten: Or much more cynical about it.

Bartlett: However you want to put it.

Kasten: About our government and our corporations.

Reynolds: Well, GE builds windmills, so it's got to be a good company, and they get tax credits for them.

Kasten: And they're good at nuclear power, too, right?

Mueller: Bill Bradley mentioned there were some joint events between Senator Kasten, Bill Bradley, and Dick Gephardt, and at least one of those events was to bring together about a dozen business leaders, who were for it, and try and point out that there were winners as well as losers in the event. But, yes, it was uphill, because it was not a consensus thing, and in the end it turned out to be difficult just—

Reynolds: Of course, many more businesses began filing as individuals under Subchapter S.

Kondracke: Was Kemp at all on the outs with the Reagan administration because he opposed TEFRA and other tax raisers in the interim? I mean, he was against all those tax increases, right?

Mueller: I think that Reagan mentions in his biography Jack's opposition to TEFRA, but it was in the context of it was supposed to be a deal in which we got three dollars worth of spending cuts to one dollar of tax increases, and Reagan bought this argument. He says, of Jack's opposition, that Kemp is being unreasonable. But, in fact, in the event—

Bell: In the diary.

Mueller: In the diary, which winds up in his autobiography. But, in fact, Kemp had a correct assessment of what was going on, that we weren't going to get the spending reductions, we weren't going to get the tax increases.

Kasten: So did Reagan come back later and realize he didn't get them?

Mueller: Yes.

Kasten: And he didn't necessarily say opposition was right, but he did say he may be disappointed in or "We got that first and never got the reductions. Next time, we've got to get the reductions first." I can't remember how he said it, but something like that.

Hoppe: There was at this time a growing feeling that President Reagan never held a grudge against anybody. He might oppose you, but the next fight's the next fight, and we're all good guys. That wasn't the feeling that people had about the White House staff. These guys took names and they had lists, and they looked at them every night before they went home and turned off that light in the office. So you had a feeling that there might be somebody who was going to make you pay for this later on.

Murray: This is Baker and Darman you're talking about.

Kasten: That was exactly right, except that we all believed, and I know Jack believed and I believed, that President Reagan, if he made the decision, would be on our side, not the side of the staff.

Mueller: He trusted you.

Kasten: We believed that and, frankly, in different ways, shapes, and form, Reagan told us that, personally and to wider audiences.

Murray: So then after the election, Baker and Darman then moved to the Treasury and owned tax reform after having fought you at the convention. Did you feel like that was the end of it at that point?

Hoppe: I didn't feel that way. John was more dealing on the detail with that, because then we started getting down to real how did this work.

Mueller: The Baker-Darman-Treasury was constantly creating problems to the Kemp-Kasten or Bradley-Gephardt-type approach, undercutting the efforts to double the personal exemption, for example. Baker and Darman came to Jack's office and Secretary Baker sat sideways on his couch with his feet up, his cowboy-booted feet up, and Darman sat next to him and tried to explain to us that it was impossible to raise the personal exemption, which was then $1,080, to more than $1,300 without imposing a value-added tax. So that set the task for me to figure out how to pay for it. But every step of the way through the process, they were always trying to reduce the deductions, especially the standard deduction, and kept the rate part too high.

Murray: But we talked about this this morning. So Baker and Darman, as the legislative process begins, their work in the House, they are working with the Democratic majority, they kind of stiff the Republican minority, but they always kept Kemp in the loop, didn't they?

Mueller: They had to. They needed Jack. We needed each other. It was kind of a team-of-rivals approach to it.

Bell: Codependence.

Mueller: You might say that. Baker's attitude, I think, was he wished that tax reform had never been dropped in his lap, but because he and the President were on the line for it, that he was going to try and make it work. But Dick Darman was always too clever by half, and you always had to find out which half was—

Hoppe: I will make one point, and then John will tell you how he figured it out so that they got the [$] 2,000, because the 2,000 became a very important symbol as you went through this process of what you were going to do for individuals and families. For a lot of Republicans in the House, this was the growth. You had some Moral Majority and some other things on the economic side, what they cared about more that anything. Now, they were in favor of tax cuts, but what would happen to the family? The 2,000 was an article of faith, and you had a whole lot of House members for whom this was an article of faith, and it became clear as we went through this that the Treasury Department did not believe it to be an article of faith in any way, shape, or form. There was a column at the time in the *Washington Times* called "Alice on the Potomac," and nobody knows who wrote it, except a couple of us who know who wrote it.

Murray: Who wrote it?

Hoppe: Dick Thompson wrote it, and he had a deal with—

Kondracke: Thompson was who?

Hoppe: He had been Jim McClure's chief of staff, and then he had been head of the Policy Committee under Senator Tower. He had a deal with them that he would write it as long as they told nobody who wrote it, because if it had ever been found out, he was going to be fired, and that was it, and he knew it. But he was able to put things in.

So I talked to Dick and I said, "Let me tell you what's going on here." So he was reporting all the way along what the Treasury Department was doing to try and undermine the 2,000, and it was making the Treasury Department sort of unhappy, because they couldn't figure out who was doing it and who was being told and where it was coming from, and they kept getting groups of House Republican congressmen screaming at them, "We know you're doing this." If they'd say, "No," they couldn't make it stick, because all this stuff was appearing in the newspaper.

Kondracke: Why did Jack Kemp believe that the 2,000 personal exemption was so important?

Mueller: I think I could answer that. The original version of supply-side really focused only on physical capital, but I think Jack got the human-capital argument, that people are just as important as machines, and, in fact, investment in people provides about two-thirds of our economy and investment in property only about one-third. So he saw it as a pro-family issue but also as a fairness issue. Under the Tax Code then, you were taxed even though you were below the poverty level, and you were not made whole if you raised children. It was a question of just simple fairness in treating humans at least as well as machines, and that was the impetus.

It was not easy to figure out how to pay for it, but we worked on the House side, especially with Congressman Henson Moore, who was on the Ways and Means Committee. The Rostenkowski version cut the personal exemption to $1,500, and I think less, even, for dependent children, and they raised the top rate to 38 percent by keeping a lot of other junk.

Henson Moore, after working with us, proposed amendments a few times in the Committee to restore the $2,000 exemption, and I was able to figure out how to do it. It turned out that the distribution of the personal exemption, the reason Darman said it could not be increased was that people only have children when they can afford to have children, so if you were increasing the personal exemption, apparently it meant you were skewing the tax cuts toward the upper middle-class.

But what I found by looking at the revenue figures in detail was that the distribution of the personal exemption was about the same as the consumer-interest deduction, and it suddenly made sense to me why this is. If you're going to pay for your kid's college tuition, if you pay for a car or a house, you can pledge the car or the house, and your bank can take it over, but you can't do that with your kid. So I realized that what people were doing was borrowing against their house or their boat and deducting the interest and writing that off their taxes. And so the answer seemed to be clear: double the personal exemption and get rid of the consumer-interest deduction, and it turned out to be a wash. We had a smaller standard deduction but a larger personal exemption.

Murray: Just to Mort's question, though, about why was there so much passion around this issue, I mean, supply-side economics was about incentives. What was the incentive behind the doubling of the personal deductions? Incentive to have more kids, but—

Bell: Paul Blustein once told me, and with a laugh, "That's the ultimate supply-side." [laughter]

Murray: Just have more kids.

Bell: I should mention, under Paul Weyrich, with Paul Weyrich's cooperation, I worked on a pro-family coalition, about thirty different groups that was just focused on the need to double and then index the personal exemption. We went in and had a very interesting meeting with Bob Packwood, who was not known as a big pro-family advocate, that I could get to later. The pro-lifers, the social conservatives were very big on doubling the personal exemption, and we brought that political power to bear on the process.

Mueller: Bring the social and the economic issues together, whereas previously they had been separate.

Murray: Was that the way Kemp thought about it? It was an opportunity to heal the divide?

Bell: To a degree. I think John said it right when he said that there's a fairness issue as well as a pro-family issue for Jack.

Reynolds: This is a different constituency. The pro-family group is a different bunch of people. They're not necessarily supply-siders.

Bell: Different from what?

Reynolds: They're making everything under this bill as a supply-side, but that wasn't I don't think it was. But it was a fairness issue.

Bell: I disagree.

Reynolds: You think it was? Okay.

Hoppe: Anecdotally, Jack told me once, somebody asked him, they were talking about Cato and Heritage, and Jack said, "Well, the difference is this. At Cato they don't have kids, and at Heritage they do." [laughter]

Reynolds: Grandkids. We have grandkids at Cato.

Kasten: David, during this time, didn't you and John and others develop a certain—that it was almost a disincentive for people to be together? If I remember, we had statistics and things saying that if these two people are separated and she's taking all the deductions, etc., that if he moves back into the house, their income—and Jack had that in his head. I had that in my head. I don't know exactly what the numbers were, but we took examples of where people were better off if they were on government assistance, particularly, that there was a disincentive for the family to remain together, and that, we believed, was wrong. So, once again, it's an incentive, and the government had the disincentive. So the umbrella here, the thing that brings it all together, is incentives make a difference, and we wanted to have incentives to have a family together.

Kondracke: Politically this was an appeal to the pro-family, right-to-life, whatever that group is, or as opposed to, now, to what extent was it a populist thing? In other words, it would appeal to Democrats who were more likely to be at the bottom of the scale. What's the balance there in Kemp's mind?

Mueller: It was, in fact, a way to go across party lines, because labor income is simply the return on investment in human beings, and Republicans, as I indicated, are less dependent, but Democrats are more dependent on labor income, as specially as they get toward the bottom. So it was a way of—

Kondracke: Kemp was conscious of this?

Mueller: Oh, absolutely.

Kasten: Democrats like Pat Moyihan agreed with us. This was part of the underpinnings of a lot of his thinking.

Kondracke: Okay. So the bills are all introduced. The legislative meat grinder is going. What is Kemp's role in the '85 process? Again, he's not a member of Ways and Means. Presumably, he is now leadership. He's now in the leadership, and presumably he has more status than he had in '81. So what role did he take with the Ways and Means people, and what was his relationship to Rostenkowski in particular?

Mueller: Well, Rostenkowski, he looked down, I think, on more junior members in either House. He was kind of sensitive about his prerogatives. But Jack had a good working relationship with him, I think because of his pro-labor credentials. Jack was working at the same time, as I mentioned, with Henson Moore in the House. He was talking to Bradley a lot, having joint events with Bradley on both taxes and monetary policy in late ’85 and ’86. So they’re working on a couple of different issues together. He was writing memos or calling him on the phone all the way through the process during the House enactment and then afterwards on the Senate side.

Hoppe: Politically, there were a lot of House Republicans, particularly—you can speak to the Senate better than I can, Senator—House Republicans who, if Jack Kemp said no, it was no. When Jack Kemp said yes, it was yes. And there were a pretty good bloc of those. They looked to Jack on tax policy. They didn’t look to Barber Conable; they looked to Jack. Not that they didn’t respect Barber Conable, and he was an intelligent and fair and decent man, but Jack Kemp was their leader.

Murray: So during that period as it’s moving through the House, what’s the mechanism for that input to get into the process? Were there periodic meetings with the Treasury that Kemp was involved in?

Hoppe: There were leadership meetings on the Republican side where you would have the ranking member of the Ways and Means Committee and the leadership meeting and talking about these issues. So Jack had a chance in that forum to make sure his views were known and Barber Conable understood, in addition to which John [Mueller] was doing a lot of back-and-forth with the Ways and Means staff. Usually they had to check their guns at the door before they went into any meetings or made phone calls, but there was a lot of back-and-forth where John would be providing things and they'd critique him coming back.

Murray: If you look at the Ways and Means Republicans, was there much support for tax reform there or were they mostly trying to undermine the effort?

Hoppe: I think there was support for tax reform there. Now, exactly how it went and for Henson Moore, as John has already brought up, frankly, I don't remember that Mr. Conable was in any way opposed to it. It was sort of this is where we were going, and he was a good soldier and he was going to do it.

Mueller: Darman tying, Treasury staff tying to Rostenkowski, that kind of tied their hands, because it wound up with a rate that went higher and a personal exemption that went lower as we went through the process. As Moore's amendments were defeated, then the House Republicans became more and more disaffected with the whole process. They didn't trust Darman as far as they could throw him, and so by the time it got through the final bill, which had a 38 percent top rate that reduced personal exemption, reduced incentives for capital formation, it was just too much for them.

Hoppe: And the result of that was when it was brought up in December, just after Thanksgiving recess in '85, they brought it to the rules of the floor, and the rule was defeated. It was much easier to vote against the rule than it was to get a tax bill.

Kondracke: That's a crucial moment.

Murray: And Jack Kemp votes against it.

Hoppe: He votes against it. I think it was a virtually unanimous Republican vote against the rule.

Murray: And the argument at that time for voting for it was keep it going, get it to the Senate and improve it in the Senate.

Mueller: Except that Packwood had announced the morning of the vote that once he got the bill, he wasn't going to do anything with it, that it was going to be basically the Rostenkowski bill, and that was just too much.

Murray: And Packwood did that in part because he didn't particularly want the bill, didn't he?

Mueller: Yes, he was not enthusiastic.

Kasten: He was not in favor of the rates.

Murray: So you have a whole series of people here who did not want the bill.

Kasten: Correct me if I'm wrong, because I wasn't in the House, but I think that the answer to your question is this in part was an inside job with Jack Kemp working with the Ways and Means Committee and John and others working with the staff. I think it's important to—

Mueller: And Jack being a go-between between Jack and Bradley.

Kasten: But also there was a huge outside job going on that was going on outside, for sure outside the Ways and Means Committee and the Finance Committee. There was a whole going-on in the Republican Party and in the business community, in *The Wall Street Journal*, in other places, that was developing momentum for a decent bill. So when it came to all of a sudden the average congressman had to vote, the average Republican knew from what they had read over the last six months and what they'd been learning about through the Republican National Committee, through President Reagan, whatever, that this was not what—so it's not just the inside game. There was a big outside game going on that was very successful.

Hoppe: Between those two votes, because there was a second vote taken on virtually the same bill on the rule about a week, ten days later, and in that time a couple things happened. I will tell you an anecdote one of them and John can tell you on the substantive side what was going on. I remember vividly, if you've been inside the Capitol in the House side in the front, in the eastern front side, there's a stairway that goes up, and it goes up to the third floor where the Rules Committee is. It was sometime fairly late at night, and Jack's running up and I'm following him, and John's following me. And I'm taller than Jack was.

Mueller: And I'm taller than Dave [pointing to Hoppe.] [laughter]

Hoppe: Jack was somewhat wider in the shoulder than I was.

Mueller: But he was also higher up in the stairs.

Hoppe: He was two stairs ahead of me. I'm just going, "You can't vote for this. You cannot vote for this rule. It's terrible. This bill is just as bad."

And he turns about halfway up there, he turns and he's yelling, and he's leaning over me so I'm a head shorter than his, and he said, "I am going to vote for this bill. Nothing will stop me. We must move this forward. We can't stop tax reform. Now, shut up. I don't want to hear another word out of you." [laughter] And just sort of, "Ah." [laughter] So I shut up.

Murray: But that's a complete turnaround from ten days earlier on this, as you say, the same bill.

Hoppe: It was.

Mueller: It was, but it was only with assurances from Reagan that Reagan would veto the substance if it was not fixed according.

Murray: And "fixed" meant?

Bell: Thirty-three percent over 2,000. Two thousand was . . .

Mueller: And no higher capital cost than Treasury 1, and he got the first two in a letter from Reagan and the third in a letter from Baker.

Bell: And that saved the bill.

Murray: And that was the antidote to Bob Packwood saying, "I'm going to pass the bill the way they give it to me."

Bell: Packwood immediately accepted the ground rules and went to work.

Bartlett: One of the things that was irritating the Republicans at that time is that the Treasury had this habit of primarily negotiating with the Democrats because they were in the majority, and so there was a tendency to treat the Republicans as if they were just going to rubberstamp, and it was up to the Treasury to do the negotiating on behalf of the Republicans. I think there was very much a revolt against being treated poorly, and one of the reasons for the vote against the rule was to get Treasury's attention and say, "You've got to give us some attention and not just spend all your time with Danny Rostenkowski."

Kondracke: So was it Kemp who invited Ronald Reagan or insisted?

Bartlett: [unclear] was very much involved in that particular—

Kondracke: To get Reagan to come up to address the House Republican Conference?

Mueller: He was actually part of the effort, heading the effort to just kill it and start over again, but Jack got on the horn to the White House to get the assurance that Reagan would come and address the

House Republican Conference, which was a risky move. It was a hostile group.

Kondracke: So he calls down to Regan. Is Regan still White House chief of staff?

Mueller: Regan was, yes.

Hoppe: At that point he was.

Kondracke: So Regan presumably was a supporter of this whole effort, right, because he'd invented the plan. Kemp talked to Regan in this case, or did he talk to Reagan? Or who did he talk to?

Mueller: I think there were leadership meetings where—I know there was a leadership meeting with [Rep. Bob] Michel and Kemp when they drafted a letter for the President to send to the Republican Conference, and that was sent from them to the White House at the same time they were asking Reagan to come down and address the Republican Conference. It was a fluid situation, so it wasn't clear what was going to work, but Jack was just trying different things.

Russell Riley: A subtext to all of this in relation to your question about the larger community is Republican presidential politics for the next election. I'm just curious about the extent to which the positioning for a presidential campaign is a factor, if at all. Was it just the presumption that Bush would be the nominee, and was he at all a player in these efforts?

Mueller: Well, we were certainly on Jack's staff operating under the impression that he was going to run for President in 1988.

Riley: Who?

Mueller: Kemp. And certainly having been a leader in the tax reform effort and having been a leader of the pro-family movement were central themes to his campaign.

Murray: But Russell asks a really interesting question. I can't recall any intervention by the Vice President.

Bell: Who was Jim Baker and Dick Darman? Who were they?

Murray: You mean who were they acting on behalf of?

Hoppe: I would argue they weren't arguing on behalf of them, but there were very few people in town who didn't feel that if you started separating out Republicans and where they'd go with people who might be candidates in 1988, it was clear that the Treasury Secretary and Mr. Darman would be very supportive, as one would expect of the Vice President. So people just assumed that, but can I point to any single thing where the Vice President was involved in this? I cannot. If there was, I have no idea what it was. And once again, he was loyal to the President, and loyal in a very deep and heartfelt way, and it served him well in '88.

Riley: Were there any other Republicans in the mix at this time who were trying to either kill or support it as one of their signature issues?

Kondracke: Well, Dole ran.

Hoppe: But Dole was Leader already. By this time, Dole was the Republican Leader, the Majority Leader of the Senate.

Murray: [unclear] first year.

Hoppe: Yes.

Murray: Both Packwood and Rostenkowski went through brief moments where they thought they might run for President at some point.

Hoppe: So you had Dole, who clearly was thinking about that, but once again, at least to me, he tended to leave things on the House side of the House. He had a lot of business to do over on the Senate side. In addition to which, having been Chairman of the Finance Committee, he wouldn't have liked it if Howard Baker had stepped on his toes, and Senator Baker did not do that. And he didn't want to step on Packwood toes. He was deferential to his chairman.

Bell: And voted with him.

Kasten: I don't know if it was in the letter that you talked about, John, but the key to all this wasn't at one point Reagan said he would veto the bill?

Bell: Yes, absolutely right.

Kasten: If the rates came at the end of the whole mix. So we, basically—or it was decided to "Let this go and see, but if it doesn't get fixed, we know we've got Reagan as the veto."

Mueller: That's right. Getting Reagan involved in the process was the one thing that Jack could bring, because—

Kasten: He was there and made it possible for it get across to the Senate.

Mueller: The only reason supply-side worked was because you had two people believe in it at the opposite ends of Pennsylvania Avenue: Ronald Reagan in the White House and Jack Kemp in the Congress. Most of the people at either end did not agree with them and were often trying to undercut.

Kondracke: So when Jack Kemp votes against the rule the first time, is this because as part of a strategy—because Bill Bradley called over there and said, "What are you doing?" And the question is, was this part of a strategy to get Reagan involved in this, turn Treasury around, get that letter, and then he knew that he was going to vote for it if that came about, or did he change his mind?

Hoppe: I don't think anybody had thought that far ahead. Things were happening very quickly at that time. I mean, first of all, you've got this bill. Secondly, you've got questions among the House Republicans. Thirdly, you've got Packwood making a statement, and then you've got a vote. I mean, it just blew away from anybody's ability to control in that day what was going on. Quickly after that, people said Jack, in his mind, wanted it to go on, but what he had in front of him at that moment was something he couldn't support in the end, if that's what had come out and it looked like there was nothing else.

Well, several things happened, as John pointed out, that made it possible to say, okay, this does continue a process that can have a good end, but as you sat there that morning at eight or nine or ten o'clock on the day of that vote and started going through it, nobody on the Republican side in the House could feel that this was going to come to a good end.

Kondracke: But you, too, obviously, did not believe that this could come to a good end.

Hoppe: I didn't. John may have. I didn't, and I can tell you I prepared in February and in March to say to Jack, "I told you so. I told you so." At the end, I mean, literally, Packwood had a weekend in which the epiphany came, and he said, "I'm going to try. I'm going to go for the gold."

Kasten: I was going to answer his question. If there's one person that was affected, I think, during this little process by presidential politics, it might have been Bob Packwood. He thought that this was his opportunity to get the support of, if you will, the more conservative side, particularly the economic conservatives, in which he had a lot of problems. I think if there was one person in this whole mix that was thinking President, you can argue every senator thinks President every day.

Bell: They all think that.

Kasten: But I think that the idea that Packwood could link himself to Ronald Reagan and Packwood could link himself to Jack Kemp, and Packwood was making speeches, I mean, he was into this then. I think if there's one person that kind of fits into that category, it was Bob Packwood. I don't know when other things in his life started happening or whatever and it didn't work out.

Bell: I'll tell you one thing that was in his life at that moment when he started marking up the bill was a minister who was running against him in the Republican primary for reelection to the U.S. Senate. Now, I don't disagree with Bob, that he ultimately thought about the presidency, but that opponent eventually got somewhere around 40 or a little bit more percent of the vote, and that pro-family coalition definitely played on that. Because Packwood, being the most pro-abortion member of the Senate, certainly on the Republican side, needed an offset politically to get the pro-family movement just off his back to survive in that May 1986 Republican primary in Oregon.

Murray: So when did that transformation happen? You've already said that Packwood was sitting there, in December 1985, hoping the thing would go down in the House so he didn't have to deal with it. The last thing he wanted was to deal with it. When he finally did take up the bill, the process was pretty ugly for a while. When did the transformation happen, and was it a positive transformation because he saw an opportunity, or a negative transformation because he thought he was going to get tarred with the failure and had problems in that?

Bell: Yes and yes! [laughter]

Kasten: I think Packwood looked at this as a positive opportunity, but I don't know about the exact timing or dates or whatever, but I think Bob Packwood looks at this as a positive opportunity, looked at this and still looks at this as a positive part of his political career.

Kondracke: So the famous three-pitcher lunch with [William] Diefenderfer, his tax aide, this happened, you think, because of the combination of—

Bell: He had started the markup and it was going down.

Murray: It was going down.

Bell: Before we leave Kemp in December of 1985, I want to say one thing about Jack's leadership. That second vote when he switched to keeping the bill alive, nine other House Republicans voted with him. There were a total of ten votes. I remember that vividly. It was the most counterintuitive thing I've ever seen a politician do, and he was right.

Kondracke: How did his colleagues—

Bell: They were furious.

Kondracke: With him?

Bell: Yes.

Hoppe: Yes. Raked him over the coals.

Murray: For having sold him out.

Hoppe: It was a brilliant moment for Kemp.

Kondracke: So tell us about the raking over the coals.

Mueller: Well, we had a stormy conference session where not just the Republican rank-and-file, but his own lieutenants were breaking—[laughter]

Hoppe: The belief was, "Last week we voted against it, us. For all intents and purposes, this bill hasn't changed, and now you're for it? And they just won, and we're going down this horrible path. How can you be so selfish, so dumb, so gullible?" Whatever you want to say. And all those feelings were out there among his colleagues.

Murray: And what did he say?

Mueller: Well, Jack's speeches both on voting on the rule and on persuading enough of his colleagues to go with the President the second time were both focused on those same three points: top rate, $2,000 exemption and cost of capital. And he voted against it because Rostenkowski didn't meet those criteria, and Packwood had said that morning it was not going to change when it got to the Senate, and so he voted against it. But then when he got Reagan involved and committing himself to veto anything that did not meet those three criteria—

Bell: That was the key.

Kondracke: But his colleagues don't believe him, don't believe the President of the United States, even though—

Bell: They say, "It isn't Reagan, it's Jim Baker, and we don't trust him."

Kasten: And remember those House Republicans at that time didn't know Bob Packwood was about to have or had just had the weekend before some kind of a major change of attitude. They'd known a Bob Packwood for five, ten, fifteen, twenty, whatever it was years that was very different from the Bob Packwood that we saw in the next six months.

Kondracke: So you've explained why the $2,000 personal exemption was important. The top rate at this point is 50 percent. It's coming down to 38 percent. Why is that not good enough for the House Republicans?

Mueller: Because we could better. Jack thought we could do better. In fact, we did do better.

Murray: Did he think, did anyone think you could get to 28 percent?

Bell: No.

Kasten: Nobody thought that.

Mueller: But Kemp-Kasten had a 25 percent rate with a 28 percent bubble.

Kasten: We were at 28 percent, from 25 to 28.

Mueller: Right, and that was the top rate in the final bill.

Murray: So can we talk about the Senate a little bit?

Kondracke: Yes.

Kasten: I just want to say one quick thing, because I just want to get it on the record because I think this has a lot to do with your question earlier about what's the right rate and what were you guys thinking about. Again, out in Waukesha or Oconomowoc or Wausau, Wisconsin, and this was Jack's speech, it was my speech, it was Newt's speech, it was certainly Henson Moore's speech, and I think Jack started it—one of you guys might have written it—but that we're opening a bakery, and the only thing we sell is bread, and here is the way the tax system works. You're going to get taxed nothing on the first loaf of bread you sell. You're going to get taxed 10 percent on the second loaf of bread, 30 percent on the third, etc., 90 percent on the ninth loaf of bread, 100 percent tax on the tenth loaf of bread. Now, how many of us are going to bake ten loaves of bread?

Now, I said that speech and Jack did and Henson did and Connie Mack did, and we would then argue—and I would be in the Waukesha Rotary Club, and I'd say, "Okay, now one of you is smart and think, 'Okay, I'll leave the oven on so I won't use the energy, and I'll get that last loaf of bread out. It'll be the sixth loaf, and it's worth it because I won't have to expend the energy.' And so all of us are arguing in the room here about are we going to make seven or eight loaves of bread, or maybe five or six. Who in the room is talking about making eleven loaves?" Pause. Stop.

That was the whole story, and that is the idea that Jack had, not only thinking now about the Waukesha Chamber of Commerce or the Rotary Club, but I'm thinking about the way Jack thought. Jack was thinking about not making the eleventh loaf, but the twentieth loaf or the twenty-fifth loaf, and why in the world has our government got itself so tied up in knots that it can't figure out how to make as many loaves of bread? I mean, there's lots of reasons you can only make ten loaves, but the tax system and the government is not the reason we should make only—anyway.

We all did that speech, and that is not just the speech, but it also is Jack Kemp in terms of the way he thinks about the world. It was never, ever static. It was always, "Your piece of pizza can grow at the same time that mine does, because we are going to expand the diameter of the pizza." Those of you that covered him in speeches, that was the whole deal.

So there wasn't a right rate. The marginal rate was the question, and don't prevent someone from working that extra hour of overtime. Don't prevent someone from making that extra loaf of bread. Don't prevent someone from taking that next job because of the tax rate. There are other reasons why they shouldn't make that decision to make more money on the margin, but the tax rate should never be one.

Bartlett: I just wanted to interject that the origin of that particular story or analogy you're talking about is Calvin Coolidge. If you look in Andrew Mellon's book, *Taxation: A People's Business*, he reprints in an appendix a speech by Calvin Coolidge in which he says pretty much exactly that. I don't know if I was the one who found it or whether Jude did. I wish I had it in front of me. I need the exact wording. He would repeat, and I guess over the years it just kind of morphed and all.

Mueller: And Reagan used it after Jack did.

Bartlett: Yes. I mean, I'm just saying it all goes back to Calvin Coolidge.

Kasten: I thought these guys were the smart guys, and it turns out it's—

Hoppe: I knew it wasn't me.

Kasten: The other thing that was part of his speech every single time was that "John F. Kennedy said a rising tide lifts all ships." John F. Kennedy believed this. This is not a Republican idea. I never heard of the Coolidge part. But we always tied in Kennedy and Democrats. To a degree, I don't know about Gephardt, but Bradley didn't ever disagree with this kind of analogy and this kind of a spin. The idea was that we want to take away the disincentives and have opportunity in the system.

Mueller: There's a long history of the parties stealing each other's quotes on the tax issue that goes back to the institution of the income tax in the first place under Abraham Lincoln. But, yes, the rates got up to 77 percent during World War I. Mellon and Coolidge cut them, Kennedy reproduces the Mellon tax cuts, Reagan steals the Kennedy tax cuts, and that's the way it goes.

Murray: So, fast-forward back to 1986, Packwood and Diefenderfer have their two-pitcher lunch at the Irish Times, and they come out and manage to get a 28 percent rate, and they did it with—

Bell: Twenty-seven.

Murray: Was it 27 when it came out of the—

Bell: Final Senate passage, 27 percent.

Murray: Twenty-seven percent rate, but they did it with this incredibly crude instrument that those of you who are economists can't think was particularly elegant, the passive loss rules, which did in the end clobber real estate pretty severely. What was the reaction to that tactic at the time?

Mueller: Well, what they did, as I understand it, was simply come up with a concept of two rates and then turned it over to David Brockway and Eric Cook to figure out how to do it, and he looked at what was on the shelf. Once you put a revenue-raising or -reducing measure into the system, it's there forever, which is why you know if you have a way to, say, pay for the $2,000 exemption, you put it in the House side, it's going to come out on the Senate side if they're struggling for revenue, because that's just the way the process works. So Brockway and Cook had the history as to how to do it, but the passive loss, I'm not sure who glommed onto that, but it was key to passing it.

Murray: Did Kemp feel good about it, bad about it, or you get the rate down low enough it doesn't matter?

Mueller: It was if you got the rates down low enough, people would care less about their deductions.

Bell: What was most affected was investors in shopping centers. I talked to people who invested in shopping centers at the time in the eighties, and what they explained to me is, "We don't have bull markets and bear markets in our business. Because of the tax system, we always make money, no matter how crappy the shopping center is, no matter how bad the location." That's what it was. That was the single biggest impact of the repeal of passive loss, is that if you invested in a shopping center, it might not work. You might lose money on it. Prior to that, literally, if you were liquid, you could not lose money investing in shopping centers.

Kondracke: So this is a classic loophole. This is a loophole. This is the very definition of the loophole.

Bell: A loophole's loophole.

Kasten: And the other thing is it represents fairness. One of the parts of this whole thing was called the fair tax, wasn't it?

Mueller: Ours was the fair and simple tax.

Kasten: But we used "fair" all the time. Fairness. And this was an example in which clearly it wasn't as meant to be, wasn't fair.

Bartlett: One thing that was mentioned that I think is very important is the change in the tax on capital gains, because that was the deal. I mean, that was part of the deal that brought the Democrats along, was tax and capital gains at the same rate as ordinary income, and, again, there was a threshold rate that everybody was willing to live with that they felt that it wasn't too onerously punitive to capital gains, and they were willing to buy the deal. But I think also—

Murray: Was everybody willing to live with it? You talked this morning about splits. Was there a capital formation crowd that thought that capital gains was too high?

Bartlett: I mean everybody in the sense that they were willing to vote for it and enact it into law. But I think that there was also a feeling on the Republican part or the conservative side, is that this is a temporary setback. This is an issue that we're so strong on politically, at first opportunity, we'll just cut the rate back again. So I think it was very much a two steps forward, one step whatever it is.

Mueller: Norman Ture definitely thought the ’86 bill was a bad idea. Getting rid of the loopholes was bad, pure and simple.

Murray: And just no one listened?

Mueller: No, we just had enough votes on both side of the aisle to pass it.

Hoppe: If memory serves, the way this happened in the Senate is you went through a markup which was day to day worse and worse and worse, and so at the end, Packwood said, “Okay, we’re going to flip this,” and then from that moment that weekend, it literally was like three weeks from there, the whole thing’s done. And it happened so fast that all the people who might have tried to fight to get back in to fight this were sort of lost, because once you got that rate that low coming out of the Senate and that’s where the President was, the momentum of that was irresistible, and they knew they had to move fast, so they did all those things.

Kasten: So as Jeff and I were talking earlier, the final vote was, what, 93, 97, whatever?

Bell: 97-3.

Murray: The Senate Finance Committee was 20-zip.

Kasten: The final vote was just overwhelming.

Bell: I want to recall that champagne situation.

Kondracke: Yes, by all means, Jeff.

Murray: It was the middle of the night when it passes, like 12:15 in the morning, 20-zip.

Bell: Actually I was there for final passage. It was 97 to 3. I can't even remember who the three were in the U.S. Senate of 1986. I remember the champagne that Bradley mentioned, but I also remember sitting in the gallery and Bradley's only other two guests in the gallery were Fred and Linda Wertheimer, who were close friends of his. [laughter] I said, "My god, I'm in this with Fred Wertheimer," the head of Common Cause at the time.

I have to say that 97 to 3—and that was the 27 percent tax rate. The final passage once they had the Conference Committee in the Senate was 80 to 20 because people, they had a sense of perfection, of perfectibility, in tax legislation that seventeen people were able to bail out in the Senate between then and the final passage.

I believe it was almost exactly twenty-five years ago when I was in the gallery with Bradley's wife and with Fred and Linda Wertheimer watching this 97 to 3, and I think, for me at least, it was a magic moment. It was just something that I will never see again and certainly had never seen before, that you could have such unanimity on such a radical change in the country.

I also think that as important as Kemp-Roth was, and, as you know, I was an early campaigner on that and I believed in it, but I think that the impact of that overwhelming approval in the U.S. Congress and President Reagan signing it into law was the breakthrough element in the global change in tax policy.

I also believe that ending the punitively progressive, confiscatory progressive income tax was the key moment when socialism ended as we know it. I think that there had been a transition earlier. It had been ownership of the means of production by the government, but after that, when that became somewhat unrealistic, it was high punitive income tax rates became the marker of socialism. And given what happened right after that magic moment, globally, Third World, Europe, everywhere, I mean, some areas more extensively than others, Alan said at lunch that the most striking chapter in Jude's book was the chapter on the Third World, where he explained how this could help the little guy in the Third World.

Reynolds: This was, of course, in '78, long before it actually—

Bell: Exactly, exactly, but it did happen. I mean, it actually did happen, and I think it was an extraordinary moment, wouldn't have been possible without Ronald Reagan, Jack Kemp, and, I believe, Bill Bradley, who, as you could probably tell, we became fairly close, he was an important part of it too.

Kondracke: How did Kemp celebrate the win? Did you all gather?

Hoppe: I don't remember.

James Kemp: [unclear] baseball game.

Kondracke: Is that it?

Bell: Somebody has to have an anecdote.

Hoppe: I literally do not remember. I mean, it was one of those things, I remember, just sort of a satisfaction. Jack was so positive. If you failed at something, it was because you just didn't quite work hard enough, so work a little harder and everything will work out. I think he felt part of this was, "This was inevitable. I just had to force enough people to realize along with me that it was inevitable."

Murray: But for most people, it went from impossible to inevitable the day of that Senate Finance Committee vote, 20 to nothing in the Senate Finance Committee.

Kasten: Yes, and the Finance vote before the Conference Committee vote. It evolved, so at the end it wasn't that big a surprise.

Murray: So you don't remember any celebration about 20-to-zip vote?

Sharon Zelaska: We had a bottle of champagne back at the office and he invited a few people over. He came back from the floor, I handed him a glass of champagne, and he sort of threw it up in the air. He was just very, very matter of fact about it. He didn't drink the champagne; he just . . . Threw it up in the air. [laughter] Champagne all over.

Kondracke: This was the day of final passage or the day the Senate—

Murray: Senate Finance Committee.

Hoppe: I would think Senate Finance Committee.

Murray: Although that happened at like twelve-thirty, one o'clock in the morning.

Kasten: One of the votes was [unclear].

Murray: The final vote.

Kasten: I can't remember the 80-20 vote.

Hoppe: This may have been the next day anyway. We just decided to do something, because so many things happened late at night. Because the House side, we weren't in. When the Senate was working late those nights, the House was not, so we tended to go home and watch things on C-SPAN if we had no social life.

Mueller: It was a sweet spot in tax policy, because it was the last and, as far as I know, the only time that the rates were the same, top rates were the same before labor income, ordinary property income and capital gains, and there were people who didn't like the equality. Remember what Bradley said in his interview about what would happen if you reintroduced a lower capital gains rate, you'll wind up with 39 percent top rate, and that's exactly what happened.

Reynolds: The timing on that is all wrong. The 39 percent rate comes in in 1993. The capital gains isn't cut until 1997.

Murray: But the efforts began immediately. The effort to cut the capital gains rate began immediately.

Reynolds: Revenues came in under significantly year after year under at the 28. It was a revenue-enhancing measure.

Bartlett: Don't forget that Clinton did not raise the capital gains rate in '93. That's when he de-linked them. That was very important.

Reynolds: That's right, he de-linked them.

Kondracke: Where was Kemp? So Kemp is responsible for this achievement, and then, as Bradley said, immediately the waves began to wash it away. Where was Kemp in the process as the waves were washing it away, as in where was he on the capital gains differential?

Murray: Did he support bringing back a capital gains differential?

Hoppe: As I recall, he did. A couple of things happened here. Number one, you've got 1990, in which famously Dick Darman said to the social-issue groups, "It doesn't make any difference what promise he made. Nobody remembers this crap about not raising taxes." Oh, really? Well, two years later, he found out that maybe two or three people remembered. Washed away, and the guy was at 93 percent eighteen months before that. So you had that going.

Then you had a tax increase in 1993 that was done solely by the Democrats under Clinton. Then you had the budget deal of 1997. The budget deal of 1997, at least my memory—I was working for Senator Lott at that time—is that Jack was very much in favor of re-instituting this as something that would provide incentives since you weren't doing a lot on the tax side, and they did a lot on the budget side on that.

But I remember a meeting that Newt Gingrich and Trent Lott had with Erskine Bowles and Secretary of Treasury Robert Rubin. Imagine you've got two guys in this room who have made fortunes on capital gains up and down running businesses, and you have two guys in this room who were poor as a church mouse, one of whom was a college professor, the other one, who's been a member of Congress for the last thirty years. It was the worst example of setting up a meeting, and, by god, they got it. They got the differential out of it. I kept saying to Lott when we went in the meeting, "Don't do this. Don't do this."

He said, "Don't worry. I've talked to Jack. I've talked to Jack. I know what to say. I know what to say." He did.

Kasten: You said "sweet spot" before. I would also argue that this is, if not the only, certainly one of the highest sweet spots in terms of Republicans and Democrats really seriously and honestly working together in recent legislative history, and what you just saw with Bill Bradley and if Jack were here or those of us who can speak to this, staff wasn't lying to each other. Principals certainly were not lying to each other. We were absolutely trying to get this done. And Packwood bought on. It was not only a sweet spot in terms of economics, it was a sweet spot in terms of nonpartisanship and good legislation resulting from it.

Murray: Could that happen now?

Kasten: I don't think so.

Murray: Why?

Mueller: I think it could. I think it could. If you had the right legislation.

Murray: Forever the optimist.

Mueller: Well, if you had the right piece of legislation. The problem is that each party's focusing on rewarding its base, both the Democrats and the Republicans. Republicans try to zero-out the tax and property income, and Democrats try to load all the tax and property income and lower the—

Murray: Let me make an interjection as a reporter who watched this. We've talked a lot about the people playing at the top level. One of the things that struck me about this whole process was that on the professional staffs—and Bill Bradley made a reference to this—the Treasury Department, the congressional professional staffs, there wasn't a lot of partisanship, and they really worked very well together to try and figure out how to take these political impulses and mold them into—and Brockway was an example of that, but a lot of others as well. The fact that Ron Pearlman could have been Ronald Reagan's tax guy and then move to the Hill and become Dan Rostenkowski's tax guy is the kind of thing that's sort of unimaginable to me now. I mean, the staffs set up in Washington today—

Kasten: The guys acted like Appropriations staff people. [laughter]

Murray: Well, that's right, they did. They were nonpartisan. They were just trying to do the deal. That seems to be gone.

Bell: Absent.

Kasten: The only way that anything like this could happen again would be if the President of the United States, in the same way that Ronald Reagan did, would embrace the Simpson-Erskine Bowles or Group of Six. There'd be a chance for some of this coming together, because you've got some Republicans who are no-tax-increase Republicans that are part of that Group of Six and others that are carefully watching what's happening. But with the President ready to veto—and I don't know what the hell Schumer must be doing to Durbin every day, but, I mean, watching that tension in the Democratic Party, it seems to me that whatever the Republicans do doesn't make any difference, because the Democrat President has decided he's going to be against his own deficit reduction commission and three of his own Democratic colleagues, former colleagues and friends, in the Senate.

Mueller: Obama made a deal with the Republicans on taxes, which shows he wants to get reelected, and, to me, the fact that we have the American Federalist system and that the President is the most important player in it, precisely because he has to get 50 percent plus one, and to do that he's got to get his party as well as some of the other party and the Independents.

Kasten: And you can argue he should do that, because he certainly isn't going to be affected by a Democratic—nobody's going to run to the left of him. I mean, he has the nomination absolutely tied up.

Mueller: [unclear] put in a politician to do it.

Kasten: Or does he want to? I think he could do it, and I think he could easily get reelected. Nobody's going to oppose him. With the number of black voters in a Democratic primary, nobody's going to beat him from the left. So he's got the Democratic nomination for sure. Does he want to be a leader twenty years from now as a person that crossed over and decided that the deficit was more important, and he could bring it together, or does he want to stay with his particular ideology?

Bartlett: Can I make an historical point here that I think is important? That is that the '86 Act had predecessors in 1969 and 1976 in a tax-reform process that began at the Treasury Department when Stanley Surrey came in as Assistant Secretary of Tax Policy. And if you go back and look, you'll see that when Kennedy put forward his tax proposal in 1963, it was essentially a tax-reform effort. I mean, he had a whole bunch of loophole closures and stuff like that that just got stripped out in Congress. They just weren't interested in that stuff at that time. Then you had the creation of the tax expenditures budget, and you had the focus on tax loopholes that was very intense, that led to the Tax Reform Act of 1969, which was signed into law by Richard Nixon. You had the Tax Reform Act of 1976 signed into law by Gerald Ford. So the '86 Act followed only ten years after the last major effort, which followed only a few years before that.

Now we've had twenty-five years since the '86 Act, and nothing remotely like it in between has happened, and part of what has been lost is institutional knowledge about the whole idea of tax reform, which Republicans completely lost interest in once they got control of the House and Senate and were able to get rid of PAYGO so they could just cut taxes. "Why should we bother with tax reform? Who cares? We'll just cut taxes any way we damn well feel like it." And now it's only because the deficit has come back on center stage that has paralyzed the ability, I think, going forward to have any kind of significant unpaid-for tax cuts, that now we're back in the same situation we were in early '82, where you have to talk about tax reform because it's the only game in town.

Mueller: But, Bruce, Kennedy's tax reform was not a revenue-neutral tax reform. In aesthetic terms, it was minus-23 percent in rate reductions and plus-5 percent on tax reform. So there was a tax-reform element to it, but it was essentially a rate reduction.

Bartlett: I understand that. I'm just saying there was a history of tax reform that dates back to 1963, at least, of which the 86 Act followed historically, and since we've now had twenty-five years of no tax reform, I think that a lot of the knowledge and understanding of the whole point of it has been lost, and the whole staff situation is very different at the Treasury and at the Joint Committee and lots of other places. And I think that this is going to make it harder, because a lot of stuff has to be relearned from scratch that was known in 1986, but has since been forgotten.

Mueller: What we're trying to do is help people relearn what we went through.

Kondracke: We've reached the end of our time, so I will give anybody who feels the urge final word about Jack Kemp or about the '86 tax reform to say his final piece before we—

Bell: We kind of skipped over Bob Packwood, and it's partly my fault, but I wanted to give him the credit he deserves. Once Reagan laid out the 35 percent 2,000-plus no worse capital treatment, he immediately fit into that framework. There was a first wave that lasted several weeks, in which he tried to kind of be the little boy with his thumb in the dike in Holland, and give up a little bit on this, a little bit of that. After a few weeks, my memory is that wasn't working. The bill was dissolving into the House bill very quickly on any revenue-neutral basis.

Murray: He was getting pilloried.

Bell: He was getting hammered. Fred Barnes did a piece in *The New Republic* called "Senator Hackwood." Packwood, being a very smart politician, knew that he needed to try something different, and that was the background of the two- or three-pitcher lunch. I can't quite remember. It was two people and three pitchers, or three people and two pitchers.

Murray: I think it was two pitchers.

Bell: They don't remember either. [laughter] But Packwood, once he fit into that framework, it didn't work in the incremental way. Then he took the all-at-once leap into a 27 percent top rate, and let's reason back from there. He did a phenomenal job. Bradley was helpful because he was on the Finance Committee. Moynihan was very helpful. He did a phenomenal job of bringing everything together. He gave into the pro-family people on the $2,000 personal exemption.

I'll never forget bringing Paul Weyrich and a bunch of pro-lifers into Packwood's office. It was one of the oddest couple—but I think Packwood, professionally, just as a professional politician, not an ideologue, he really deserves enormous credit for having such a good bill come out of the Senate.

Kondracke: Okay. Thank you so much. What a fascinating day. I think it's everything that we hoped it would be. Right? I think it's great oral history.

Randy Teague: It's not the last word. We're coming back to you individually, right?

Kondracke: Yes, absolutely. You will all be interviewed at length individually, but this was a grand performance by everybody, so I'm grateful and I know that the Kemp Foundation is grateful.

Jimmy, you wanted to say some final words.

James Kemp: I'm James Kemp, president of the Jack Kemp Foundation, and I'm the youngest of Jack and Joanne's four children. When each of was growing up and we'd leave the house, Dad had much counsel for us, but the one phrase that sticks out in all of our minds is when he would say, "Be a leader."

The Jack Kemp Foundation's mission is to develop, engage, and recognize exceptional leaders. Today's event has been about recognition of an exceptional leader, Jack Kemp, who recognized that it was not his efforts alone that furthered what he called "the cause," but that it was a team of individuals. The Foundation exists to capture Dad's legacy of leadership and help develop and engage future leaders and current leaders, while recognizing the ones who are leading this country into the future and, to no one's surprise, we will do it with an optimistic belief that this country, founded on incredible American principles and universal human principles, has potential that goes far beyond what many of us can think of in the midst of the details of what often is ugly legislation and the ways that it gets put together. Today's example and lessons will be learned, and we're incredibly grateful for this opportunity.

Real quickly, on the programs that we have with the Foundation, today's effort is a part of the Kemp Legacy Project, where we have the Kemp Collection, over four hundred boxes of my dad's papers, at the Library of Congress where they're archived, and we're in the process of getting those digitized now that the Library has finished their archiving, and we'll make a portion of the Kemp Collection available online.

The Kemp Oral History is another component of the Kemp Legacy Project, and that's what we're doing here today. We've had another symposium like this one already in Buffalo on Jack Kemp the Buffalo Bill and Jack Kemp the Buffalo politician, Buffalo congressman, and we will have subsequent symposiums as part of the oral history.

Finally, we have the Kemp Chair, our most important recent announcement. Mort, I don’t know how I could have forgotten it. We have the Kemp Chair for Political Economy, which provides for a senior scholar to be residing at the Library of Congress doing scholarly research and publication on what Kemp understood to be the American idea. We’re very proud that this week Dr. James Billington, Librarian of Congress, announced that Mort Kondracke is the first Kemp Chair. Mort, thank you for your leadership of this Kemp oral history, and we’re looking forward to you taking the Kemp Chair.

When we set up the Kemp Foundation, though, we knew that it had to be more than just about the past. Dad was not about the past; he was about the future. Today, he would have enjoyed this. None of you would have been able to talk nearly as much as you were, because he would have corrected you on the way it really happened. But when we recognized at the Foundation that we couldn’t really build something that was only focused on the past, we took our lead from Dad, who, when he and I worked together at Kemp Partners, he had a Buffalo Bill football player in his off season come be an intern with us. He happened to be a six-foot-seven, 330-pound offensive lineman, and anytime Dad would walk out of the office to meetings, when Brad Butler, a University of Virginia graduate, was interning with us, he’d say, “Brad, come on, let’s go,” and out Jack Kemp would walk with a six-foot-seven 300-pound offensive tackle and take him to meetings.

We set up the Kemp Leadership Academy to build on what Dad did. The Kemp Leadership Academy is the resource in Washington, D.C. for current and former professional and Olympic athletes who are interested in public policy and potentially public service. So we’ve been working with our first professional athlete, Brendan Evans, who’s a twenty-four-year-old tennis player, who’s been accepted to and I believe he’s going to enroll, as it happens, at the University of Virginia. So we’re excited about that.

Our final program is called the Kemp Forum, which is a debate and discussion series providing a platform for the civil competition of ideas. We’ve heard a lot about Dad’s civility and respect for people, and the Kemp Forum is a way that we can push forward the efforts to have the real competition of ideas. So that’s where we engage exceptional leaders. The Kemp Leadership Academy is where we develop exceptional leaders.

I want to thank a few people. First of all, I’d like to thank Michelle Van Cleave, who heads the Kemp Oral History Project for the Foundation, and her former fellow staff member, Marcy Robinson, who really got this idea started and introduced us to Alan Murray. So, Alan, thank you for your guidance to Marcy and to Michelle and to us.

That brings us to the Miller Center. Governor Baliles, thank you for your incredible support and kindness to all of the Kemps as we’ve come down and you’ve put the resources of the Miller Center at our availability. Russell, thank you for your incredible guidance and wisdom in teaching some who are neophytes in oral history about how to do it.

Mort, I’ve thanked you. I’d like to thank Brien Williams, who is our oral historian guiding this project behind the scenes. Panelists, you all have done me a great service by helping fill in the pieces of what was happening while I was in my elementary and teenage years. I always got criticized anytime I said, “Dad, what are you talking about taxes? What is this talk about taxes?”

He said, “Jimmy, it’s not taxes. We’re not cutting taxes. We’re cutting tax rates. Get it straight.” [laughter] So his encouragement certainly always carried over into the house.

This is very special for all of us, and on behalf of my mom and my siblings, I do want to thank you all. The Kemp network is an incredible one. It's not because of Dad. He was wonderful, we loved him, sometimes we didn't love him, but he tapped into something that we think is at the core of this great nation, a cause that leads people to do things that aren't only in their self-interest, but are in the interest of their families and future generations, and we thank you all for your work and participating in this project. Thanks for coming, and have a safe drive back to wherever you're going.

[End of symposium]