

JACK KEMP
ORAL HISTORY PROJECT

Interview with
[DAVID M.] DAVE SMICK
January 19, 2012

Interviewer
Morton Kondracke

JACK KEMP FOUNDATION
WASHINGTON, DC

Morton Kondracke: This is a Jack Kemp oral history project interview with Dave Smick, who was Jack Kemp's chief of staff from 1979-1984. We're doing this interview at Mr. Smick's home in Vero Beach, Florida. Today is January 19, 2012, and I'm Morton Kondracke. Thank you very much for doing this. When you think about Jack Kemp, what immediately pops to mind?

Dave Smick: Big personality, fills the room with strength of a personality.

Kondracke: What do you think were his major strengths of character?

Smick: You know most people who come to Washington are fixated on finding out what the conventional wisdom is and staying with it, and Kemp really didn't have that chip. He had a whole different set of influence points that guided him that was different than the typical Washingtonian. Let me give you an example. I remember when I was there, I think it was in 1982, the Israelis bombed this nuclear facility in Iraq and I remember the conventional view, and here was Kemp seen as potentially heir-apparent to Ronald Reagan but certainly a future in the Republican party, and he came out instantly, and I think he was the only Republican applauding the Israelis. And conventional wisdom was such that that was just appalling what the Israelis had done. He came out and issued a press release and all that. I remember this because I got a lot of calls from kind of influential people who were in his orbit around the country, who wanted to kind of ride on his bandwagon saying, I don't want to tell you what to do, but I think that was a big mistake. He's going to regret that. That's going to haunt him if he ever ran for president. Of course now it's seen as, if you

took a sampling in a poll, the conventional wisdom would just be flipped around. It's a good thing that happened; that bought us a couple of decades. That was Kemp. He was willing to chart that, he didn't seem to care. I give you another example. Here's a guy who decides he's going to transform Republican tax policy. Now most people would say, okay, what do I need to do within the Republican structure to kind of negotiate my way onto the Ways and Means Committee? Forget it. He just, let's sell it to Reagan, let's sell it outside. So he ran contrary to the convention. I mean even now you look at a Paul [D.] Ryan. What do you do to have influence on the issues you care about? You get on the relevant committees, run the committee, take over. Kemp, that wasn't his approach. I always admired that ability to kind of not care what the conventional wisdom was. He would chart his course.

Kondracke: So if he had any weaknesses of character what would you say they are?

Smick: I guess like most politicians Kemp did not want to be controlled. I thought of him as like a stallion. He did not want to be, he didn't want to have anyone kind of a structure that said here's where you're going. And I think some of that related to an insecurity. It's a little bit like if I can't have a group of people running things because if they were really smart why would they be working for me? And I think that plagued him a lot, because I used to, after I left him I kind of assumed the role over the next decade, I would come in and just kind of a senior member of his entourage, but would offer advice, and there was nothing that I wanted from him, so I could offer free advice. And I used to tell him that if you look at [Ronald W.] Reagan

the way he set things up, he wasn't trying to be the C.E.O. He was the performer. That's hard enough, to lead a country, to be compelling in presenting a view of where the country should go. You know to sit back and say I'm also going to be the guy who makes the trains run on time, he's not capable of doing that. And yet, he was very slow to want to hand over power. I'll give you an anecdote about that. I remember I had left Kemp, ran for Congress, lost, and was getting my business started and advising a lot of international economic investors—international investors in the currency and bond markets. This was around 1986, and Kemp was kind of gearing up, late '86, gearing up to run in the primaries for the Republican nomination for 1988, and he had this kind of odd structure where he had three different power centers to run a presidential campaign. He had the [John P.] Sears power center and then he had a kind of [Edward J. "Ed"] Rollins power center and then he had kind of a [J. David] Dave Hoppe and the office, and what's the name, the Heritage [Foundation] guy?

Kondracke: [Edwin J.] Ed Feulner [Jr.]?

Smick: Ed Feulner power center.

Kondracke: Where was [Charles R.] Charlie Black [Jr.]?

Smick: Charlie was part of the Sears thing. I remember getting Rollins, and I figure, this is my service to Kemp. I said I'm going to arrange a lunch. So I arranged a lunch over at Duke Zeibert's [restaurant]. This would have been late '86, prior to the primaries starting. I had two questions, which were, first of all the people I

invited, it was [Jeffrey L.] Jeff Bell, Sears, Charlie Black, I don't know if Roger [J.] Stone was involved, and then Rollins and I guess Hoppe. But I remember saying to these guys look, I can bring something of value here. I spent five years; I know how this guy operates. He will be a master at keeping you guys at war. When I first met Jack we interviewed. He offered the job eight times. We were back and forth over a particular point. But I remember once walking into his office for one of these sessions and he's reading this book, I can't remember the name of it, but it was basically how FDR [Franklin D. Roosevelt] manipulated his cabinet. I said here's how it's going to work. I said, if you guys are smart you will come together and not allowed yourself to be thrown off by his odd management style. I said here's how it will work. He will go to you, Charlie, and he'll say, you'll be on a plane and he'll say, "What do you think of John Sears?" "Oh, he's great." "Yes, I do too. Do you think John, oh I shouldn't ask. Do you think he'll ever be accepted by the right?" And Charlie will say, "Of course, of course." But he will have planted a seed, and you'll say, "I wonder if Charlie will ever make it. I wonder if John, maybe I'm the guy who should run this, you know?" And he'll do the same thing with Charlie. "John," he'll say, "do you think Charlie has the, I know he has tactical skills. Does he have the overarching strategic vision to run a president—?" A little seed planted. He'll do the same with Rollins. He'll be a master at doing that and it keeps everybody off guard, because ultimately Jack does not want to be controlled. He repeated to me on a number of occasions, he said, "I hate the way Reagan allows these guys to manipulate him, to control him, and I'm never going to allow that." I said, "Yes, but Reagan got elected president twice." He said, "I know." And I was in the presence, I remember Kemp and I were with Sears and Black and those guys, and they used to call Reagan the dumb shit

all the time. They used to say, unbelievable. We gave him these briefing books and he didn't read any of it, that idiot. And then I guess Kemp went back in his days when Reagan was governor, and he'd listen to all that and he'd internalize that in the back of his mind. He said, "I'm never going to allow them to say that about me. You know, like I'm just the front man." Well, Reagan had the last laugh. And he produced diaries that showed he wasn't nearly as out of it as people thought and he will go down in history as one of the great presidents. Who knows where history will finally go, but odds are probably pretty good. And yet Jack was just, that was something that somehow, he actually told me once, he said, "The ridicule, even among the money guys when he ran for governor, they thought he was a dunce, he could never win. They were just humoring him—all the car dealers and Justin [W.] Dart [Jr.] and the rest of them. They were going to humor Ronald Reagan, "Oh, let's do it for Ronnie. He can't win." That was something Kemp internalized. But I remember sitting down with him after this lunch, with his advisers. And I remember at the end of that I really got a sense that they said, "Interesting, but nah." They totally dismissed him. And I've got to tell you that within months—

Kondracke: Jack was there?

Smick: No.

Kondracke: Jack wasn't there. At the lunch?

Smick: No, and he said, "Nah." And I could tell, because they all said, "Nah. That would never happen." It was three or four months later.

There were horror stories, infighting. I remember the first time I heard somebody say, "Well, Jack didn't do blank because Joanne [Kemp] says it's not going to happen. I said, "Really? Well in five years Joanne never said anything within his Congressional office—suddenly?" No, she just became a pawn in this little internal struggle that involved three different power centers, and it was a disaster. Anyway, I remember going into—and this is a little bit self-serving, maybe a lot self-serving—but I went to see Kemp after this, and we had lunch. I think he was still at HUD [U.S. Department of Housing and Urban Development]. And I said to him, "Look, I'm worried about your situation." I said, "You need to have some person, some strong person, who runs your campaign. This doesn't feel right."

Kondracke: He wasn't at HUD then.

Smick: He had left.

Kondracke: No, no no. He went to HUD afterwards.

Smick: That's right. He was in Congress. I just remember having this conversation and he said, "Look, when you came on, I never envisioned that anyone would have the kind of control that you had, that I gave you." I remember these words, "that I gave you." And the truth was he didn't; I just took it. But he said, "I'd get up and open the *Washington Post* with Joanne every day to find out what I was doing. There's stuff happening, going on." And he said, "Look, I have to admit. I was a back-bencher, and five years later I'm a member of the Republican leadership and a national figure. These are terrific years, you launched the whole enterprise zone stuff, we got the

Reagan thing, got the tax cuts. But the notion of turning over control to somebody.” And he said, “I can’t complain. I can’t look back and say ah, you ran the ship. It was terrific. But I can’t have that. I psychologically can’t do that again. It happened, you took the reins, part of it was just your personality.” And I said, “Well you know, I don’t think you’re going to get elected.” And I said, “ I don’t see how you can be the performer and also be the detail guy, the numbers guy.” I said, “You cannot run for president and be approving fundraising letters. That’s insane.”

Kondracke: He was a control freak then?

Smick: Yes, he was approving fundraising letters. That’s one reason I went in there. They were coming to me saying he was, they’d been sitting on the desk for three weeks.

Kondracke: Is this some sort of quarterback syndrome, that he’s gotta—?

Smick: Well, I would argue that Jack would have been president had he played quarterback in the modern era when the coach called the plays in. It doesn’t mean he couldn’t have done it audible, but he played in a era when the quarterback called all the plays, he was in charge. And you know, I think that had an effect. Because I just remember thinking the whole, this is a—

[interruption]

Mentally he was thinking, I've got to maintain access, control of this. But I knew something was wrong, because, when we ran him for, you know, I took that job not because I was interested in being chief of staff to a congressman. He got elected, re-elected, with 80-90 percent of the vote every time. And I think the last time we, I don't know, was it '84 or '86, I can't remember, but it was in the eighties when I was there, and by the next election, he won with 54, 56?

Kondracke: That would have been '86 because—

Smick: '86. I remember thinking, and then he, they had, I left. He had a foundation and a PAC [Political Action Committee] and I left it flush. I remember he had two million dollars in the PAC I think, I mean in the foundation. And the PAC had plenty of money. And they ran that down running two sets of ads for his re-election in Buffalo, in which, they had a gold standard ad, they had a, that was going to be a laboratory. And they had an ad on social issues.

Kondracke: Even though this was going to be his last shot.

Smick: Even though that was going to be his last. And they spent, they spent two million dollars? I had a hard time, I mean I negotiated a completely different district for him, almost. When I first went there he had this district that was marginally Democratic. And then we hit the redistricting, and there was a little town by the airport called Cheektowaga which was have of our—90,000 people—was half of our constituent service, you know, it tied up a lot of resources. And Barber [B.] Conable [Jr.] was retiring so we traded Cheektowaga for part of Conable's district that went hundreds of miles out in the cow

fields, right? So Jack still had this kind of image of, you know, it's a Democratic district, blue collar and all that. Well not after, not after the '80 redistricting. It became a suburban district, and the way you covered it was with a helicopter if you were a national figure. I would send him in and it looked like he was everywhere, but it would be like one day a month or something. Boom, boom, all these little towns. And then he'd come back. So we had a relatively suburban district, and yet he's running this laboratory. He had two different firms doing the ads, and he gets 54 percent of the vote I think it was, 56, it was a huge drop. And I again had my little pilgrimage. "I'm worried, Jack. How can you spend two million dollars on a congressional re-election? What are you, throwing money?" It was impossible. It's cheap TV. And I said, you better get a hold of this. And there was no way of getting a hold of it. It was these different little power centers, you know, out of control.

Kondracke: Well it sounds like if he wanted to run the whole show he wasn't running it very well.

Smick: No, oh no not at all.

Kondracke: So they were running off on their own.

Smick: Yes. There was a group that wanted to see the social issues and run ads on that. There was another group that was running, I think Charlie and Roger had some outfit and they tried some gold standard stuff. I mean it was all—

Kondracke: So this was the presidential campaign that was using his district as a laboratory?

Smick: Yes, well, they were in transition but they used it as a laboratory. To me, I thought it was worthwhile for me to say, look, again this is self-serving, but I remember saying, "Jack, how can this—come on. It's not a reflection on me. You're a big name, they love you up there, 54—?" "I know, I know I don't know." And I said, "This is more fundamental. What's going on here?" And, I think that was to me a real tip-off, that there were problems. And then they had the infighting and the power centers and I think Joanne—I think actually Jack's brother was part of it. It was just a mess.

Kondracke: Jack's brother supposedly, [Thomas P.] Tom [Kemp], was the person who was most concerned about the money being spent wildly.

Smick: When I came in after the election I said to Jack, I had a list, I'm trying to remember who it was, of people, that I said, "You need to get a heavy-weight attorney who can be your tough guy on this. You gotta get a hold of this. No, you're not going to spend." And I said, "This political consulting world is conflicted. You know, they're running this stuff and they get 15 percent. Who's placing the buys? You know, why wouldn't they want to go and experiment?" But he would have had a serious, he would have had a lot of money there to run a presidential campaign. Instead he was in debt starting out for the '88 thing.

Kondracke: Let's go back to how you got your job. How did you come to be Jack Kemp's chief of staff?

Smick: I was working in the Senate for the Senate Republican Conference and Policy Committee. It was one of these boondoggle committees, you don't really know what you're doing. And all this tax policy, you know, we would write stuff on the economy and on foreign policy and so on. But I remember going to the staff director and saying, "You know, the [Howard A.] Jarvis, the Proposition 13 had just—this was in '78, and—

Kondracke: California?

Smick: '78, maybe '77. That's getting very big." And I said, "And then there's this stuff you're seeing in the *Wall Street Journal* editorial page, the Kemp-Roth, and there were several others." Who was the guy that wanted the reduction in the capital gains raised?

Kondracke: [William A.] Bill Steiger.

Smick: Steiger. I said, "We ought to get someone from that world to write a paper." And they had a little slush fund that I think it was like \$10,000 or \$12,000, but back then, you know, the top salary was probably 60 [thousand dollars]. If you had a project you could get that. And I read that this guy—well first of all I'm on this committee and I had, prior to all this tax stuff I was one day—I was just a grunt, a junior guy but we were all in the Russell Senate Office Building on the third floor, they had that caucus room where they have the desks around the big table. So in the next desks, your bosses were all lined

up in desks there. So I hear this guy telling my boss, "I just told the vice president of the United States his energy policy is full of shit." I just came from there and my boss at the time said, "Really? What did he say?" "He threw me out." So I'm a curious, nosy guy, so I got up and I walked around and I said, "Excuse me. Did I hear you just say that you've told the vice president—?"

Kondracke: [Walter F.] Mondale.

Smick: No. [Nelson F.] Rockefeller. And he said, "Yes." And the guy who's saying this had a black shirt on and a white tie. And I said, "Who the hell are you?" And he said, "I'm Jude [T.] Wanniski." I said, "You really did that? What did he say?" And he said, "Oh, he got very angry." And then he said, "That's why I'm going to write an editorial saying it's total hogwash." This might have been '75, I guess. So that's how I met Wanniski.

Kondracke: He was then at the *Wall Street Journal*?

Smick: Yes.

Kondracke: He was just visiting in your—?

Smick: Yes, I'm trying to think, there was a guy named Bruce Barr [phonetic]. He came in and visited.

Kondracke: Bruce [R.] Bartlett was there too?

Smick: No, Bruce Barr, some guy you probably never heard of. You know, he was one of my bosses. He wasn't the staff director but he was—the staff director [Edward L. Beach, Jr.] hired me, he had written this book called *Run Silent, Run Deep*, remember that? Made into a movie? He was a submarine commander and he was Ike's naval aide, and then he went to work for Gordon [L.] Allott as the staff director of the Senate Republican Policy Committee, and one of the people he hired on that committee was George [F.] Will. And Will was just leaving when I came on. I was a grunt and he had just started to launch his writing career. He used to come in and ask for books from the Library of Congress. It was kind of an interesting crowd. But I remember the guy, Wanniski, I don't know, he had some connection there. He'd come in and talk to these guys. So I'm a couple of years later reading about all this stuff and then Wanniski would come in, and I kept asking him, tell me more what you're up to. A real bomb thrower. I mean, one of these guys that's almost too juicy to believe, the stuff he'd be telling you. Just amazing character.

Kondracke: Like what?

Smick: Just, he had this kind of sense that he was on a historic mission. So it wasn't just we were a bunch of schleps. You know, we were either part of the Red Guard, we were always in some revolutionary mission. I thought it was always greatly amusing, really interesting to listen to. So, I'm reading this thing about Wanniski has just been fired. He's handing out leaflets for a guy named Jeff Bell. He's running for the Senate. Beats Clifford [P.] Case who's a sitting Senator, Republican, and loses to [William W.] Bill Bradley. I feel sorry for Jude, so I call him up and I said, "Sorry to hear about that."

So I said, "Well what are you going to do?" And he said, "Well, I'm going to start a firm, Polyconomics." I said, "Great." He said, "Do you want to come work for me?" I said, "No no no. I'm doing fine, but I've got a proposition for you." I said, "I might be able to get you a little capital in-between to write three papers. The role of savings was one, and then the other was the tax incentive thing, I want you to deal with Say's law and a bunch of other stuff and then tax." I can't remember what the third one was but it was all the meaning of all this stuff. But I had specific questions. Anyway, he wrote these papers that were—this again sounds self-serving—but they were unreadable. It was all this crap about the baker had four loaves and this and that. Do you remember like *The World, the Way*, what was it?

Kondracke: *The Way the World Works*.

Smick: It was all that, and I said ugh.

Kondracke: Had he written *The Way the World Works* yet?

Smick: No. I was like hanging out there. I was feeling vulnerable, so I took his stuff and I did a massive rewrite job with the help of [Stephen J.] Steve Entin. I went around and talked to all these junior guys, Steve Entin, Bartlett, I met [Paul] Craig Roberts, he was working for Orin [G.] Hatch, Senator from Utah. Walked in, I remember, had that wild-eyed look like you know. Met them all. Anyway, took a lot of notes and then tried to salvage Jude's thing, which was, I don't know, there was a lot of good stuff but a lot of it was so confusing to the average—so I anyway did this and they were, I may be a better rewrite guy than a writer because they took off. They were in hot

demand, these three Wanniski papers. And so Wanniski got himself the cash, but more importantly, I mean they would be, every hour the phone would ring in our office in the Senate and they would say "Senator So and So wants 30 more copies and So and So is meeting with a bunch of people." It was kind of right in the beginning and it kind of talked about the beginnings of this different approach.

Kondracke: This was supply side.

Smick: Yes.

Kondracke: Supply side 101?

Smick: Yes, basic, basic.

Kondracke: I mean Kemp had already introduced Kemp-Roth. Kemp-Roth came along in '76.

Smick: Yes. There was the Jobs Creation Act, there was a whole series of things, but this would have been '70--well no, would have been '76, '75, probably '76, because I left that committee in '77. So it would have been '76 but it was a little bit—

Kondracke: Did you go directly to Kemp's?

Smick: No. I went out to Chrysler. After [Gerald R.] Ford [Jr.] came in, you know, [Edward L.] Beach left, the whole committee changed, and one of the guys I worked with went out to Chrysler as the lead speech writer and they offered me a job, and it was paying me a lot

more than what I was making on Capitol Hill. So I went out there for 18 months. I remember signing the non-disclosure papers and Chrysler was making record profits and I got to see they're going bankrupt. All their product plants are—and so that's when they started to, you know, I was hired to do Congressional testimony, to go to, and I'd come down to Washington all the time. And then, I decided I really wanted to go back to politics, but I was still there when [Lido A. "Lee"] Iaccoca came in. Iaccoca, ironically, within a year I came back and I'm suddenly Kemp's chief of staff. Iaccoca then is going for the bailout. And Iaccoca would come to our office, this is pre-cell phones, and he'd make calls in my office, in my little cubby hole desk, little office. And Kemp was voting against the bailout. And he would say, "You got Iaccoca back there again?" And I'd say, "Yes, the guy's desperate for—you know, he'd say, "Can I borrow your phone, Dave, for a minute?" And then he'd be in there 45 minutes. It was funny. Small world. The point is when I came back I went to work on the Republican Conference, which is in the same room.

Kondracke: House Republican Conference this time.

Smick: Senate. And I committed to my boss there, I had to kind of make a commitment. I said I will do it for 18 months. And my wife hated, she hated Detroit. It was like being at a Washington dinner party and not knowing anything about politics. And everybody's talking, you know, she said, it's all car stuff. So we came back. But that bumped me up to double the salary, because I said, well, if I'm going to come back, this is what I'm making. All right, they matched that.

Kondracke: So this is what year now?

Smick: '78. So I'm there and Wanniski would be calling me from time to time, you know, because I had done this favor for him. And then one day he called and he said, there's a guy named [Randal C.] Randy Teague, who's Jack Kemp's AA [Administrative Assistant]. I told Jack you should be his AA. I at the time had gotten a feeler, I'd wanted to find someone young to ride in the Republican party for the future, not someone who was immediately running for president. And there was [James R.] Jim Thompson, of Illinois, governor of Illinois. So I had some connections there and I put out some feelers and Jim Thompson, his guy called me up and he said, "You should come out and meet the governor." Yes, well, blah blah blah. I wasn't really that interested. But there was a little boomlet back then. People thought Thompson—so the guy offered me, he said to pay me to write his '78 state-of-the-state speech, which meant I would come out, talk to a bunch of their people and write this thing. It was a joke. So I went out there, rode around in this big cab that he converted into his limousine, talked to Thompson, sat around in the governor's office, wrote this speech. They used three lines of the speech. They offered me a job anyway; I decided, nah. And that's when Wanniski called, and he said, "Forget that guy. Thompson, forget it, he's going nowhere." Which is true. The thing that I came away with with Thompson is he's a kind of interesting guy but very lazy. You could just sense that he was not, didn't have that hunger. Anyway, so I went over to Kemp just to say hello and all that and he offered me this thing and I said, hmm. He had John [D.] Mueller, had kind of come on as like as try to fill in for Randy and he said, "John's more the, he'd be more the backer economist." I said, well what are your goals?" And he said, "You

know, a national figure, maybe run for governor, maybe run for the Senate against [Jacob K.] Javitts, but at least to gear up, forget Buffalo. That's taken care of." So it seemed like, I kept thinking it was six or eight times we had these sessions back and forth. I kept saying, "But I have to be able to hire and fire." He's got a bunch of little old ladies, and that was his resource, the Congressional office, sitting in the back doing mail. And for a guy who's got 88 percent victories he doesn't really have—and I said you got to have people, and he didn't want to do it. And finally we had kind of an understanding. I would find them jobs, and I found these people jobs. It shows you, Kemp had a big heart, "I'm not going to, these people were with me." And we found them jobs. A lot of them went on to become executive secretaries because they had excellent typing skills. But it left then room to expand the staff, or to add on people.

Kondracke: So it took you eight meetings with Kemp?

Smick: Yes, it was like six or eight. I remember, he started cursing me out. Joking, but you know. And I said, "No, I'm not going to come over there and the expectation would be you've got to do some things, and I don't have anybody there." And finally, there were a couple other little deals relating to the job, but finally we worked it out. The first person we hired after that was someone, I got a thing sent over from Stockman. Mary [N.] McConnell, Rhodes Scholar, husband [Michael W.] Mike McConnell. You ever see, he was then clerking for [Supreme Court Justice William J.] Brennan [Jr.]. And I said to Mary, "I want you to be an expert in urban policy," and I gave her the stuff on [Margaret H.] Thatcher and enterprise zones and all that and I said, "We're going to get into that. And I want you to really, you're going to

be the key person.” She actually eventually went on to OMB [Office of Management and Budget] after this. But she was terrific. So I was able to find people like that and that really gave—

Kondracke: Was Bartlett already on the staff? Bruce Bartlett?

Smick: No, he had left, he had left by that time. He was there much earlier.

[interruption]

Kondracke: So all these meetings were about how much control you would have, your authority?

Smick: Control, and other little stuff, but it was basically control. I look back and I think this is one of the five most exciting years of my life because there was always something new. I would say Kemp had these extraordinary instincts. He might have like, his instincts on a social level were sometimes flawed in that he could walk into a room, I remember he was, we were at some event over in the Senate and Nancy [L.] Kassebaum was there and she had a press conference. She was a senator from Kansas, and she said, started just giving a, somebody had prepared a three-minute little good to have you here, blah blah blah, the economy is this and that. We need a balanced budget, we need this—Kemp, instead of saying, “Thank you Nancy,” he gets up and then does a little lecture on why the goal isn’t balanced budget; the goal is non-inflationary growth. But I remember the whole time thinking, what’s this all about? So he’s got Nancy Kassebaum thinking what an asshole. And yet, on the bigger picture,

on the big issues, he had an uncanny sense. Again to go back, he could reject conventional wisdom and he knew in his heart that the whole question of tax bracket creep, which was the issue in the late seventies and middle class families were being inflated into the tax rates of the very rich. He knew that that was not a right-wing issue, that he had gotten into a lunch pail issue that involved the vast majority of the country. And you say, well, everybody knew that. Well, they didn't, I've got to tell you, they didn't. Almost the entire Democratic Party rejected it and the traditional side of the Republican Party, Barber Conable, all those guys—because theoretically they didn't acknowledge that if you are suddenly as a middle class family being reflatated or being inflated into a higher tax bracket that that would have a disincentive effect. It wasn't acknowledged. So, no relevancy. And I think he kind of knew it. He knew too when you're talking about moving a top marginal rate from 70 to 28 that was revolutionary. Now they're quibbling at the [George W.] Bush tax cuts. It's like these little things, it's like a political football or something, but it's not revolutionary. But moving the capital gains rate down, that was a big deal. Agree with it or not, but it was big and bold, and in this case the most revolutionary thing they did is something most people don't even think or know about. They indexed the tax rates to prevent bracket creep from having, you know it wouldn't have, but you know bracket creep still, you get a certain amount of inflation. But back then the inflation was, people, I remember my dentist, around the time he had cut down to three days a week, basically he was doing real estate. He said "I don't want any income." So I think that was, Kemp kind of discovered that. He could feel that.

Kondracke: He got it from Wanniski though, didn't he?

Smick: Ummm. I think Wanniski gave him, yes, Wanniski, Art [Arthur B.] Art Laffer, they tried kind of put a, I think he had a gut feeling, and then they tried to put some kind of a theoretical veneer around it.

Kondracke: So the history as I understand it was that he was in favor of all kinds of ordinary business tax cuts. You know, depreciation, rapid depreciation and stuff like that, until Wanniski came into his office in 1976 and then they spent the whole day talking about the world. Do you know anything about that meeting?

Smick: Oh, yes.

Kondracke: Tell me what you know about that meeting.

Smick: Well, I don't know about that specific meeting, but I know they had this, Kemp in the early seventies said I want to have an economic growth initiative, and the first round, this was under Randy Teague, and the people advising him. It was [a] much more traditional conservative round, it was the Chamber of Commerce grab bag—every little business incentive. This is a famous story so you can get the actual numbers. But let's say, and he had 23 cosponsors, and then he finally realized that that was not the issue. The issue was that the vast majority of the American people were being reflatd into these higher tax brackets, and that needed to be stopped and be changed. So he, I think he called it the Jobs Creation Act. The first one, the sound of it had the connotation was Chamber of Commerce. Then the Jobs Creation, instead of 23 cosponsors, you know, 223

cosponsors. It might have been 123, but it was a lot more. And that was Wanniski's influence. And once you get into these deals they all fight about who had, who really invented it all, who really came up with this or that. I can't really say. It's too bad Jack isn't here, because he probably, well, but he might not want to say.

Kondracke: Well there was actually kind of a fight between Wanniski and Paul Craig Roberts when Wanniski apparently claimed credit or gave an interview to the *Village Voice* or something like that where he took credit for the whole thing.

Smick: Yes. And then Art Laffer and Wanniski were on-again, off-again. I think that the bulk of that friction had to do with more money. You know, they were going to have a consulting firm together but Art thought he brought more to the table, so instead of splitting it 50-50, it was that kind of thing. But yes, there was a lot of disagreement over it. There was a little subtle thing. Roberts and his side, which included Entin and a bunch of people around him, they argued that if you reduced tax rates that you would increase the savings rate, which, I think, if you look back, never happened. Their view of that was not sophisticated enough. People save for a lot of different reasons. It's not just the tax. They have fear of the future; some of it is cultural. Some cultures save a lot; some don't. But I think Roberts thought that the respectability for the whole Kemp-Roth thing would come from an argument that this was increasing savings, which would of course nullify any temporary increase in the deficit. Wanniski's argument was you'd get these feedback effects. It would be self-financing. And the reality is it's only self-financing in the upper income levels. You asked about [Barack H.] Obama. One reason I

was intrigued with Obama, but I thought when Obama during the campaign four years ago was asked about, what was it? Somebody asked him, CBS or somebody?

Kondracke: ABC.

Smick: Yes. [Charles deW.] Charlie Gibson. You know, these aren't right-wing reports. These are serious studies that show you reach a tipping point, you drop the rate, I mean you raise the rate, you drop the rate, excuse me, you increase revenues and vice versa. And he didn't care. Fairness. Thinking you're going to have the budget more out of balance for a political gesture, didn't make sense to me. Anyway, this was, I think that you have with Jude he really pushed that notion of feedback, and it was probably a mistake for Jack to, you know, he never, when I listen to his speeches I don't remember him emphasizing that. But when Jude was pushing with every reporter in town it was hard for Jack. I mean Jack already—

Kondracke: That the taxes would all pay for themselves.

Smick: Yes.

Kondracke: And Laffer, did Laffer—

Smick: That's part of the Laffer Curve. I think Jude really emphasized it. Jack I think was kind of in-between. You know he had this side arguing savings would increase, the level of savings and the savings rate, and that would help mitigate the effect on interest rates of any temporary hike. And I think the miscalculation once they eventually

sold it to Reagan was simply that they assumed that Reagan's political power would be enough to control domestic spending. Because they were going to increase defense spending and they thought they were going to freeze domestic spending and the White House couldn't achieve that with [Thomas P. "Tip"] O'Neill [Jr.].

Kondracke: Right. So when you arrived as chief of staff you say that he had not a very strong staff, and who did you bring in then?

Smick: I wish I could remember the names. First of all was Mary McConnell. We had a very good guy to do economic stuff, John Mueller, terrific.

Kondracke: He was a speech writer too.

Smick: He was there, yes. And then [William J.] Bill Schneider [Jr.] was the defense guy. Jack had been on Defense Appropriations [Subcommittee of the House Committee on Appropriations] and then went on the Foreign Operations [Foreign Operations Subcommittee of the House Committee on Appropriations].

Kondracke: Was he already there?

Smick: Yes, Bill was there. He just moved over. And that subcommittee, Jack was the chairman of the subcommittee with [Clarence D.] Doc Long.

Kondracke: Ranking.

Smick: Ranking, excuse me. With Doc Long. And Doc Long was the congressman from the district where I ran, and I had in late '83, it was kind of sad but I remember one day Long didn't recognize me. I started calling around, and they said it was dementia, and he was still running again. And I said well, whoever has the Republican nomination will have that seat, and Helen [D.] Bentley had run two or three times, and the last time had gotten within a point or half a point. So opportunist that I am, I tried to knock her off. I almost did, but she, the voters were very wise. As my wife says, "I don't see you running after Social Security checks. You just wanted a perch." She's right. The public obviously saw that and said, "Get rid of this guy."

Kondracke: So was Sharon Zelaska there too?

Smick: Sharon was there.

Kondracke: That doesn't sound like a weak staff.

Smick: No, no, no, no, no. It was in the back. The ability to have all the legislative people.

Kondracke: Now what various staffers have told me is that what you say is right, that he would give the same assignment to two or three different people and that they would have to talk amongst themselves and figure out who was really going to do what. That it wasn't really, they don't interpret it as being secretiveness or manipulateness on Jack's part, but that he was just scattered or frenetic.

Smick: I agree with that. Well, I think he, it was more game-playing, but it was much more I think it was just not wanting to be controlled. That was a big deal then. If I wanted to get Jack to do something, what I would do, if I said, "Look we're going to do—" is I would call a series of people that I knew that made a big deal. I would call Irving Kristol and I'd say, "Irving, I've got an idea. Blank blank blank. What do you think? And either agree or not." But he'd usually agree and he'd say or add a twist. And I'd call several other people depending on the issue. But Irving was always a favorite. And then I'd get two or three others, and sometimes it would be Sears. Then I'd go to Jack and say, "I think we ought to do blah blah blah. Irving thinks we should; Sears, so and so, so and so. Make your call, but we've got to make this decision quickly." "Irving thinks that? Call him. I talked to him just yesterday." He's kind of boxed in, you know. The other thing is I would just pluck a number out of the air. "If I don't have this fundraising letter out in the mail, we're losing \$10,000 a day," which back then, doesn't seem like much. I'm glad he didn't say, now how did you determine that? But I'd just say "That's what you're losing." "Oh." But if not, it's "Yes, I know. I'm going to take it home."

Kondracke: He couldn't make a decision about it.

Smick: "Not enough mentions of Margaret Thatcher."

Kondracke: Sharon Zelaska says that it was, it drove her crazy that he would commit to making speeches to people on the floor.

Smick: She had a terrible job. She had a terrible job because Jack, he wanted to have, he was becoming a national figure and yet he was

still a congressman with a congressman's budget. Although we started a foundation and a PAC, and that gave him the ability for us to hire. You know, as I say, we could, with his campaigns in Buffalo we could move around with a helicopter and not have to, and there would be times when we could coordinate his travel, he could fly private so he's not having to change planes to do some speech. But I just remember he'd be furious about, he'd agreed to do some speech for somebody and they'd be flying him back but it would be a turbo jet, not a jet. And he was, "Ahhhh." I guess if your expectations are I agreed to do the speech because I can get back in four hours from Phoenix but I'm on a turbo jet in a little tube for six and a half hours, not good. I was not part of the transportation department.

Kondracke: So was this a happy staff or not a happy staff?

Smick: Pretty much. I'd put it this way. Increasingly it got to be kind of two worlds. There was the, at least when I was there there was this kind of world of Jack Kemp on the outside, and there are people coming in and out of the office and calling in and out. And then there's the congressional types. And I think they probably felt removed, like they're not in that game. There was a guy, Lou Rotterman, really nice man. He took it well but you know, he was a press guy for a Buffalo congressman, and then suddenly he's got a national figure, and he's being relegated to the Buffalo. And I had this guy, [Merrick] Mac Carey. You remember him? He was suddenly doing press, and I did a lot of the columnists—the [David S.] Broders and people like that but it was a natural, the exciting, the glamorous stuff was happening outside of the office. Jack would basically come in and vote. And then it was all oriented toward being, once he decided

that his future was not in the Senate or the governorship of New York, then it was all outside. You know who used to come and see us all the time during that period before? [K.] Rupert Murdoch. I saw Rupert at a thing a while back and we were talking about that. He said, "Yes, I tried to get him to run for governor." He said "I pounded him." I said I remember you'd come in, and I was in short pants, but I said, to tell you the truth, I could tell he was just diddling you. He had no interest in that. He didn't want to run the state of New York. He didn't want to be a manager of that. That was not his thing.

Kondracke: Do you think he really wanted to be president?

Smick: I often wondered if in fact he wanted to be considered as a future presidential candidate but he never really wanted to be president. Pretty awesome. Maybe it's a complement to him that his ego wasn't so out of control. He had a big ego, but not to the point where he said, I am just so wonderful, I'm the God's gift to humanity and I should be running the world. I think he had a lot of respect for that position, and I often wondered, my theory was always, why the divide and conquer? Why keep everyone at bay? Why all that? And part of it, it's just a bullshit theory, but I think he didn't really want to win. He wanted to be in the play as a national figure. It got to the point where he simply had to run, because if he had skipped another race then it would have been a joke. Jack didn't run for the Senate, didn't run for governor, blah blah blah, you know. You know, it's a big responsibility. I think in the back of his mind he couldn't believe he was having the influence he had. Jack was a phys. ed. major, there was a certain insecurity associated with that. The truth was he's as quick mentally, or quicker, and as knowledgeable as anybody, but he

lacked Reagan's confidence. He's smart enough to know that if he really wanted to do it he would have called up the big boys. What I was telling him to do.

Kondracke: Called up the big boys being who?

Smick: You know, bring in a major, go to a [William E.] Timmons and say look, I want to run. I'm definitely going [to] and I'm going to bring in this guy and that guy. I want you to be my guru on all things congressional. Then go to [Theodore J.] Teddy Forstmann, [Alvin R.] Pete Rozelle. He and Kemp were like brothers. I admired Rozelle, I thought he was a class act. Rozelle never put up any money for Jack's congressional races and he always said, "Jack, if you want to run for president and you're really serious, I'll be there and I'll turn it on for you." But Jack didn't run. And by the time '88 came, Pete was gone, or he had cancer, and Carrie, his wife, Carrie [C.] Rozelle did some stuff, but it was— You know how it is. There are people out there who are serious in their professions and don't just crap around with campaigns but once in a while will weigh in? He would have been a guy. I don't think there's anybody in the country that, they got a call from Pete Rozelle and said I want you to go raise x amount for my friend Jack. I'm the chairman.

Kondracke: He would have to have done it in 1980.

Smick: Um hm.

Kondracke: Running against Reagan.

Smick: Yes, unfortunately for him by '88 Pete was gone. But there were other people in his world that he could have, if you really want it. In 1988 there was a fluke in the schedule just prior to, I'm trying to think, one of the primaries, it was pretty late, and Jack had a shot at [George H. W.] Bush, not at Bush, let me see,

Kondracke: [Robert J. "Bob"] Dole, [Marion G. "Pat"] Robertson?

Smick: No, it was a Bush, in '88 they were in Houston and there was a debate, and I guess it was Dole and Robertson. There was a screw-up and they weren't there. Or there was a conflict or whatever. And Kemp had a direct one-on-one in a major debate. And everyone in the Kemp orbit was saying, "Jack, take this guy down. This is like your defining moment. You have a shot." So I watched the debate. It's a love fest. It was unbelievable.

Kondracke: It was a slug fest?

Smick: Love fest.

Kondracke: Love fest. I see. This is something very curious to me. Here you have a guy who was highly competitive on the tennis court, highly competitive on the football field, was playing a contact sport, right? Played hurt all the time.

Smick: Highly competitive with his own people.

Kondracke: And yet when it came to hardball politics, couldn't play it.

Smick: I just was amazed. It was all love fest, like I'm campaigning to be vice president or something. I don't know, but it was not, at that point I said well, it's always in the back of your mind I was putting a business together and thinking well maybe I made a mistake. Should be involved in this campaign on a fulltime basis? I'm thinking oooo, did I make the right move? This is not serious.

Kondracke: Were you at all involved in the Wanniski-Laffer plot to get him to run in 1980 in order to be selected vice president?

Smick: Um, yes, I mean it was kind of like, I don't think it was a plot. It was just floating a bunch of columns of [Robert D.S. "Bob"] Novak and others, you know. What was going on back then is Sears was running the Reagan campaign and Sears was worried about Jack and Sears would come in. I sat in a number of those meetings, and he would, oh, a good anecdote for you. Sears was all friendly, but, you know Jack, timing is everything, but he'd throw out examples—people who ran too early and then they destroyed themselves and all this. Sears was a master when he wanted to take a guy to a mountain top. I remember Sears telling Jack why he should run for governor of New York, and he said, "Jack, have you ever been around a presidential candidate who's just won?" And he said, "No." "Well, let me tell you how it works." Because you know he'd gone through the Nixon stuff. He says, "Well there's a big office building in downtown Washington usually. That's the transition office. And there's this little period of time before you move over to the White House, take control as the leader of the free world. They have a couple of floors but there's a central floor." And he said, "And access is tightly controlled, and on the outside offices in the hallways are a bunch of congressmen and

campaign aides and whatever. But then there's this inner room, and that's the president-elect, and the people who are in the inner room, that's the governors, Jack. And the people on the outer room are all whispering, 'What are they saying in there?' Do you really want to be in congress? Be in the outer room? Even Senators are in the outer room. The governors are in the inner room. They deliver votes, they deliver the states." It didn't work.

Kondracke: Sears was trying to get—

Smick: Jack to run for New York.

Kondracke: In order to keep him out of the '80 presidential

Smick: Yes. "If you're the governor of New York and you're in that room, you're the biggest of the big. But you're in that room, and that guy's asking you, 'So who should I have as my cabinet?'" So, John would come in and then there would be leaks from Art and Jude.

Kondracke: How about you?

Smick: I've never done that.

Kondracke: No, seriously, were you leaking?

Smick: Of course.

Kondracke: The possibility that he was going to run for president.

Smick: Oh, yes. And John would then start coming back more frequently. John's concern was age. It wasn't like Kemp had a big organization or anything like that. Funnily he knew, but it was age. If you recall there were some real doubts about Reagan's age. Now you've got [Ronald E.] Ron Paul running. He looks like he's 100, but he'll be 81 or something? Anyway, that was a big deal, and the feeling was that people would look, gee, you know here's a young Kemp, a mean a young Reagan, Jack Kemp. Might as well go with the younger guy. Then one day Sears came in, and he said, "Look, I've got something I'll tell you, in strict confidence. You cannot tell anybody, but it might affect you, Jack, if you want it. [Martin] Marty Anderson is like our"— I'm trying to think what the policy, it was like the chief spokesman on policy or something like that. "He's being moved out. And then there's Paul [D.] Laxalt, and he might be willing to beg off if it's good for the governor. We might be willing to let you be head of all policy, and maybe even chairman of the campaign."

Kondracke: You were in this meeting?

Smick: Yes. "But you can't say anything because this is all being worked out. Marty is friction, this and that." Basically the Sears group was moving him out, like the way they moved [Franklyn C. "Lyn"] Nofzinger and some of the others. So, how long do you think it took before the contents of this meeting got to Jude Wanniski?

Kondracke: Thirty seconds?

Smick: Twelve. I counted. I said, oh shit. Jack had a private line in his office, and Jude called the private line. And Jack's picking it up.

“What? Oh, yes!” And I said, “Jack, you just told Wanniski? That’s like telling the world. Sears is going to be furious.” “What? What?” And within 10 minutes, Novak, and there’s a column. It’s the column essentially is Marty Anderson being kicked out the door down the alley with all his books and papers. It was horrible. It was a Bob Novak special. And I’m trying to think if in that column, it might have happened in a series of columns, but there was the mention of Laxalt may leave, which I think was just a thing that Sears put in but he hadn’t yet convinced Nancy [D. Reagan]. And this this, it was a fiasco. Now I have never seen Kemp as frightened as when he got the call from Sears. He’s running this campaign, and Jack standing there and I can hear the screaming coming over the phone. It was so blistering. The whole thing was a failure. Anderson’s back. It was a disaster. And Jack’s going, “Then I’ll resign. I’ll do whatever. I’ll resign, I’ll resign.” It was like beyond, like that’s not going to help. Not good. I think Jude’s view was just transparency. Just let it go. Politics is motion. Just any motion moves you forward. Fiasco. Because Jack could have been chairman of the campaign.

Kondracke: He did get named chief policy spokesman or something like that.

Smick: Yes. What he would have been was chairman of the campaign, and that was a much bigger deal, in which he would have access and control on all policy matters. But also been a big deal. That would have set him up as the vice president, potentially. It also might have disqualified him, but never-the-less. Then they came in afterwards and it was, “I’m going to resign.” And, “Don’t resign,” and they gave him some little— We negotiated this thing where, it was

some convoluted title, you know, chief spokesman and chairman for policy development, which basically meant that there's a hierarchy between you and the rest of—

Kondracke: Well Sears got bounced anyway.

Smick: I understand, but this was before then. They had to respect that afterwards because Kemp was big enough. But Kemp never had the influence. We did cut a deal where we would spend three days briefing Reagan, and Kemp and I—

Kondracke: We'll get to that.

Smick: And Mueller went along. We were all out there. Kemp had an interesting thing. During the '80 Convention there was this spontaneous demonstration, which was obviously spontaneous because these demonstrations, that's a big organizational job, because you're constantly trading for floor passes to get a mass of people with signs and all that. So it's going to be, you can look up the night, the big night, televised speech. We negotiated that. It's gotta be a prime time speech. This is where [Francis J.] Frank Shakespeare comes into it. It was in Detroit, I believe. We got to Detroit with a draft of a speech, which I thought was terrible. John Mueller and I stayed up all night and rewrote the speech that, I can't remember who wrote the first draft. Someone from the outside. We put together the speech, and then Frank Shakespeare volunteered to be speech coach. I'm surprised he didn't remember this. They had these slotted times when you could over and practice the speech. So we go over with Jack and they fit the speech in the teleprompter. They have a practice area.

And Jack had never used a teleprompter. And he also, you know, you can't see, he doesn't have contacts. He has, you know, glasses, but he can't see to read the teleprompter. Or he can't see without squinting. And when Frank went through, it sounded like a guy saying how now brown cow 50 times. Ah, geez, it was terrible. It was after that first time, that's when Mueller and I went back and stayed up all night and rewrote the speech, because it had none of Kemp's words. It was someone on the outside had written it.

Kondracke: How would somebody else on the outside have written the speech?

Smick: I don't know who had written it. I just remember saying this is not him. He's out there speaking off the cuff. So anyway we wrote this speech. I thought it was a good speech by the time we were through with it, it was pretty good. So we go down for another run, and at the time I remember we're trying, Jeff Bell was there and he's telling me about some guy who was an expert with contact lenses, helping people, we're talking to Jack. "Jeff knows this guy, we'll get these contact lenses. You got to be able to see the teleprompter."

Kondracke: Did Jack wear contact lenses?

Smick: No.

Kondracke: No.

Smick: No. He had glasses but he wasn't going to wear the glasses.

Kondracke: He wasn't going to wear his glasses while he was making the speech.

Smick: Yes. So, you know, this is a fly by night outfit. The congressional office with a few hangers-on. Anyway, he keeps practicing, and every time I would call Frank, "How was he?" "Well, it's not good." And that morning he practiced again. Might have been the afternoon and it was particularly bad because at that point he was really getting tired. So, you do what you do. That night he is supposed to go on right after Barry [M.] Goldwater and right before Henry [A.] Kissinger, and that was the lineup that night and then you hit eleven o'clock. Barry Goldwater goes on forever and they can't stop him. He says this is my moment and I'll probably be dead the next time. You know, who knows, but that could not stop him. At that time we're in a panic because we've got all these people out there who've all, you know their signs, we've got this big thing to be draped across the convention floor, you know "Kemp in '80. VP." It's a big, it's a lot of people involved in this thing.

Kondracke: All designed to affect the Reagan campaign?

Smick: Yes.

Kondracke: Yes.

Smick: It's all, you know, but the whole time I'm saying this is going to be a disaster because it's going to be how now brown cow. The guy is supposed to be dynamic, the future of the party, and it's like "We are here to—" It was frightening, when I look back.

Kondracke: How did it come off?

Smick: Well, I'll tell you. So, there's a guy who's a congressman, Evans, from Delaware. What was his first name? Congressman Evans. Do you remember a Delaware congressman, one of Kemp's friends? He had the job up on the stage, he's a little stage organizer for the Convention. It's a pretty good job, right in the middle of everything. So you would come up under the stage and then you'd come up these steps, and you'd come out and then they would coordinate with, the person would start reading your introduction and then, usually it was like, somebody would introduce you and then you'd get up and do the speech. So we're waiting there. Goldwater is going on forever and I'm going, oh shit, shit. The word comes down from [Michael K.] Mike Deaver and he says, "Kemp's out." Kissinger goes on next, it's 10:30 and that's just when Goldwater finished, or 10:20 or something like that. And we said what? Kemp gets on the phone, "All right. Yes, Mike." That's it. He's been bumped to the next night, which means it's impossible. Of course Deaver, I'm sure, didn't want to have the pressure of this spontaneous demonstration. So Kemp says to me, "Look, we did our best." Whatever. "We'll regroup for tomorrow." So he walks out of the little stage, the behind-the-scenes prep area, and you walked out and you're kind of like in the arena, outside, the little ring, the hallway, back in the stadium. But there's a mass of people and he walks out there. Anyway. So I walk back in to see Shakespeare and I hear in the background, I hear this, "And then he played for the San Diego Chargers." So I start up the steps and I'm listening. [Thomas B.] Tommy Evans [Jr.], that's his name. Come to find out the call comes down to Evans. "Cut Kemp,

Kissinger's going next." And Evans said, "The hell we are," and he had this woman who, I think she was some office holder in California, who was going to read the little brief introduction, and he tells this woman, "Introduce Kemp. Do it. Introduce Kemp. Do it." So she gets up and introduces Jack Kemp. Meanwhile Jack Kemp's nowhere to be found. I remember saying, "You mean he's on?" "Yes." And I race down and I look out and I see this sea of humanity. It's like being at a football game, you know, when you're underneath. But that hair, this big shock of hair. I start yelling for him and I race through this crowd, "Outta my way, outta my way." "You are going on, right now." "What? Kissinger—?" He runs back, you know that guy, he's lived a charmed life. He had some kind of a good luck charm. He runs back. He climbs up the steps. Talk about adrenaline, right? He goes out, he doesn't even look at the teleprompter beyond the first two lines. By that point he's memorized it, you know? He didn't realize he had internalized. He gives the speech of his life, and it's all this big rush and the quote-unquote spontaneous demonstration that takes off, it was spectacular. It was his introduction as a national figure, which almost never happened. I just remember that thinking little things in life. Evans! The guy who just said "Screw you, Deaver. No, I'm not doing that." I remember, and then Henry is there [imitates Kissinger] befuddled.

Kondracke: Doesn't get on prime time.

Smick: Doesn't get on, no. It was funny. [laughs]

Kondracke: But Kemp had no chance of being vice president, right?

Smick: No. Well it was hard to tell. We went back and forth. As I understood it, the word that came back to us was that Meese said to the president, now [Edwin "Ed"] Meese [III] may deny this, but I heard it from people very close, they said to the president, "You can't do Kemp because of problems in his personal life." And there was a thing that went back to when Reagan was governor on a homosexual issue. And that was, I asked Kemp about it long before this. What is that? Tell me what it was all about. And this is his take. He said, "Look," he said, "I was, when Reagan was governor, I was playing football, but, you know AFL [American Football League]." He said, "I was the equivalent of a glorified intern in the off-season, just interested in politics, hanging out. Maybe a little more glitzy than a regular intern, but basically hanging out." He said there were two sides to the Reagan governor's orbit, universe. There was the side run by Meese, Nofzinger, [William P.] Clark, and then there was a whole other side, which was run by a guy named Sandy Quinn. And then he ran off some other names. But that side tended to do the PR. He said, "I was part of the—hey— we need a guy to do a speech, the governor can't do it, send one of the surrogates. You know, I'd go in and rattle off some stuff. I had liquidity, not much, but I was making a little money in football, more than the vast majority of people there," and he said, "Quinn said we have an investment opportunity. Are you interested in it?" It's in Lake Tahoe, and it's a series of townhouses or something. So he invested in it, and he claimed he had not really even seen it. He said, "I saw pictures on it. But it was just a passive investment." But, unbeknownst to him, Quinn was homosexual and there was a lot of parties. Quinn owned one of these townhouses and then the others were part of this investment group. Anyway, both

sides got into a huge, huge war. Typical of Reagan, infighting. And the Nofzinger crowd went to smear big time Quinn once they found out, and it got very nasty. Kemp said, "I was collateral damage. Somebody saying to me, 'Nofzinger says you were an owner of this townhouse where there are gay parties.'" So that was his take. I will say this. I remember the *Washington Post* in 1980 looking into that and I remember having, geez, who was it told me, somebody really definitive said they had talked to the *Post*, the top. I don't know if they had talked to Katharine [M.] Graham, whatever. But they had looked into that because there was some suggestion that there had been a wiretap on this particular party. But they listened very carefully and they saw no indication of Kemp's voice or anything like that, so I have no reason to believe it was anything other than a passive investment. But, if you didn't want Kemp, all you have to do was, Reagan says, "Ooh ooh." Okay. That may not be true but that's what was told to us by more than, I mean, senior people. You know you can see the Reagan back then, it was not like, oh, he'll be a great president; it was like he was the right-wing crank who could destroy the world, and he won't get elected. Remember the nonsense? It was like well, it's too bad, if the Republicans were smart they would nominate Howard Baker and then they'd take it all. But they nominated this actor. He'll be a failure, he'll be blown out. So much for—the view was to neutralize Reagan's right-wing element to make him more acceptable to a general election, we would need Gerry Ford, divide the Oval Office in half. It was a joke.

Kondracke: Right.

Smick: Or George W. Bush.

Kondracke: Let's go to the LAX [Los Angeles International Airport] meeting. This is the briefings now. Three days of briefings, right?

Smick: Yes.

Kondracke: Now [Lewis E.] Lew Lehrman calls this the Boarding Party, meaning that this is where you guys convinced, or Kemp convinced Reagan to make Kemp-Roth the basis of his economic policy. Is that what happened?

Smick: Yes, I think part of it, I think he was almost there, he had been mentioning it. But it was a payback for Kemp's support to be able to sit there for three days and make it clear. We came away thinking Reagan's bought on. It was interesting. There was a period I remember where, Kemp did a pretty good number. He said, "Governor, this talking about the welfare queen—. [imitates Reagan] "Well, you know." He said, "You should stop that. People think of racism when you talk about the welfare queen. We should be talking about growth." And I think Reagan was absorbing that. You know who would call me every couple of hours, desperate to get in? Leave a little message? [David A.] Dave Stockman. [imitates Stockman] "Do you need anything on energy? I've got a reservation. I can make it to the airport." Desperate. It was funny. The girl would come in with a pink slip. Oh, no, another one. "Oh, the budget. I can talk about that too."

Kondracke: What else did Kemp say in that meeting?

Smick: We talked a lot about different approaches to the economy. Nothing out of the ordinary. My personal feeling about it was I was rather shocked, because the first night I went out with all the political people. I don't know where Kemp went, but it was all those guys—Sears, Charlie, and the rest. I was just amazed how they denigrated Reagan so much. And I said, "John"—I guess they'd given him a briefing book; he never looked at any of that stuff, it was like— But I remember asking him, I said, "Well if this guy is so stupid, why are you running him for president? What are you doing to the country? You know him." But it is disarming when you're around Reagan, because he will follow up with these stories, that are somewhat germane and somewhat not. So what's that? And yet later you realize he's internalized a lot more. By the end of the sessions then he would summarize and he'd say, "Oh, yes, okay." The other thing I thought was interesting was, I'm trying to think. You had this group in there and I noticed that when we had breaks no one would go up and talk to Reagan. I did, after a while. He would just stand there. It was like, unapproachable? It was just odd. And then the other thing was, there were two other things. One was I was thown—he showed up every day in the same sports coat, and it had these big wide patches of different colors. And I would think, must be a California thing. Nobody running for president would wear, it looked like the Wizard of Oz scarecrow jacket or something. The first day, okay, but every day. But the third thing, you'd have these sessions and you'd get to the end of the session and then they'd say, okay, and I think Marty Anderson was kind of unofficially, "Okay, well we finished on that topic. Now why don't we take a break?" And Sears would sit over in the back and he would have a cigarette like this. I kept thinking he was like Erwin [J.E.] Rommel or something. "Hold it, hold it. Before we go, one

thing. Let me just say something here.” And then he would deliver these five minutes of comments, but basically by the end were highly, highly disrespectful of Reagan. And so when he got bounced I was not surprised. He’d pick some story and then destroy it. And it told me there’s problems here. There’s something going on here. It was really unnecessary, but interesting, you know, for a kid like me. I’m sitting there, like what’s this, interesting—

Kondracke: Did Kemp hear any of that?

Smick: Yes. It was in the meeting.

Kondracke: It was in the meeting?

Smick: Yes.

Kondracke: The disrespect?

Smick: No. It would be like, we would be about to end the meeting. I’m thinking it happened at least twice, it might have happened three times. We were about to end the meeting and he would always come in right at the end and sometimes, before we were, he’d say “No, no. Hold on one minute. I want to say one thing.” And then he would do his little thing, which always, I thought, you know—

Kondracke: Undermined Reagan?

Smick: Yes. Kind of like—

Kondracke: Was Kemp offended by that or not?

Smick: I don't know, but I was amused by it all, because I thought, this is something strange. What's this all? I actually put that in my book, *The World Is Curved*. There's a little vignette about. It was amusing. It told me a lot going on here.

Kondracke: It's curious that Kemp would have trusted Sears to be a political adviser of his when Sears was so dismissive of Reagan.

Smick: Yes, but Sears had an aura about him, and Jack always was respectful that. But of course he didn't give him control. He created all these little spheres of influence.

Kondracke: What role did Sears play in the '88 campaign?

Smick: You can ask others. My sense was no one had control and his was marginalized the longer it went, and I think there might have even been divisions created between Black and Sears. So it was never—

Kondracke: When you guys went out there, Lehrman says this was known as the Boarding Party. Did you remember ever calling it "The Boarding Party?" I mean like pirates

Smick: No, I don't remember that. He probably wasn't aware that there had been a lot of discussions. I mean Jack was pounding on Sears and Reagan to change his economics.

Kondracke: In what way? How?

Smick: End the austerity. Growth.

Kondracke: Talking to Sears or talking to Reagan?

Smick: Yes. Every time Sears would come in Jack would say, "Well, he's doing a little better, but he's got to stop saying this and that and that." And he'd say, "I got him to end this." And so they would go back and Reagan would end this.

Kondracke: Was Sears the main conduit for—?

Smick: Initially, yes. I remember. And Jack would see him. They might go on, they might be on the same speech circuit and they would be together. But this was kind of like negotiation of things that Reagan was saying that Kemp found troublesome.

Kondracke: Yes.

Smick: But it wasn't like Lew calls it a boarding party as if it was abrupt. No. It was all developing. Sears I really think saw the politics of what Kemp was doing. He was not interested in the economics as much as, you have a guy whose claim to fame was telling the story about the Chicago welfare mother who had 57 husbands and 300 welfare checks coming in, and it just conjured up all kinds of, that's the Republican party Kemp hated. He said, "And Reagan cannot perpetuate that. He's got to stop that. And he got to stop talking about inflicting pain. He should talk about unleashing the resources of

the economy.” You know, you look back, the Republican mantra was not that. Reagan might have been there halfway, but Kemp really pushed him to say look, your model—

[interruption]

I asked Sears one time—I was just playing with him—but I said, “Can you say one nice thing about Ronald Reagan?” This was after Sears was, Reagan had been president for a while, and I said, “I know you’ve had your differences. He got fired, obviously. And he said, “Yes. He has fabulous instincts.” That said it all. Sears also had a phrase, “Reagan has a sense of appropriateness towards the presidency.” He knew how to act like a president, but he also had fabulous instincts, and his people couldn’t understand that. Back to the Kemp contribution to Reagan, people think, oh well, got Reagan for good or bad, depending on your opinion, got Reagan to buy into supply-side. But I think it was more important than that. I think that the Republican political model up until that point, given that Goldwater was a fiasco, it was Nixonian. And it was, the model was very much a zero-sum, and it was keep lists. Pick out these enemies; these are your allies, and if the allies are more powerful than the enemies. Then you play groups off against each other. So you run on law and order because that sends certain messages and it brings on one group at the expense of another. And that was the [Richard M.] Nixon model. And I think Reagan, his natural instincts were not the nature of his personality. He was an optimist. This is the guy who found the pony and the menorah story. He was the optimist. And I think Kemp’s contribution to Reagan has to be, because I remember we talked about this during those days in California, it was to get away from the

zero-sum. I don't think anybody called it Nixon, but I always thought of it as Nixonian, you know, the zero-sum approach, and tried to, which I would say is quickly becoming the Obama approach, and concentrate on the [John F.] Jack Kennedy. Lifting all the boats, the inclusive one. And so you can argue the merits of urban enterprise zones but it's important to have an urban plan. You don't just say, "Oh, I represent only one part of the country and now we have a slight majority." You represent everyone, and I think that was his contribution, and he pounded that. We all did, with Reagan. That was a big emphasis, to pull him back. And don't I think Jack was saying, oh, you've got to agree to this particular tax plan, although he would prefer it was his, but it's a mindset. I always call it stop the welfare queen talk. And that was a big part of Kemp's contribution.

Kondracke: So Kemp had great instincts too.

Smick: Kemp had great instincts. And Reagan wasn't quite there. He had run before and he was playing to the conservative side of the Republican party, and Kemp, I think, helped him come up with a much more inclusive optimistic scenario that would include the whole Party and eventually the whole country. And Reagan you could see was buying into that. And that would be part of the Sears discussions in those primary days. Of convincing Sears, who had enormous power, and eventually convincing Reagan. There were times when, Sharon [Zelaska] can give you the dates, but there were times when Jack and Reagan would fly together, and Jack would pound on, this is afterwards, but it was constantly emphasized.

Kondracke: During the '80 campaign? After the Convention?

Smick: Yes. I just remember the times, because we would war game those times, you know it wouldn't be the whole time. But they'd say, "Well, they're going to bring me in for 20 minutes on the flight." And we'd war game what he would say. I was always afraid of the word from the supply-side, "Hey, we got to war game this meeting." I don't know why that phrase was apropos. There was one other thing I thought about during that period, I'll tell you in a second. Oh, I did this booklet on enterprise zones. I went to the House Administrative Committee and said, "If I did a book on enterprise zones with a picture in the front, could I frank that?" And they sent me back a letter that said yes, so I wrote a piece on enterprise zones. I got to tell you I think it's one of the best things I ever wrote. It was a speech, but it also got to some of the substance. It was about the approach to the inner city. I remember it had the cover of the South Bronx, and we had brought on, who was the guy from congressman from the South Bronx?

Kondracke: [Robert] Bob Garcia.

Smick: Yes, Bob Garcia, who had a really nice staff. And he was a nice guy. He got into trouble, but really nice guy. In the Senate we brought on [John L.H.] Chafee, another nice guy. But Garcia, I love those guys. They're really nice people. I don't know, up there now everybody hates each other, but back then we all got along. But Garcia, I remember we had the Kemp-Garcia bill in the front, but it was basically a speech by Jack. So one day I get in the mail these pamphlets that are about like that [demonstrates] that I had franked to the world. You know, I said can we do that? And they said sure,

it's a policy speech. Sent it out, so I get this thing in the mail that one of the mail people brought in, said, "Oh, you'll find this interesting." It's from Reagan, and Reagan had taken this thing and, all over it, in little writing he had all kinds of notes, and they were very, very specific to the point.

Kondracke: Do you have it?

Smick: Well, I probably have a copy somewhere, but I remember getting this thing and then I showed it to Kemp, and he was like jumping around the office. Because this thing had big margins, and I was amazed at how detailed Reagan was. And then I thought, well, he had been governor. He must have known a lot about urban policy, because he was really on it. He had suggestions and comments, this and that. And I said, "Well, I'll take that." And he said, "No, the advantages of incumbency, Dave." And he put it in a file somewhere. He's got to have it somewhere, or they have it. That was pre-election. At first I thought it was kind of a Sears-invented, little love note for Jack. Don't run. Look, I'm doing your stuff here. But then I began looking at the notes, and it wasn't like, underline "great line," or "important point." It was crammed in. You know, "In California I did this. Have you thought about this, have you thought about this?" Really interesting. I said, let me make a copy. So I made a copy. But I probably have it somewhere, but, I did have a lot of stuff from that era and we had a basement flood in one of our houses way back, and it might have gone with that. I had some campaign stuff that went too. I wish I had old pictures and stuff, but there was about that much water [demonstrates].

Kondracke: How smart do you think Jack Kemp was?

Smick: Scale of one to ten? You know, eight and a half, nine. Quick, very quick. He had a style that he adopted, which I call it kind of a deliberate bravado that kept people at bay. So they couldn't get too close. And again, I think it goes back to that, ooh, I'm just a P.E. major. The reality is that he read a lot of books and he's very quick and he knew a lot and he was inquisitive. That should never have been an issue. But I think he needed that bravado, to, I'm sure you've been around him, to keep you off-base a little bit. Jokes, barbs, this and that. That's I don't want you to get too close to me because you might find out I don't have a Ph.D in nuclear physics, I think. He didn't really need to worry about that. He had all the brain power he needed. Some of it is temperament, some of it is to be successful and that, instincts. Reagan had that.

Kondracke: Did he have any really close friends? I mean, close, close friends?

Smick: I think so.

Kondracke: Who?

Smick: A lot of former guys in California he stayed in touch with. No, he was not a loner in that sense. He was also, he had Reagan's sense of optimism and he wasn't mean-spirited. He wasn't a guy who, I got to take lists, I'm going to take you out. In fact, the times when he should have been tougher, like with Bush in that primary, that wasn't in his personality.

Konracke: How did he take it when Stockman, who after all he'd gotten the job at OMB, then comes out in the *Atlantic Monthly* with [William] Bill Greider and says that Kemp-Roth is all a Trojan horse?

Smick: Well, if you look at what Novak wrote, 28 columns about that, each one more and more embarrassing for Dave. You know, Jack would have written one. I think he was initially brownd, but he didn't have that 'I'm going to take him out.' It was more of "Well, he doesn't know what he's talking about. Poor Dave." I was surprised, because the people around Jack were really doing everything they could. And I think Dave, I think Wanniski probably took it the hardest, and Wanniski had convinced Novak that Dave was mentally a little unbalanced. That seeped into the column, and I'm told that Stockman was unforgiving. "They called me a whack job." But, hey, Stockman did what he did. He didn't need to do that. He could have just said, "I'm quietly moving on. I don't agree with you anymore." But that was all 'Look at me,' so I think a lot of the payback was Jude [Wanniski]. I sure there were others too. I got to tell you, I used to sit occasionally, there was a guy who was his chief of staff, [David] Dave Gerson, I think that was his name. I'd go over and sit, and then Stockman would come in once in a while, over in their congressional office, and sit down. This would be late at night. Just to chat. I always got the sense with those two that everyone is an asshole, except for me, and Jack. But everybody else. And then I kept thinking, when I leave, it's just Jack. You know what I mean? That was their approach. It was, "These are all idiots." And Jack was just the opposite. That probably was his secret. He was not 'take no

prisoners.’ He had a lot of flaws, but that side of Washington never appealed to him.

Kondracke: What other flaws did he have?

Smick: The biggest I thought was lack of confidence, which caused him to keep people, you know, it was almost like a subtle campaign to avoid success. He literally could have had it all. It was there. He had to manage his relationship with Reagan early on, and Sears was setting him up, as chairman. Setting him up, as close as can be, and he blew it. That was his moment, to be whispering in the ear. Because Reagan said, “I buy the politics of inclusion, I buy this, where he’s going.” And he had that chance.

Kondracke: Right. Just a few more things. After Reagan gets into office and they pass Kemp-Roth, which, you can talk about the process if you want to. But then, well, they passed a lot of other junk too that was in the bill that Jack at the time was distressed about. Ten-five-three and all that stuff.

Smick: TEFRA [Tax Equity and Fiscal Responsibility Act of 1982] was it?

Kondracke: ERTA [Economic Recovery Tax Act of 1981] was the first one. Then TEFRA was ‘82.

Smick: TEFRA, yes, ‘82.

Kondracke: TEFRA was '82, when they pulled some of that back, all the Charles Walker stuff, the Chamber of Commerce stuff. But as I understand it, when the stuff was being added to the bill Jack was distressed that all that stuff was going in.

Smick: During the negotiations, his argument was you should move the personal tax cuts forward. And they were going, no, no, no, backload it all. So I think, and that was only 25 and it was back-loaded, and I think the idea was, once this fervor is over, Reagan will come in and reverse it.

Kondracke: So it will never go through.

Smick: Well it will go through, but you might get the first five, and then after that Reagan would reverse it. I think part of the ten-five-three, you know it was never big on Kemp's agenda, but people would come in like Richard [W.] Rahn, black patch, and Roberts and others and say, this was the coalition. It was essential to have this, because they would not have supported the individual rate cuts. It was a deal. And Kemp never had any heart for it. It was like, who needs that? He was much more interested in the indexing and the capital gains than the personal rate reductions, but the problem is that they back-loaded that. Here you have, [Paul A.] Volcker [Jr.] is crunching the economy, breaking the back of inflation. By the way, I used to argue that to Kemp and then Wanniski and the rest of them used to say, you're just a Keynesian, and he's not for gold. I used to argue, you should make the argument that all the positive stuff being said about Volcker, he broke the back of inflation, that's true. But he did it because Reagan allowed him to do it and looked the other way. And if you had not had

the Reagan tax cuts, instead of a deep recession we would have had a depression. So the Reagan tax cuts were absolutely essential toward allowing the Fed [Federal Reserve Board] and Volcker, to break the back of inflation. They hated that. That was Keynesian.

Kondracke: Well Kemp called for Volcker to be fired.

Smick: Well I think the argument was when Volcker was, let me go back. The supply-siders were the first people to identify monetary policy as even an issue to discuss. And you look back, and I would argue. I remember Alan Murray with the *Wall Street Journal*. He was going to write a book on the supply-siders. I said, look there are all kinds of books you can write, but I said, the most interesting thing if I were writing a book is how do guys—a back bencher in Congress, a football plus all these eccentric people. How did they pull this off? That's the interesting thing. To me, if I'm a historian I'd say, why is that, how'd they do it? What's the nature of it? And of course he never bought it. He just wrote what you would expect and it never went anywhere. When you look at it today, people back then, we had to explain what the concept of a marginal rate was. That was part of those papers that I rewrote with Wanniski. Today it's taking for granted. I hear Democrats all the time saying well, we're going to raise taxes, but we're not going to raise the marginal rate; we're going to do this fee and that fee. It's interesting, because they've assimilated that, and if you told them they're supply-side and they bought into that they'd say, ugh, that's terrible. No way. But the truth is they have. Same thing with monetary policy. Nobody talked about monetary policy. But the fact is Reagan was in a situation where the supply-siders brought up monetary policy but they had a

problem, because Reagan, the Reagan's ear was when tax policy was in the direction of Kemp, while the monetary policy was in the direction of Milton Friedman, and Milton was very, very influential in this thing, from a distance, through Beryl Sprinkel and through that whole California. Beryl Sprinkel was like Paul Volcker's early Christmas, because Sprinkel came in and said, well, looking at the monetary aggregates we clearly should be tightening, and we should tighten further. And it was clear that they were breaking the back of inflation, which was good, but Volcker needed to suddenly, okay, now it's time to ease up, and Volcker, who is, I admire him a lot, but Volcker is a procrastinator. That's the way he was at the Fed. That's his whole schtick, and Volcker basically just kept his boot on the neck of the economy, and Sprinkel inadvertently allowed him to do that. Because Sprinkel was saying—

Kondracke: Sprinkel was at Treasury.

Smick: Yes, he was undersecretary for monetary policy, and he was saying, well, look, the monetary aggregates are still out of line. Maybe Volcker needs to tighten more. And Kemp was saying that's insane. He was arguing do a price level. If you do a price level and prices dropped, you should take your boot off the economy. That was the big fight. Once the tax cuts were going you approached the monetary policy. And when you look at it, this was the fight within the Reagan orbit, and most of the economics profession was out to lunch. We used to laugh, we'd say, and this was a Wanniski line, "They don't do windows," which of course Novak used to buy into all the time. They don't do windows. It was like, oh, I can't talk about monetary policy, I don't do windows. And monetary policy was the game, and it was

being fought out between the [Milton] Friedman/ Sprinkel side and then kind of the Kemp side.

Kondracke: Did Kemp have any influence at all, or try to have any influence on monetary policy?

Smick: Yes.

Kondracke: Other than to say that Volcker was doing it the wrong way.

Smick: Yes.

Kondracke: But Reagan didn't listen to him, or?

Smick: Well, I think Reagan did, quietly. We proposed legislation. You remember Richard [H.] Medley, who I went into business with for a while. We had legislation with St. Germaine [phonetic]. Initially it was with Byrd, and it never really was influence, but it was discussed. It was discussed. Legislation that dealt with the Fed, it was just enough to catch Volcker's attention. Because Volcker was getting a free ride to basically crunch the economy. The issue was not whether Volcker should have done what he did; they had to do something. Inflation was destroying the country. The issue was when do you ease up, and the truth of it, neither Friedman nor the Kemp side in the end had the final say. What had the final say was developments in Mexico where there was a debt crisis and Volcker had no choice. He eased in part because of the Mexican debt situation. [Manuel H.] Manley Johnson, who eventually went to the Fed, told me he needed an

excuse to ease, because he was under political pressure, but he didn't want to lose face, and they used the Mexican debt thing to say look, that's destabilizing the global markets and prices have come down. But Wanniski and [Robert] Mundell, Mundell at that time was coming down a lot, this is before he won the Nobel Prize, but he would come down. They were arguing that if you look at a price rule, the Fed is excessive in its tightening. It was just interesting. As I say, I go back to telling Alan it's bizarre, it's bizarre. They're a bunch of outliers. And they all hated each other.

Kondracke: They did hate each other?

Smick: Sure.

Kondracke: Who hated each other?

Smick: Oh, the supply-siders all hated each other. Not Kemp. He was the king. But there was always fights back and forth.

Kondracke: Personal fights?

Smick: Oh yes.

Kondracke: You actually told me at lunch one time, you almost saw a fist fight between Paul Craig Roberts and Wanniski. What was that?

Smick: In 1982 I did this conference, put on this conference, I was kind of interested in the subject. So we did a conference, I'm trying to think, with Bob Mundell and Kemp. It was an international monetary

conference. We had Otmar Emminger, who had just stepped down as head of the Bundes Bank in Germany, and then we had George [P.] Shultz and a bunch of others. They all came. This is a one-day conference in a hotel in Washington. As part of the discussion I guess Paul Craig Roberts, who was still at Treasury or had just left Treasury, he had a little tiny role on a panel in the afternoon, not a big role. All the big guns were in the morning. But Jude had no role because he wasn't a big enough, you know, these were all big names. And they talked about, it's a little green book, I have it in my office. It was kind of the beginning of this kind of fundamental discussion of monetary policy. So at the end of it there were elevators but there was also a stairway a lot of people were taking because I think the conference was just on the second floor. And Craig is walking out and I'm there, and as he's opening the door to go down the steps Jude is following him and I'm within earshot. And I hear Craig say to Wanniski, "Nice speech, Jude. I enjoyed your comments." And they were like, fuck you, fuck you, back and forth and about to swing, about to fists flying, one calling the other crazy, back and forth. It got very very nasty. It was quite amusing. But Art [Laffer] and Wanniski were going to go into business, then they weren't, and there was a lot of tension back and forth. It's a little bit like the Beatles. You say, why did the Beatles break up? Why? Well, Yoko Ono, but really money, right? You know, at the end of the day, money. So they were all saying, I had a bigger consulting firm this, and I had this and that, he's taking too much credit. But the reality was this is an interesting period because these are very unusual, exotic figures, some of them, who had influence. Look at Mundell. Not only was he right there in this kind of big monetary discussion, then he goes off, I mean, you've met Mundell.

Kondracke: I've never met him.

Smick: Oh, you'd be shocked. Then he goes off and he charts, because he doesn't want to talk about it now, he sets up the theoretical framework for [the] European Monetary Union and the introduction of the euro. And they follow it! I mean, he had won the Nobel Prize on this. Then, he's now spent the last five years in China. He's adviser to the Central Bank. It's an odd collection.

Kondracke: Do you think that Reaganomics and the whole supply-side revolution 1) was a success and 2) is the appropriate economic formula for sort of all time?

Smick: Well, first question, yes. I think it was a success. I don't sell it the way Wanniski or some of the others would say tax cutting is the only thing that matters. I remember listening to [Alan] Greenspan once, a breakfast and we were talking about Reagan, and he said he thought Reagan's tax cuts were important in turning around the economy but he said just as important or even more important he thought was Reagan firing the air traffic controllers. Because he said, I [Greenspan] had a lot of corporate CEO types as clients, during his consulting firm, and he said up until that point there could no labor reform. It was just unthought of because the understanding would be there'd be a major strike and potentially a national strike. So here you have Reagan firing a union, and everybody was waiting for a national strike, you know, like a Teamsters' shutdown of the entire transportation system, and it never happened. That was kind of a tip-off to every CEO in the country that they could now take on these

bloated dinosaurs that were being laughed at at the time, the American corporate scene. And if you recall back then people said the model was Germany and Japan. America's gone, their corporate side is a joke. So it was like, we're going to restructure. It was a massive restructuring through two decades. So Greenspan's argument in part was, that gesture by Reagan, which everybody was against in the administration—I know Nofzinger was—but he said, "No, no, no. We're not going to have the system held hostage. It's against the law. Here's the legal document they've signed, they agreed to. No strings." But I look at it this way. Was it sustainable to have massive bracket creep so that you have middleclass people paying 50, 60, 70 percent tax rates? No. Supply-siders, they really have lost the battle, the PR battle, and won the war in a lot of respects. The PR battle, if you mention supply-side, ugh. People say, ugh, oh, that failed. But then when you say, you talk about the substance, why didn't the president of the United States, a liberal Democrat, why didn't he retract the Bush tax cuts last year? Oh, well, that would be a huge disincentive, a terrible thing to do. It would weaken the economy. Well if tax rates don't affect economic activity, why would he care? He would say, well, it doesn't affect economic activity. It's a tiny amount. These guys have had an effect. Their problem was they became too zealous in attributing it all to tax cuts. The economy is much more complicated than they realized. The Republicans now are looking at it as we can pull out of this situation we have here, though some tax gimmicks. Well that's not going to happen. Maybe they'd be helpful, maybe a tax reform would be helpful. We were talking about it at lunch. When you have a series of bubbles in a world economy that have to be dealt with, and you have asset prices across the board at unrealistically high levels that are being propped up, it doesn't matter what the tax level

is. There are more fundamental issues at work here. But I look back and I say, I think that historians will look back and say, somebody will write a great book about the crackpots, call it "Crackpots," who had influence. They were wrong on certain things and they were extreme in certain things and they argued this and that, but the reality is that Art Laffer makes a simple point. At some level of taxation the economy becomes highly inefficient. People don't work if they pay 100 percent to the government. A few might, Warren [E.] Buffett might. Oh, no, he won't actually. He hasn't offered up his, he was given the opportunity, right? To write a check. But he won't do it. People want a, there's some level of efficiency within the tax system, some rate that's an equilibrium rate, where the system is efficient, because people will pay a certain amount of taxes, and then above that they look for shelters. So you can have a higher tax rate, but be assured they'll get the shelters. As long as we have Congress, they will get the shelters. So what is that rate? Why not eliminate the shelters and find that rate? Have it for the rich, but find that rate where they're not going to figure out how to get out of it. And you know they should do it with the corporate side. If GE [General Electric] is not paying anything, well you know somebody else is paying the full rate. That's outrageous. So I think the supply-siders introduced that and then when they went into the tax reform stuff in '86, I think that was a pretty powerful legacy, and now it's all being repeated. It's just politics. They're not going to give, in this era, they're not going to give a bunch of crackpots, supply-side crowd, any credit, but the reality is, I think the facts speak for themselves. They were in the game when most people were out of it, both in monetary and fiscal policy, and they made a lot of mistakes.

Kondracke: I think we've covered it. Is there anything else that you think ought to be said?

Smick: Not really.

Kondracke: You've sort of summed up what you think Jack Kemp's place in history is, that he changed the game.

Smick: Yes, I really do think he, for all his warts, all the flaws, I used to argue, before he died I remember we were talking. He was, one day it was maybe a year before he was, we were talking in general and he was saying how, I remember, he said, "It's really strange." He said, "I've had a lot of different people work for me." He said, "They're people I thought would be wildly successful, once they left me, and weren't. I thought you would do okay. I never thought you'd be worth hundreds of millions of dollars." He said, "It's strange." Then he said, "You know I didn't make it all the way." He was very reflective. I said to him, "Well, you know, you've got to figure all the people who've come through Capitol Hill since 1971 on, I can't imagine, on both sides of the aisle, most of them would give their left nut to have had one-tenth of the influence you've had in terms of just the discussion."

Kondracke: Bruce Bartlett says he is the most influential Republican of the twentieth century who was not president.

Smick: I think you can make that argument. Look at it this way. We're going to see a campaign now, in which on tax policy both parties are going to talk about tax reform. Broadening the base, eliminating

the shelters, dropping the rates, both corporate and individual. Now in 1975 nobody would have been, why would we do that? Particularly in the Democratic party. The Democratic party would say, why would we do that? That's absurd.

Kondracke: Well actually the two Democrats did it before Kemp did it.

Smick: Yes. Yes. That's why I have a soft spot for [William J.] Bill Clinton; I love Bill Bradley, I worked on his presidential campaign. Bradley saw it. Tax reform, it's the way to go. I think that Clinton, he raised marginal rates; he dropped the capital gains rate. He didn't need to sign all that stuff. He knew what was going on. Drop the capital gains rate and he had a big dotcom explosion. The bubble burst but, he even balanced the budget as a result of that, temporarily. It's interesting.

Kondracke: Okay, David.

Smick: But when you're through with this, that's your book, The Crackpots. Except for me.