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Correspondence with Congressman Jack Kemp

U S A

Prime Minister's meetings with Jack Kemp.

November 1979

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*Prime Minister* (2)  
*CDM*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

THE SECRETARY

*mt*

July 23, 1990

*R30*

The Rt. Hon. Margaret Thatcher MP  
Prime Minister, First Lord of the Treasury  
and Minister for the Civil Service  
10 Downing Street  
London SW1A 2AA  
England

Dear Prime Minister:

Just a note to thank you for seeing me during my recent visit to London. I enjoyed our discussion a great deal, as always, and our time together was the highlight of my visit.

I also want you to know how impressed I was by some of the innovative housing and economic development initiatives being undertaken by your government. They represent a commitment to free enterprise and economic opportunity that I hope we can inject into the distressed inner cities of the United States.

I hope you will find the enclosed of interest. Joanne joins me in sending our best wishes.

Sincerely,

*John F. Kennedy*

*My wife & son were honored to meet you & well wish you success. And have a great time with the Catto's in Aspen Co.*

# THE HERITAGE LECTURES

263

**An Inquiry into the  
Nature and Causes  
of Poverty in  
America and How  
to Combat It**

*By the Honorable Jack Kemp*



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**The Heritage Foundation**  
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# An Inquiry into the Nature and Causes of Poverty in America And How to Combat It

By The Honorable Jack Kemp

It is a pleasure to be back at Heritage among so many friends and colleagues. Actually, I was looking forward to working here, until President Bush asked me to join his cabinet. After my first couple days at HUD, when I started discovering the scandal and abuse, I almost called Ed Feulner to get my old job back.

We are living in the single most dramatic era in world history, other than perhaps at the founding of our Republic in the Revolution of 1776. Consider this quotation:

In an ironic sense, Karl Marx was right. We are witnessing today a great revolutionary crisis — a crisis where the demands of the economic order are colliding directly with those of the political order. But the crisis is happening not in the free, non-Marxist West, but in the home of Marxism-Leninism, the Soviet Union. What we see here is a political structure that no longer corresponds to its economic base, a society where productive forces are hampered by political ones.

Ladies and gentlemen, that was not last month or last year, that was said in June 1982 by President Ronald Reagan in an historic speech to the English Parliament. How far we've come! And we've come a lot further than even Mikhail Gorbachev understands. Just a few days ago at Stanford University, he said that it doesn't matter who won the Cold War. With all due respect, it does matter, very much. The real Cold War victory is not our arms over their arms, it is a victory of the American idea of democratic capitalism over the Soviet idea of statist socialism. The truth is President Gorbachev will not be able to repair socialism, it must be replaced.

All around the world, despite the resistance of the old guard, freedom and free markets, democracy and capitalism are increasingly on the march. From Eastern Europe and Latin America to Africa and Asia and even the Soviet Union, people are dreaming of freedom and democracy after decades and even centuries of oppression, poverty, despair, and debt.

**Permanent Revolution.** In his State of the Union address, President Bush called it the revolution of 1989, but perhaps it may be in reality just the continuation of the American revolution of 1776. Marxist-Leninists used to talk about their "permanent revolution," but as it turns out the only permanent revolution the world has ever seen is the American Revolution.

Yet, in such revolutionary times, Charles Dickens's observation on the French Revolution may well still apply: it can be the best of times and the worst of times simultaneously. Here in the U.S., we're enjoying unprecedented economic growth and opportunity, yet after nearly eight years of continuing expansion, there are some parts of our nation and all too

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The Honorable Jack Kemp is Secretary of the Department of Housing and Urban Development.

He spoke at The Heritage Foundation on June 6, 1990.

ISSN 0272-1155. ©1990 by The Heritage Foundation.

many of our people left out and left behind, suffering from the tragedy of homelessness, poverty that stretches over generations, and a sense of hopelessness and despair about the future.

As Ed Feulner said recently, the world is looking to us for advice on the free market ideas of Adam Smith: "They don't want lectures on income redistribution and capitalist exploitation, they want income and capitalism."

Ed is right; but after one and a half years of representing the Bush Administration at HUD, I know that not only is Eastern Europe looking to us for market-oriented answers, but so is East Harlem, East St. Louis, and East L.A.

If we are to present the example of democratic capitalism and the rule of law to the rest of the world, we've got to make it work for the low-income people and distressed neighborhoods and communities right here in our own country.

**Right Morally.** Helping those left behind and left out is not only a moral imperative for our nation, I am convinced it is also a winning – indeed decisive – political strategy for bringing impoverished communities and low-income people and minorities into the ranks of the Party of Lincoln. Whether it's called bleeding heart conservatism, capitalism with a social conscience, or populist conservatism – it's the right thing to do, the right time to do it, and we're the right people to help lead it.

Robert Kuttner of the *New Republic*, an equally-bleeding heart but liberal columnist, recently wrote that polls continue to show that the voters trust Republicans more than Democrats to conduct foreign policy, manage the economy, hold down inflation, and resist higher taxes. Democrats still score only on the question of who cares more about the common American. He goes on to conclude that if Republicans ever figure out that they can capture the issue of caring as well, the Democrats might as well go out of business.

Now, I don't want to put them out of business, just out of the Congress!

Traveling across the country, I've seen thousands upon thousands of low-income people and families in public housing communities eagerly seeking change and responding positively to our ideas. They don't want more government promises and egalitarian welfare schemes, they want to live in neighborhoods free from crime and drug abuse, with good jobs and opportunities to own property and homes; they want quality education so that they and their children can live better lives. They want what we all want – a chance to develop their talent, potential, and possibilities.

**Republicans Understand.** Our friend Kimi Gray of Kenilworth-Parkside recently said that her residents and public housing tenants throughout the country may be registered Democrats, but they work with Republicans because Republicans are "the ones that seem to understand that we do not want to stay a poor and permanent underclass."

Well, of course that's true. And that's how Mr. Lincoln built the Republican Party. As he said, "When one starts poor, as most do in the race of life, free society is such that he knows he can better his condition: he knows that there is no fixed condition for his whole life."

A debate over how to increase the wealth and opportunities of the poor plays to the strengths of our Party's Lincoln wing – our most authentic roots. The Democrats will win any debate over redistribution. After all, that's what they are on this earth for. But that's the

debate of yesterday. Today's debate is how to tap and unleash the wealth, talent, and potential in low-income communities and cities all over America.

**Cuomo's Tale.** In 1984, Governor Mario Cuomo of New York electrified the Democratic Convention with his tale of America as two cities, one rich and one poor, permanently divided into two classes. He talked about the rich growing richer and the poor becoming poorer, with the conclusion that class conflict, if not warfare, was the only result, and redistribution of wealth was the solution.

But with all due respect to Governor Cuomo, he got it wrong. America is not divided immutably into two static classes. But it is separated or divided into two economies. One economy — our mainstream economy — is democratic capitalist, market-oriented, entrepreneurial, and incentivized for working families whether in labor or management. This mainstream rewards work, investment, saving, and productivity. Incentives abound for productive human, economic, and social behavior.

It was this economy led by President Reagan's supply-side revolution of tax rate cuts in 1981 that generated 21.5 million new jobs, more than 4 million new business enterprises, relatively low inflation, and higher standards of living for most of our people. This economy has created more jobs in the last decade than all Europe, Canada, and Japan combined. And according to the U.S. Treasury, federal income taxes paid by the top 1 percent of taxpayers has surged by over 80 percent — up from \$51 billion in 1981 to \$92 billion in 1987. Harvard and White House economist Lawrence Lindsey estimates that by 1985, economic output was between 2 and 3 percent higher than it would have been without the tax cut.

But the best news of the eighties was that good policies lead to good results, confirming what deep down we always understood, that the real wealth of America comes not from our physical resources, but our human resources; not from things, but from ideas.

But there is another economy — a second economy that is similar in respects to the Eastern European or Third World "socialist" economy if you will — and it is almost totally opposite to the way people are treated in our mainstream capitalist economy, and it predominates in the pockets of poverty throughout urban and rural America. This economy has barriers to productive human and social activity and a virtual absence of economic incentive and rewards that deny entry to Black, Hispanic and other minority men and women into the mainstream, almost as effectively as hiring notices 50 years ago that read "no Blacks (or Hispanics or Irish or whatever) need apply."

**Noble Intentions Gone Awry.** The irony is that the second economy was set up not out of malevolence, but out of a desire to help the poor, alleviate suffering, and provide a basic social safety net. But while the intentions were noble, the results led to a counterproductive economy. Instead of independence, it led to dependency. In effort to minimize economic pain, it maximized welfare bureaucracy and social costs that are near pathological.

Now, let's pause, and step away from our orthodox notions and examine this from afar. What if you wanted to create poverty. What policies and principles would you use to destroy the economy of cities and make people dependent on government? How would you do it? Let me offer some suggestions:

- 1) Impose steeply graduated and progressive tax rates and then inflate the currency to push people into ever higher tax brackets.

- 2) Reward welfare and unemployment at a higher level than working and productivity.
- 3) Tax the entrepreneur who succeeds in the legal capitalistic system much higher than in the illicit underground economy.
- 4) Reward people who stay in public housing more than those who want to move up and out into private housing and homeownership.
- 5) Reward the family that breaks up rather than the family that stays together.
- 6) Encourage debt, borrowing, and spending rather than saving, investing, and risk-taking.
- 7) But most of all, if you really wanted to create poverty and dependency, weaken and in some cases destroy the link between effort and reward.

Examples abound of how Third World disincentives have created poverty in inner cities. I recently read a *Wall Street Journal* article about a woman on welfare in Milwaukee, Wisconsin who tried to put away a few pennies, nickels, dimes, and dollars so that one day she could do what every other mother wants to do, send her daughter to college. She managed to build a savings account of just over \$3,000, but there was a catch. The social welfare agency said she was violating welfare rules. She was taken into court, prosecuted for fraud, and fined \$15,000. But since she didn't have \$15,000, they just took her \$3,000, gave her a year's sentence in jail, but suspended it.

Guess what? According to the same *Wall Street Journal* article, she now spends every cent she gets, and she must rely on government subsidies to pay for just about everything. Incidentally, the story may have a good ending for this woman. After I talked about her in a speech, a man came forward from the audience and offered to finance a trust fund for the cost of a college education for the young girl.

Eugene Lang, a wealthy businessman from New York City, also believes in the power of incentives to produce positive behavior. According to the *New York Times*, he went into P.S. 121 elementary school in East Harlem and told children that if they stayed in school, got good grades, stayed drug free, and qualified, he would personally pay for a college education. Talk about behavior modification! Whereas, 60 percent of those children were dropping out, today 90 percent are in their first two years of college.

**Negative Pay.** The startling fact in America today, however, is that the highest marginal tax rates are not being paid for by the rich, but by welfare mothers or unemployed fathers who want to take a job. In most cities, a welfare mother would have to earn \$15,000-\$18,000 in a private sector job to earn the equivalent of the average tax-free welfare payment. According to a study by Christopher Jencks and Kathryn Edin in the *American Prospect* magazine, a working mother with two children employed at about \$5.00 per hour, would actually take home pay of about minus 45 cents per hour. She'd be losing nearly \$4.00 a day after taking into account the loss of government benefits, taxes, and work-related expenses such as transportation and child care.

The heavily-regulated U.S. housing market is another example of government-created scarcity. Rent controls in many major cities have crippled rental housing by making it unprofitable to be a landlord or investor in affordable housing. And make no mistake about it,



rent controls do not help the poor. The foreign minister of communistic North Vietnam vividly recalls the lessons of rent control in this own country when he said recently that the war couldn't destroy housing in Hanoi, "but we have destroyed our city by very low rents. We realize it was stupid and that we must change policy."

Ladies and gentlemen, if communists can learn to change, why can't bleeding heart, liberal democrats!

**Subsidies for Affluent.** While affordable housing is a real national challenge, and we in the Administration are taking steps to solve it, there is no shortage of low-income housing in some so-called tight markets — it's just occupied by affluent people. Author William Tucker points out that Ed Koch maintained a \$441 per month Greenwich Village apartment during his twelve years as mayor of New York and actress Shelly Winters paid a little more for a two bedroom apartment near Central Park.

Another glaring example of counterproductive government policy is how HUD was subsidizing vacant public housing until we took over. It had been costing the taxpayer over \$1,300 per unit to subsidize vacant public housing often used as crack houses for gangs and drug pushers. You'll be glad to know that we have started a policy called Operation Occupancy where only units actually occupied by low-income people will be subsidized with public housing funds.

As I said earlier, the good news is that government policies can change and that good policy can lead to good results. Productive human effort can be promoted, behavior can be modified or altered. Work effort can be unleashed. The forces that cause poverty can be reversed. President Bush said that for these seeds of productive behavior to grow, we must "give people — working people, poor people, all our citizens — control over their own lives. And it means a commitment to civil rights and economic opportunity for every American."

Along with planting a billion new trees in the decade of the nineties, we ought to plant the seeds of millions of new minority enterprises. In other words, expanding the base of capitalism and access to capital can alter the conditions of poverty. In the Bush Administration, we recently set as a goal the creation of more than 1 million new home owners by 1992 through our HOPE initiative, i.e., Homeownership and Opportunity for People Everywhere. We plan through urban homesteading, privatization of public housing, and reform of FHA to make homeownership and empowerment the hallmark of this Administration's housing and urban development policy.

As columnist William Raspberry wrote recently "...when assets are present, people begin to think in terms of the asset. If a young mother owns her own home, she begins to pay attention to real estate values, property taxes, the cost of maintenance and so forth . . . . Note," he says, "that it is the assets themselves that create this effect, as opposed to just educational programs or exhortations toward better values."

**Freedom and Opportunity.** Stuart Butler and Bob Woodson point out that to the liberals, empowerment means giving power to government to control our lives. But empowerment really means not control over others, but freedom to control one's own affairs. The poor don't want paternalism, they want opportunity — they don't want the servitude of welfare, they want to get jobs and private property. They don't want dependency, they want a new declaration of independence.

In that spirit, let me outline some ideas for a national agenda to help low-income people and our nation find the keys that will unlock the shackles and cycles of poverty and despair.

**First**, cut the capital gains tax to 15 percent for the nation and eliminate it altogether in distressed inner cities and rural communities we would designate as Enterprise Zones. President Bush correctly implored the Democratic majority in Congress to cut the capital gains tax rate and finally – after ten years – to establish what 37 states have already implemented, Enterprise Zones, as a national policy.

The capital gains tax reduction isn't to help the rich or secure old wealth, but to free up or unlock old capital and old wealth to help new business, new risk-takers, job-creation, and economic growth. Virtually every survey shows that the major problem for inner city entrepreneurs is the absence of seed capital. The capital gains tax reduction, coupled with Enterprise Zones, will help "unlock" existing, status-quo capital to fund and support a whole new generation of budding entrepreneurs in America's inner cities where economic opportunity is needed most.

When the top capital gains tax rate was reduced from 49 percent to 20 percent, the number of small company start-ups more than doubled, rising to 640,000 and creating 15 million new jobs. By dramatically reducing the capital gains tax rates again, and greenlining inner city neighborhoods, we can expand the economy and put that enormous job-creating potential to work where it is needed most.

Not only would a lower capital gains tax rate help the poor, but it would also increase tax revenues. Lower capital gains rates would greatly increase the number of capital gains transactions passing through federal, state, and local tax gates, raise the total value of assets throughout the economy, and make the economy bigger, more efficient, and more productive.

**Second**, an expansion of resident management and urban homesteading in public housing can empower residents to acquire private ownership and control of their homes and receive pride and dignity of ownership.

**Third**, housing vouchers and certificates should be significantly increased and expanded so as to give low-income families greater choice and more freedom where to live, while expanding access to affordable housing for those most in need.

**Fourth**, a new version of tax reform is needed to remove low-income families from the tax rolls and dramatically increase the after-tax income of welfare mothers and unemployed fathers who go to work.

In 1948, at the median income, a family of four paid virtually no income taxes, and only \$30 a year in direct Social Security taxes (1 percent). This year, the same family's tax burden would be over \$6,000. To be comparable to 1948, the personal exemption – the tax allowance for the costs of nurturing children – would have to be well over \$6,000 today. Instead, it is only \$2,000.

**Fifth**, a dramatic expansion of the earned income tax credit, the creation of up to a \$6,000 exemption for children under 16, and the President's Child Care tax credit to roll back this tax burden on low-income families and unemployed parents.

**Sixth**, helping homeless people who now wander aimlessly in streets or are warehoused in shelters. The Congress should pass the Administration's new Shelter Plus Care program to expand community-based mental health facilities, drug abuse treatment, job training, and day care. This program will help homeless Americans get shelter, transitional housing, and support services to help them reenter the mainstream economy.

**Seventh**, in order to enhance education and opportunity, we've got to expand true choice and competition through magnet schools, education vouchers, tuition tax credits, and the type of choice-enhancing policies that Wisconsin state Representative Polly Williams and Detroit Councilmember Reverend Keith Butler recommend.

**Eighth**, Congress should pass President Bush's HOPE legislation, including IRAs for first time homebuyers, the low-income housing tax credit, and Operation Bootstrap linking housing vouchers to strategies for gaining self-sufficiency.

**Winning the War.** My friends, over 200 years ago Adam Smith wrote the recipe for creating wealth. It was titled an *Inquiry into the Nature and Causes of the Wealth of Nations*. Today, I'm asking for an inquiry into the nature and causes of the wealth of *cities*. It's a variation on Adam Smith's theme of "natural liberty." As I said in another speech to Heritage about what George Gilder called the quantum age of new technology, our greatest assets are not in the wealth we see around us but the potential which is unseen...in the minds yet to be educated, in the businesses not yet opened, the technologies not yet discovered, the jobs waiting to be created. Wealth is not what we've done, but what we have yet to do.

This is a country of dreams. America has long dreamed of a better future for people everywhere. America's permanent revolution has brought a fresh air of freedom that's blowing around the world. Yes, it's a struggle. Yes, we need to stay strong. Yes, we need to maintain our alliances. Yes, we must maintain peace through strength. But also it's time to bring the revolution back home to America to extend the capitalist economy across our whole society, and put it to work for all of our nation's people.

In May 1981, Ronald Reagan said that "The West will not contain Communism, it will transcend Communism. We will not bother to denounce it, we'll dismiss it as a sad, bizarre chapter in human history whose last pages are even now being written."

Just as Ronald Reagan predicted the transience of Communism, so must we commit ourselves to put poverty on a path towards elimination. Let us make the decade of the '90's the time we win the war against poverty, just as the decade of the '80's was the time we won the cold war against Communism. Let us dedicate this decade to the rebirth of human potential, freedom, and equality of opportunity for all.

Thank you, and God Bless America.

*SUBJECT CC MASTER*

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10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

2 July 1990

*See Richard.*

PRIME MINISTER'S MEETING WITH SECRETARY KEMP

The Prime Minister had a talk this afternoon with Mr Kemp, the US Secretary for Housing and Urban Development. Mr Kemp was accompanied by the American Ambassador and Mr Thomas Humbert, Deputy Assistant Secretary for Policy Development.

A good deal of the discussion was about housing policy and Professor Griffiths is recording the principal points of interest from this. Apart from one or two other comments about domestic US politics, including the view that Governor Cuomo would stand against President Bush in 1992, other subjects covered were German unification, developments in Eastern Europe, aid to the Soviet Union (Mr Kemp is against) and the prospects for Mr Gorbachev. The Prime Minister and Mr Kemp were at one in thinking Boris Yeltsin a person of more substance than most commentators gave him credit for. Mr Kemp left the Prime Minister with a copy of his speech to the "Wealth of Nations" Conference.

*Yours sincerely,*

Charles Powell

Richard Gozney Esq  
Foreign and Commonwealth Office.

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PRIME MINISTER

MEETING WITH SECRETARY KEMP

You are having a meeting on Monday with Jack Kemp, the US Secretary for Housing and Urban Development. Mrs. Kemp and their 19 year-old son will come at the beginning for a photograph. You last saw Mr. Kemp in 1986 (note in folder).

You will find Secretary Kemp's programme in the folder. He is seeing the Prices of Wales at Highgrove, meeting Chris Patten and visiting Chartwell. He will be meeting the Policy Unit later in the week. He is seen as having done well as Secretary of HUD and remains one of the more original conservative thinkers in American politics, and a potential Presidential candidate for 1996 (or later).

You will probably want to devote the bulk of the time to domestic policies, particularly housing. You might also get his assessment of the political fall-out from the President's decision to accept tax increases and from the Thrifts' crisis. But it would also be useful to register with him the importance of the United States keeping a strong presence and role in Europe. He is a strong supporter of the SDI and you might ask how he sees the prospects for this in the new 'peaceful' climate. You will be visiting the SDI national test-bed in Colorado in August.

C.D.P.  
C. D. POWELL  
29 JUNE 1990

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Foreign and Commonwealth Office

London SW1A 2AH

28 June 1990

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Dear Charles,

Jack Kemp

The Prime Minister will see Mr Kemp on 2 July at 5.30 pm. Ambassador Catto will attend with one of Mr Kemp's senior advisers - Mr Thomas Humbert (Deputy Assistant Secretary for Policy Development). I understand that Mrs Kemp and the Kemp's 19 year old son will shake hands with the Prime Minister, but leave before the meeting. Mr Kemp last called on the Prime Minister in February 1986. He had to cancel a visit last year (your letter of 7 June 1989).

He will address the Wealth of Nations Conference in Edinburgh and the British American Parliamentary Group. He will dine with the Environment Secretary and visit Docklands (with Mr Portillo) and Chartwell (he is a devotee of Churchill). I enclose a programme.

Jack Kemp was a candidate for the Republican nomination in 1988. If President Bush leaves office in 1996, Mr Kemp will still only be 61. Mr Kemp is therefore still seen by the American press as a potential Republic presidential candidate. Mr Kemp is an innovative conservative thinker with a strong interest in helping the disadvantaged. Keenly interested in fiscal policy, he was the main congressional proponent of supply-side economics. But he does not agree with those on the libertarian right who see government as the entire problem. He describes himself as a "bleeding-heart conservative".

At the Department of Housing and Urban Development, Mr Kemp has done much to restore morale and sense of purpose. His first priorities were to tighten up management and to clean up a scandal in which substantial HUD grants were made to groups or firms run by influential Republicans. His main initiative has been the introduction of a \$4 billion programme called HOPE (Home Ownership and Opportunity for People Everywhere). This includes grant-aid to public housing tenants wishing to buy their properties, housing vouchers to local groups for rehabilitation of HUD-owned properties, and tax incentives in inner city and rural areas.

/In



In foreign affairs, Mr Kemp sees "democratic capitalism" gaining ground everywhere and socialism finished as a political doctrine. A keen supporter of the Strategic Defence Initiative, he also opposes withdrawal of US forces from overseas. He believes America has a "duty" to help emerging democracies in Eastern Europe to consolidate political freedom and free markets. But he argues that East Harlem and East St Louis - part of a "third world economy" inhabited by minorities and characterised by barriers to productivity, lack of incentives and rewards - need help just as much as Eastern Europe.

The Prime Minister might wish to congratulate Mr Kemp on his work as Secretary for Housing and Urban Development. The Prime Minister might ask:

- how the Administration is reconciling the "more will than wallet" problem, highlighted by President Bush. In particular;
- whether increases in indirect taxation (eg on gasoline, alcohol/tobacco and services) will impede US economic growth or be politically damaging to the President in the November mid-term elections;
- about downward pressure on defence spending. We hope the political commitment can be maintained for the presence of a substantial level of US forces in Europe, even if at lower levels than at present.

I am copying this letter to Philip Ward at the Department of the Environment and to Brian Griffiths at the Policy Unit.

*Yours ever,*

*Richard Gozney*

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

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NADACD

OUTLINE PROGRAMME FOR VISIT BY

US SECRETARY FOR HOUSING AND URBAN DEVELOPMENT

Thursday 28 June

Arrive Edinburgh for "Wealth of Nations" Conference in Usher Hall (attended by Secretary of State for Foreign and Commonwealth Affairs; Secretary of State for Scotland; Lord Young; Mr Helmut Schmidt; and Mr Paul Volker (ex FED)

Friday 29 June

Secretary Kemp addresses "Wealth of Nations" Conference, introduced by Secretary of State for Scotland.

Saturday 30 June  
Sunday 1 July

Private arrangements, including visit to Chartwell and Mass at Brompton Oratory with US Ambassador and Mrs Catto.

Monday 2 July  
12 Noon

Working lunch  
accompanied by Mr Guy Salter (Private Secretary responsible for Business in the Community matters), Mr Robert Davis (Deputy Chief Executive of Business in the Community), Ms Angela Moynihan (Business in the Community Expert on housing questions) plus possibly one or two others.

Secretary Kemp will be accompanied by Ms Mary Brunette (Assistant for Policy and Communication at the Department of Housing and Urban Development) and possibly

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Mr Thomas Humbert (Deputy Assistant Secretary for Policy Development).

5.30 pm

Call on Prime Minister accompanied by Mr Powell. Mr Kemp will be accompanied Ambassador Catto plus either Ms Brunette or Mr Humbert.

6.45 pm

Call on Minister for Housing and Planning at the Department of the Environment. Secretary Kemp will be accompanied by Ambassador Catto or Mr Ron Woods, Deputy Chief of Mission, plus Ms Brunette, Mr Humbert and Mr Riegg (US Embassy)

Tuesday 3 July

8.30 am

Mr Kemp addresses American Chamber of Commerce breakfast meeting.

11.00 am

Secretary Kemp addresses British American Parliamentary Group.

2.30 pm

Attend Prime Minister's question time.

3.45 pm

Arrive Charing Cross pier, to meet Minister for Local Government and Inner Cities, then by hovercraft to Isle of Dogs for visit to Docklands.

5.45 pm

Helicopter overflight of London Docklands Development. Secretary Kemp will be accompanied by Mrs Kemp, Master Jimmy Kemp, Mr Rick Aherne, (Deputy Assistant Secretary for Public Affairs in HUD) Ms Brunette, Mr Humbert and Mr Riegg

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Note: more detailed programme for Docklands visit attached for PS to Mr Portillo.

Wednesday 4 July

10.00 am

Call on the Secretary of State for Foreign and Commonwealth Affairs.

Cancelled.

Mr Hurd will be in Brussels

Thursday 5 July

11.45 am

Call on Mr Brian Griffiths, Head of No.10 Policy Unit and other members of the Unit. Mr Kemp will be accompanied by Mr Ahearne, Mr Riegg and Mr Doug Duvall, Special Assistant to the Secretary.

8.00 pm

Dinner with the Secretary of State for the Environment. (Location still to be decided). Secretary Kemp will be accompanied by Mrs Kemp, Mr Ahearne, Mr Riegg and either Ambassador Catto or DCM Mr Woods.

Friday 6 July

10.00 am

Editorial meeting at The Economist with Messrs Ridley (American Editor), Grimond (Foreign Editor), Crook (Economic Editor) and Forstmann.

pm

Secretary Kemp departs London for Nice

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RESTRICTED



bc PC

SUBJECT re MASTGR

10 DOWNING STREET

*From the Private Secretary*

10 February 1986

Dear Len,

**PRIME MINISTER'S MEETING WITH CONGRESSMAN JACK KEMP**

The Prime Minister had a discussion this evening with Representative Jack Kemp. Mr. Kemp was accompanied by his assistant, Mr. Buckley and by the US Chargé d'Affaires.

Congressman Kemp was bullish about the prospect for reducing the United States deficit. The Congressional Budget Office had already reduced its forecast of the deficit for 1987 from \$220 billion to \$182 billion. This was a considerable step towards the target of \$144 billion. The main factor was an increase in the revenue forecast by 12.4 per cent. Congressman Kemp added that he had voted against Gramm-Rudman. He was convinced it would not stand up in the courts.

Congressman Kemp expressed concern about the effect of continuing high interest rates and a falling oil price on countries such as Mexico and Venezuela. The Prime Minister said that we were far from being through the worst of the international debt problem.

Congressman Kemp asked whether the Prime Minister was pleased with Secretary Baker's efforts to achieve a co-ordinated, growth-oriented policy through the G5. He himself attached great importance to the President's recent statements on establishing exchange rates zones. Discipline in exchange rates and coordination of economic policies between the major industrialised countries were vital. He was convinced that some sort of zone or reference point was needed. The Prime Minister was sceptical. There was no magic formula. There was little point in trying to fix exchange rates when differing rates of inflation pulled them apart. This had been the experience in Europe. The ERM had not prevented revaluations and devaluations.

Congressman Kemp said that he believed that President Reagan would strongly resist an oil import tax. The Prime Minister was pleased to hear this.

Congressman Kemp gave a rapid run down of his plans for tax reform in the United States. The aim should not be to make the rich poorer but the poor richer. He was keen on a flat rate income tax although - his words not mine - it could not be the same for the poor as for the rich. He had received a tremendous ovation when he had proposed this to a

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EA

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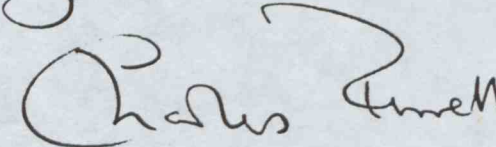
Congressman Kemp said that in his view monetary policy in the United States had been too tight for too long. The Prime Minister said that it could hardly be too tight given the growth that the United States had experienced. How else did one finance a deficit? Congressman Kemp said even conservatives failed to take account of the dynamic effects of a high growth economy.

The Prime Minister and Congressman Kemp also had some discussion of the Strategic Defence Initiative and Soviet policies in the Third World.

Congressman Kemp had met Mr. Savimbi in Washington and was most enthusiastic about him.

Finally Congressman Kemp asked whether he should take seriously recent signs of anti-Americanism in the United Kingdom. The Prime Minister discouraged him from doing so. There had been an unfortunate coincidence of cases which, taken together, made it seem as though large parts of British industry were suddenly being taken into US control. In practice the great majority of people warmly welcomed inward investment from the United States.

I am sending a copy of this letter to Rachel Lomax (H.M. Treasury).

Yours sincerely,  


(Charles Powell)

L.V. Appleyard, Esq., C.M.G.,  
Foreign and Commonwealth Office.

RESTRICTED



Foreign and Commonwealth Office  
London SW1A 2AH

270-2662

Telephone 01-

*1. M. Powell  
to see 2 July + 5 July  
2 CF to file*

Jane Tomkins  
Department of Environment  
Room N17  
2 Marsham Street

Your reference

Our reference

22 June 1990

Date

*See Jane*

US SECRETARY OF HOUSING AND URBAN DEVELOPMENT

1. An outline programme for Secretary Kemp's visit was sent with my letter of 18 June. You and copy addressees may be interested to see the latest version, which I attach.
2. The US Embassy are naturally keen to establish who will be present on our side at the various meetings and events. I should be grateful if you and other recipients of this letter could keep in touch with me on this and on any other loose ends.
3. Further material on Secretary Kemp and his party will follow next week.

*Yours sincerely,  
R French*

R French  
North America Department

cc: PS/to Head of Policy Unit, No.10  
Miss Goodchild, No.10  
Mr Brook, Protocol Department (for information)  
Mr Cowper-Coles, Washington (for information)

NY 100-100000

OUTLINE PROGRAMME FOR VISIT BY

US SECRETARY FOR HOUSING AND URBAN DEVELOPMENT

Thursday 28 June

Arrive Edinburgh for "Wealth of Nations" Conference in Usher Hall (attended by Secretary of State for Foreign and Commonwealth Affairs; Secretary of State for Scotland; Lord Young; Mr Helmut Schmidt; and Mr Paul Volker (ex FED)

Friday 29 June

Secretary Kemp addresses "Wealth of Nations" Conference, introduced by Secretary of State for Scotland.

Saturday 30 June

Sunday 1 July

Private arrangements, including visit to Chartwell and Mass at Brompton Oriatory with US Ambassador and Mrs Catto.

Monday 2 July

12 Noon

Working lunch with HRH The Prince of Wales, accompanied by Mr Guy Salter (Private Secretary responsible for Business in the Community matters), Mr Robert Davis (Deputy Chief Executive of Business in the Community), Ms Angela Moynihan (Business in the Community Expert on housing questions) plus possibly one or two others.

Secretary Kemp will be accompanied by Ms Mary Brunnette (Assistant for Policy and Communication at the Department of Housing and Urban Development) and possibly

RESTRICTED

Mr Thomas Humbert (Deputy Assistant Secretary for Policy Development).

5.30 pm

Call on Prime Minister accompanied by Mr Powell. Mr Kemp will be accompanied Ambassador Catto plus either Ms Brunette or Mr Humbert.

6.45 pm

Call on Minister for Housing and Planning at the Department of the Environment. Secretary Kemp will be accompanied by Ambassador Catto or Mr Ron Woods, Deputy Chief of Mission, plus Ms Brunette, Mr Humbert and Mr Riegg (US Embassy)

Tuesday 3 July

8.30 am

Mr Kemp addresses American Chamber of Commerce breakfast meeting.

11.00 am

Secretary Kemp addresses British American Parliamentary Group.

2.30 pm

Attend Prime Minister's question time.

3.45 pm

Arrive Charing Cross pier, to meet Minister for Local Government and Inner Cities, then by hovercraft to Isle of Dogs for visit to Docklands.

5.45 pm

Helicopter overflight of London Docklands Development. Secretary Kemp will be accompanied by Mrs Kemp, Master Jimmy Kemp, Mr Rick Aherne, (Deputy Assistant Secretary for Public Affairs in HUD) Ms Brunette, Mr Humbert and Mr Riegg

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Note: more detailed programme for Docklands visit attached for PS to Mr Portillo.

Wednesday 4 July

10.00 am

Call on the Secretary of State for Foreign and Commonwealth Affairs.

Mr Kemp will be accompanied by Ambassador Catto, Ms Brunette, Mr Humbert and Mr Riegg.

Thursday 5 July

11.45 am

Call on Mr Brian Griffiths, Head of No.10 Policy Unit and other members of the Unit. Mr Kemp will be accompanied by Mr Ahearne, Mr Riegg and Mr Doug Duvall, Special Assistant to the Secretary.

8.00 pm

Dinner with the Secretary of State for the Environment. (Location still to be decided). Secretary Kemp will be accompanied by Mrs Kemp, Mr Ahearne, Mr Riegg and either Ambassador Catto or DCM Mr Woods.

Friday 6 July

10.00 am

Editorial meeting at The Economist with Messrs Ridley (American Editor), Grimond (Foreign Editor), Crook (Economic Editor) and Forstmann.

pm

Secretary Kemp departs London for Nice

NAD,

FCO

22 June 1990

NADACD

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B. P.

CF to  
file

MR POWELL

Visit of Mr Kemp US Secretary for Housing  
and Urban Development

1730 hours on 2 July

The FCO have been on the 'phone about  
Mr Jack Kemp's visit as the Americans  
have asked the following questions.

1. Mr Kemp with bring with him Ambassador Catto  
and ?notetaker (if this is acceptable to  
No. 10)
2. Who will be present on the Prime Minister's  
side other than yourself?

No-one

Sue

Roger French  
North American  
Dept  
270 2682

21 June 1990



*CFC*

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-276 3000

My ref:

Your ref:

J S Wall Esq  
PS/The Rt Hon Douglas Hurd MP  
Foreign and Commonwealth Office  
Downing Street  
LONDON  
SW1

*CJP*  
*25/4*  
*26*

April 1990

*Dear Stephen*

*flay*

JACK KEMP

You copied to Roger Bright here your letter of 23 March to Charles Powell about the visit by Jack Kemp, US Secretary for Housing and Urban Development.

As FCO officials are aware, Mr Spicer had already been in contact with Mr Kemp about the possibility of a meeting at some stage, either here or in the US, to discuss matters of common interest in housing policy. He would be keen to meet Mr Kemp during his planned visit, possibly earlier on Monday 2 July before he meets the Prime Minister. My Secretary of State would also welcome a meeting with Mr Kemp, and would be happy to host a dinner for him if this would be welcome.

Perhaps we could have a word about handling. Would it be appropriate for my Secretary of State to write to Mr Kemp direct? No doubt you have already set in motion enquiries through official channels to find out full details of Mr Kemp's programme and which HUD officials if any will accompany him.

I am copying this to Charles Powell.

*Yours*

*Kate*

KATE BUSH  
Private Secretary

E. 3

CF  
I think Kemp  
is coming to see  
her at some  
point. Please help  
with  
the  
briefing  
M.D.

MR POWELL

John has asked me to send you that attached, which was sent to the Prime Minister by someone who had just met with Jack Kemp.

If it is not of interest, please dispose of it.

*Debbie*

Briefing = attached  
folder

DEBBIE

26th April, 1990

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Rle

Ecl



bcpc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

26 March 1990

CONGRESSMAN JACK KEMP

Thank you for your letter of 23 March about the visit of Congressman Jack Kemp. The Prime Minister could see him at 1630 on Monday 2 July.

I am copying this letter to Roger Bright (Department of the Environment).

(CHARLES POWELL)

J.S. Wall, Esq.,  
Foreign and Commonwealth Office.

MCM



10 DOWNING STREET

Amesden

Time please

C.

Charles

1630 on Mon

2 July.

AP

26/3

*copy*  
*(1)*



Foreign and Commonwealth Office

London SW1A 2AH

23 March 1990

*Dear Charles,*

*Yes Mr*

*Eric Austin*

*Agree to see*

*Jack Kemp?*

*CDM*  
*23/3*

Jack Kemp

In your letter of 7 June 1989, you confirmed that the Prime Minister would be willing to see Mr Kemp and suggested a date in December. In the event, Mr Kemp was unable to make his planned visit.

Mr Kemp is now to give a keynote address to the 1990 "Wealth of Nations" conference being run jointly by Scottish Financial Enterprise and the SDA in Edinburgh on Friday 29 June. He will arrive in the UK from Vienna earlier that day. The weekend of 30 June/1 July and Monday 2 July are free. Mr Kemp expects to see the British American Parliamentary Group on the morning of Tuesday 3 July.

Mr Kemp's office have said that his main priorities for the time between his speech in Edinburgh and the BAPG meeting in London on 3 July are to see the Prime Minister and to take up an invitation from The Prince of Wales to tour inner city enterprises.

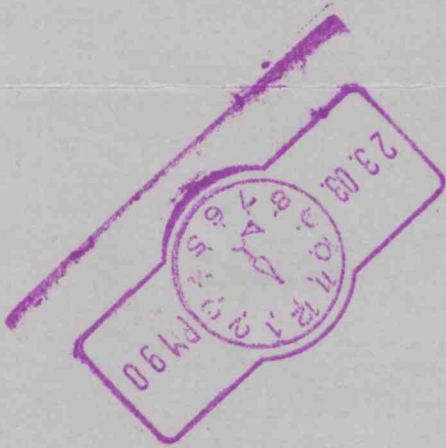
We continue to recommend that the Prime Minister sees Mr Kemp. Mr Kemp continues to look a good prospect for the Presidential race in 1996.

As before, I am copying this letter to Roger Bright (Department of the Environment) because of Mr Kemp's earlier interest in organising a UK conference on revitalisation of inner cities, something which has not been pursued in this latest approach.

*John*  
*Stephen Wall*  
(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

USA: Corresp with J. Kemp Nov 79





2 MARSHAM STREET  
LONDON SW1P 3EB  
01-276 3000

My ref:

Your ref:

Stephen Wall Esq  
PS/The Rt Hon Sir Geoffrey Howe QC MP  
Foreign and Commonwealth Office  
Downing Street  
LONDON  
SW1

23 June 1989

CA

Dear Stephen,

JACK KEMP

Thank you for copying your letter of 2 June to Charles Powell to me. The Department of Environment certainly welcomes Mr Kemp's admiration for the Government's efforts to revitalise our inner cities and we would endorse the proposal to invite him to Britain.

Your letter suggests that Mr Kemp is thinking of organising a conference on urban regeneration while in the UK. This could be a very positive event although it should dovetail with the presentation of our own Action for Cities policies. It would be important, for example, for Mr Kemp's conference to avoid clashing with the Urban Development Corporations event, which we are now planning for February or March 1990.

I would therefore be grateful if you could keep me in touch with developments.

I am copying this letter to Charles Powell (10 Downing Street) and, given the action for Cities link, to John Alty (Chancellor of the Duchy of Lancaster's Office), as well as to Trevor Woolley (Cabinet Office).

*Yours*

A D RING  
Private Secretary

— with copy?



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JW  
alc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

7 June 1989

**JACK KEMP**

Thank you for your letter of 2 June asking whether the Prime Minister would be able to see Mr. Kemp later in the year. The Prime Minister would be willing to see him and could do so at 12 noon on Monday 11 December.

I am copying this letter to Roger Bright (Department of the Environment).

(C. D. POWELL)

Stephen Wall, Esq.,  
Foreign and Commonwealth Office.

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A handwritten signature in dark ink, appearing to be 'Pm' or similar, written in a cursive style.



10 DOWNING STREET

Amanda

Ed. I have a  
time please.

OH

Charles

1200 noon on  
Monday 11<sup>th</sup>  
December.

AP  
7/6

RESTRICTED

~~CONF~~ ①



Foreign and Commonwealth Office

London SW1A 2AH

2 June 1989

Dear Charles,

Prime Minister  
Would you be ready  
to see him?  
CDP 2/6

Jack Kemp

11 Sir Antony Acland has strongly recommended that we invite the US Secretary of Housing and Urban Development, Jack Kemp, to the UK. Encouraged by briefing and material we have given him, Kemp has expressed admiration for the government's efforts to revitalise our inner cities, and for the Prime Minister's approach. He is thinking of organising a conference on the subject while in the UK - which the Department of the Environment would warmly welcome.

Yes  
Mr

The Ambassador regards a call on the Prime Minister as a key component of such a visit. Kemp's energetic and innovative approach to America's serious inner city problems has already made him one of Bush's most successful appointees.

Before we extend an invitation to Kemp, it would be helpful to know if the Prime Minister would be prepared in principle to receive him.

We have not discussed the timing with Kemp but late 1989/early 1990 might be a sensible target to aim for. We would obviously steer him towards periods more likely to suit the Prime Minister's diary.

I am copying this letter to Roger Bright (Department of the Environment).

Yours  
Stephen Wall

(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

RESTRICTED



bc PC

SUBJECT re MASTOR

10 DOWNING STREET

From the Private Secretary

10 February 1986

Dear An,

**PRIME MINISTER'S MEETING WITH CONGRESSMAN JACK KEMP**

The Prime Minister had a discussion this evening with Representative Jack Kemp. Mr. Kemp was accompanied by his assistant, Mr. Buckley and by the US Chargé d'Affaires.

Congressman Kemp was bullish about the prospect for reducing the United States deficit. The Congressional Budget Office had already reduced its forecast of the deficit for 1987 from \$220 billion to \$182 billion. This was a considerable step towards the target of \$144 billion. The main factor was an increase in the revenue forecast by 12.4 per cent. Congressman Kemp added that he had voted against Gramm-Rudman. He was convinced it would not stand up in the courts.

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Congressman Kemp said that he believed that President Reagan would strongly resist an oil import tax. The Prime Minister was pleased to hear this.

Congressman Kemp gave a rapid run down of his plans for tax reform in the United States. The aim should not be to make the rich poorer but the poor richer. He was keen on a flat rate income tax although - his words not mine - it could not be the same for the poor as for the rich. He had received a tremendous ovation when he had proposed this to a

blue-collar audience recently. The Prime Minister said that when the ovation died down, the sums had to add up. One could not ignore the relation of tax to expenditure.

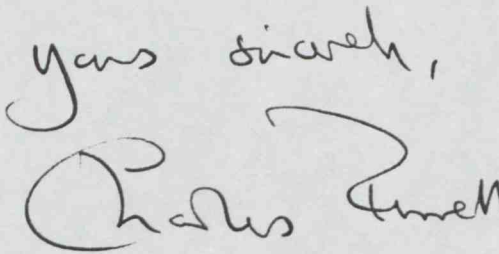
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I am sending a copy of this letter to Rachel Lomax (H.M. Treasury).

Yours sincerely,  


(Charles Powell)

L.V. Appleyard, Esq., C.M.G.,  
Foreign and Commonwealth Office.



10 DOWNING STREET

Charles Ok.

Congressman Kemp  
Would like to bring  
Ray Seitz (Number 2  
in US Embassy) as  
well as an assistant  
to his meeting with the  
PM at 1730 this afternoon  
FCO would like your  
agreement or otherwise  
as soon as possible.

Agree?

Ammande  
10.2.82



Foreign and Commonwealth Office

London SW1A 2AH

7 February 1986

CC 17/0  
①  
Prime Minister

ms  
CD  
7/2.

Dear Charles,

Congressman Jack Kemp

The Prime Minister has agreed to see him at 5.30 on 10 February. He will have arrived in London that day direct from talks in Geneva with the US Arms Control Negotiating Teams. We understand that his main interest in talking to the Prime Minister (whom he met at the IDU Conference in Washington in July 1985) is to discuss the international economic situation, the UK economy, and arms control.

/ As well as a short biographical note, I enclose a  
/ brief on the international economic situation. The Prime Minister will recall that Mr Kemp and Senator Bill Bradley hosted a Conference on Monetary Reform in November 1985. On arms control, the Prime Minister may find it useful to stress her concern at the potential dangers in the Gorbachev proposals for eliminating nuclear weapons.

Yours ever,

Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street



CONGRESSMAN JACK KEMP

Born 3 July 1935 in Los Angeles. Educated at the Occidental College (BA 1957), and post-graduate studies at Long Beach State University and California Western University.

Special Assistant to the Governor of California in 1967. Special Assistant to Chairman, Republican National Committee 1969. Played for 13 years in professional football, was voted AFL Player of the Year 1965 and was an all-AFC quarterback twice. Co-founder and President of the American Football League Players Association 1965 to 1970. First elected to Congress representing the 31st District in New York on 3 November 1970, and reelected to each succeeding Congress. Member of the Appropriations Committee, and Congressional Delegation to SALT negotiations. He is also Chairman of the House Republican Conference.

Congressman Kemp is one of the prominent though, as yet, undeclared candidates for the Republican nomination for the 1988 Presidential Election. Considered to be on the right of the political spectrum, with conservative views on foreign policy and social matters.

He was one of the leading Congressmen who helped push through the 1981 Tax Reduction Bill and recently has attacked protectionist tendencies in Congress.

A charismatic figure with a reputation for considerable intellect.

He is married and has four children; 2 sons and 2 daughters.



## WORLD ECONOMIC ISSUES

Points to make

1. Prospects for continued non-inflationary growth good. Main risks come from current account imbalances, which are reflected in protectionist sentiment in US, and continued international debt problems.
2. Lower US budget deficit vital to reduction of world imbalances, would also benefit US economy. Therefore, welcome fact that President Reagan's budget for fiscal year 1987 inside Gramm-Rudman deficit target. Hope President and Congress can agree budget within this target. How does Congressman Kemp see budget discussions progressing?
3. Exchange rates movements since G5 meeting most satisfactory. Appear to have contributed to some reduction in protectionist pressures in US Congress. Is this true?
4. Not convinced of need for major change to international monetary system, e.g. introduction of target zones. Agree with conclusions of Group of Ten study that present system remains valid, though accept that functioning could be improved. Offer no encouragement to idea of a "new Bretton Woods" or an international monetary conference. *F.N.S. President Reagan mentioned an international Bretton Woods conference in his State of the Union address.*
5. Case-by-case approach to debtor countries' problems must be sustained with central role for IMF. Welcome Baker initiative because it builds on this. Also welcome increased role for World Bank and improved Fund/Bank co-operation. But commercial banks must be allowed to make own decisions about lending.
6. Present uncertainty over oil prices unwelcome, makes planning difficult for producers and consumers. Sharp fall in price also causes major problems for some debtor countries.

Background

1. Output in the major seven industrialised countries was about 2½ per cent higher in 1985 than in 1984. Overall, prospects look slightly more favourable for 1986 with lower growth in Japan, Canada and the UK likely to be offset by a better performance in the US, Germany and France.

2. Inflationary pressures remain weak with consumer price inflation in the major seven in aggregate now below 4 per cent. With commodity prices, especially oil prices, expected to continue to be weak, further falls in inflation are likely in most major countries.

3. The major current account imbalances in the world economy have continued to widen. The US deficit will have totalled about \$135 bn in 1985, whilst the Japanese surplus almost reached \$50 bn.

4. In the US the Gramm-Rudman balanced-budget legislation was passed in December last year. It places statutory limits on the Federal budget deficit:

Fiscal year	Maximum deficit (\$ billion)
1986	172
1987	144
1988	108
1989	72
1990	36
1991	0

If these limits are forecast to be exceeded, automatic expenditure cuts will be implemented, divided equally between defence and non-defence expenditure, but certain areas of expenditure (social security, debt interest payments) are exempt. Exceptionally, in 1986 these cuts are limited to \$12 bn, so the deficit is likely to total about \$210 bn but in later years the cuts must be sufficient to meet the deficit target.

5. President Reagan presented his budget for FY 1987 (starts October 1986) to Congress on 5 February. It meets the deficit target of \$144 billion. The budget proposals include a 3 per cent real increase in defence expenditure, no tax increases and substantial cuts in non-defence expenditure. Congressmen, both Democrats and Republicans, have described the proposals as "dead on arrival", because they include many expenditure cuts rejected by Congress in its debate of the FY 1986 budget.

6. Congressman Kemp is not known to have given an official reaction to the President's proposals. On his past record he will be supportive, because he has always totally rejected tax increases as a means of reducing the deficit. As a member of the House Budget Committee, Kemp will have a role, although only a minor one because of the Democrat majority in the House, in the remainder of the budget-making process as Congress and the President seek to agree a budget within the deficit limit.

7. Since Finance Ministers of the Group-of-Five nations agreed in September last year at a meeting in the Plaza Hotel in New York that a depreciation of the dollar would be desirable, its exchange rate index has fallen by 12 per cent with larger falls of 16 and 20 per cent against the D-mark and the yen respectively, but a fall of only 2 per cent against sterling. (Figures are based on rates at close Thursday 6 February). A further meeting on 18 - 19 January this year welcomed these changes as being broadly as envisaged by the earlier meeting.

8. In November last year Kemp, together with Democratic Senator Bill Bradley, sponsored a conference in Washington to discuss international monetary reform. Kemp is an advocate of a return to a fixed rate system, possibly along the lines of the gold standard, but most participants of the conference favoured a system of target zones for the major currencies.

9. In his State of the Union message President Reagan called on the US Treasury to consider whether an international monetary conference should be held to discuss possible reforms to the international monetary system. This may have been designed to help resist protectionist pressures and to take the initiative

way from Kemp-Bradley rather than from any belief in fixed exchange rates or target zones. We fear that such a conference would risk getting bogged down on debt issues and/or be used by the French and developing countries to prevaricate on GATT talks. We would not wish to offer any positive support for the idea.

10. Last June Ministers of the Group of Ten endorsed a report on the international monetary system. The report concluded that the present international monetary system remains valid, but that its functioning could be improved. The report is to be discussed (along with one by the Group of >24 developing countries) at the meetings of the IMF Interim Committee in April. This seems to us the best way of carrying forward international discussion of exchange rates and the international monetary system.

11. The so called "Baker debt initiative" is a three pronged approach suggested by US Treasury Secretary Baker at the IMF/IBRD meetings in Seoul last November. It called for comprehensive macroeconomic and structural policies for debtor nations, supported by a continued central role for the IMF with increased IBRD lending, and increased commercial bank loans.

12. The US attitude to oil pricing has tended to be equivocal, but they may become concerned if they felt that the UK was planning to agree with OPEC to keep prices up.

EF2

H M TREASURY

# Conservative and Unionist Central Office

CCBU

32 Smith Square Westminster SW1P 3HH Telephone 01-222 9000

Memorandum from: ..The Deputy Chairman..... To: ..The Prime Minister.....

Date: ..... 7th February 1986 .....

## REPRESENTATIVE JACK KEMP OF NEW YORK

Representative Jack Kemp is now on a tour of Europe to meet leading political figures. I have arranged a breakfast for him in my flat on Tuesday so that he can meet some Government Ministers and get to know them. This is taking place after his meeting with you on Monday.

In my view Representative Kemp is a serious contender as the Republican nominee for President of the United States. He is an immensely charismatic figure, a brilliant television performer and despite George Bush's advantage as Vice-President, Kemp was only 4% behind him in the latest Time Magazine opinion poll. This is incredible as I doubt if one person in one million in England has ever heard of his name.

During the last two years Jack Kemp has been stomping around America attending everything from barbecues in Texas to pot-bellied dinners in Chicago and no-one is in any doubt that it is with one interest in mind as there are few votes in any of those places for a Representative standing in New York. Kemp has gathered around him a very strong team and many of the President's big financial supporters will back Kemp long before they will back Bush who they still look upon as a Liberal. Because of his good looks and Ivy League manner, Kemp is very popular with the young (a group Bush has never really got over to).

Representative Kemp is a strong right-winger, much nearer in philosophy to the President than George Bush, and for this reason, in my view, has a better chance of winning the nomination on the floor of the convention. It is even possible the President will not stand in his way.

Added to this, I believe a three month Presidential Campaign will harm Bush because although he is vastly experienced, having held many of the greatest offices in America, he is rather dull when out on the campaign trail. It is my personal view that the Prime Minister should treat Kemp as a serious candidate who has a real chance of being the next President of the United States. His great interests in Congress have been tax reform and tax legislation. There is a famous Kemp/Hartley Bill on taxation that went through Congress during the last session. His weakness, his enemies would suggest, is that like Gerald Ford, he is nothing more than a professional football player and on a long campaign for the Presidency will be found

# Conservative and Unionist Central Office

32 Smith Square Westminster SW1P 3HH Telephone 01-222 9000

---

Memorandum from: ....The Deputy Chairman...

To: .....The Prime Minister.....

Date: .....7th February.....

page 2.....

to be a man of no great depth with considerable gaps in many portfolios. This did not stop Governor Reagan reaching the White House.

I should like to add that the Republican Party have invited me to address their annual dinner in Washington on May 3rd and I will certainly be able to give you a more detailed briefing on who they think most likely to be the next nominee when I return.

Jetty  
Feb 7.

MR. SHERBOURNE

cc. FILE

Mrs. Ryde

This meeting has now been  
arranged through CDP via  
the FC. I therefore  
suggest the office is kept in

CONGRESSMAN KEMP

to Federal Room  
of CF.

The Prime Minister has agreed to see him. I  
have offered 1730 on Monday, 10 February, to  
the Foreign Office, and asked for a brief to  
reach us by close of play on Friday, 7 February.

8  
29/1

CR

or CF?

CR

CR

27 January, 1986.

MR. POWELL

CONGRESSMAN KEMP

This is terrible timing as the Prime Minister has a major speech to the NFU on Tuesday 11 February and the signing for the Fixed Link Channel Tunnel on the 12th. If she saw him it would have to be on Monday 10th but DN doesn't want to give up any of his <sup>speech</sup> time.

We have got a diary meeting tomorrow. Would you like to bring it up then?

CAROLINE RYDER  
20 January 1986

Caroline  
Yes please -  
he's a nerd,  
but the PM  
quite likes him  
as

CR,  
/





Foreign and Commonwealth Office

London SW1A 2AH

20 January 1986

*Dear Charles,*

Congressman Jack Kemp

Congressman Jack Kemp, the young right-wing Republican from New York who is emerging as a serious potential candidate for the 1988 Presidential nomination, will be in London from noon on 10 February to mid-afternoon 12 February. Mr Kemp will address the Institute for European Defence and Strategic Studies at lunchtime on 11 February and may also meet Mr Tebbit. He has asked to call on the Prime Minister, the Chancellor and the Foreign Secretary.

Mr Kemp is one of the most articulate leading Republicans on both foreign and economic policy. Sir Oliver Wright has advised that the Prime Minister might find a meeting with him interesting and that it would not be taken amiss by other potential Presidential candidates such as Vice-President Bush.

I am writing separately to the Private Secretary to the Chancellor of the Exchequer recommending a call by Mr Kemp.

The Foreign Secretary will see Mr Kemp on 11 February at 15.00.

*Yours ever,*  
*Len Appleyard*  
(L V Appleyard)  
Private Secretary

C D Powell Esq  
10 Downing Street

Noted by CR  
10/1

NOTE FOR THE FILE

1. The meeting which is in the diary for the Prime Minister to see Congressman Jack Kemp (on 4th February) was arranged through Mr. Peter Young of the Adam Smith Institute.
2. Peter Young has now telephoned to say that Mr. Kemp will not be coming to London at that time; but did warn me that Mr. Kemp's office is not very efficient at administrative arrangements.
3. Mr. Young forwarded Mr. Kemp's hope that the Prime Minister would see him when he next comes to London. Obviously I could give no such assurance because it would depend on the Prime Minister's diary. I understand that any further request for a meeting will come through the American Ambassador.
4. The meeting therefore on 4th February is cancelled.

Amanda

10.1.86

ER

BJ 27/1 COP/SS  
W

**NOTE FOR THE FILE**

Peter Young rang me today from America. I offered him Tuesday 4 February and he will ring me back within a day or two to confirm whether this will be convenient for Congressman Kemp.

Confirmed  
2/12  
E.

CR

(Caroline Ryder)

2 December 1985

Mrs Ryder



10 DOWNING STREET

19th November, 1985

Dear Mr Young

Thank you for your letter of 2nd November.

The Prime Minister would very much like to see Mr. Kemp when he visits this country in February if a suitable time can be arranged. Can I suggest therefore that you speak directly to Mrs. Caroline Ryder who looks after the Prime Minister's diary to try and arrange this. It would be most convenient if you could ring during the morning rather than the afternoon.

Yours sincerely

Stephen Sherbourne

STEPHEN SHERBOURNE

TUE 4 FEB.  
930-1000

Peter Young, Esq

1. MRS RYDER

2. PRIME MINISTER

Mr. Jack Kemp

A request has come in from the Adam Smith Institute for you to see Congressman Jack Kemp who will be in London in February at an Adam Smith Insitute Conference.

Mr. Kemp would be available to come and see you any time on Monday, 3rd February, the morning or early afternoon of Tuesday, 4th February or anytime on Wednesday, 5th February.

Subject to any comments by Caroline about the diary would you like to see Jack Kemp?

*Se*

STEPHEN SHERBOURNE

14.11.85



# Adam Smith Institute

Two, Abbey Orchard Street, London SW1P 2JH 01-222 4995

Mr. Sherborne

Mr. Power

I wd. be inclined to put it to her. I think she'll regard him quite highly.

I intend to resign, possibly unless you want me to see Kemp.

November 2nd, 1985.

Happy for me to resign?

Dear Mr Sherbourne,

Sister 11/11

As I mentioned to you on the phone the Adam Smith Institute is organising in co-operation with the Fund for An American Renaissance a conference in London on the subject of the Third World. The conference, which will be held at the beginning of February, is intended to develop policies to encourage free market development and democracy in developing nations.

The Fund for An American Renaissance is headed by Congressman Jack Kemp, who will be a key speaker at the conference. We expect that Jeanne Kirkpatrick will also speak, and a number of US congressmen will also attend.

Congressman Kemp would very much like to meet the Prime Minister when he is in London, and I wonder if it is possible to arrange this. Any time on Monday February the 3rd, the morning and early afternoon of February 4th, or on the 5th would be suitable.

Congressman Kemp also suggested that Mrs Thatcher might like to speak at the conference, and you might like to consider this suggestion, although I realise it is a long shot.

I look forward to hearing from you.

Yours sincerely,

Peter Young,  
Head of Research, Adam Smith Institute.

**Chairman:** Professor F A Hayek CH (Nobel Laureate in Economics). **Management Board:** Sir Ralph Bateman KBE; Robert N Bee; Dr Eamonn Butler; Antony Fisher; Edgar Palamountain; Dr Madsen Pirie; Jan Smit. **Patrons:** Sir Austin Bide; Lord Blake of Braydeston; Sir Colin Campbell; Lord Cayzer; Sir James Gould; Sir Ronald Halstead CBE; Lord McFadzean of Kelvinside; Lord Taylor of Hadfield; Sir Eric Yarrow.

USA

HS



10 DOWNING STREET

THE PRIME MINISTER

21 November 1979

My dear Congressman

I have now received your book with its kind inscription for which I am most grateful.

With best wishes and I am looking forward to reading it at the earliest opportunity.

Yours sincerely  
Margaret Thatcher

The Honourable Jack Kemp

JS



10 DOWNING STREET

Prime Minister.

- ① I believe Mr. A. J. A. gave you the book.
- ② Congresswoman Kemp could be a Vice-Presidential candidate if Reagan gets the nomination.
- ③ You address him:  
"My dear Congresswoman"  
or  
"Dear Representative Kemp"  
E.P.

20/11



## Conservative and Unionist Central Office

32 Smith Square Westminster SW1P 3HH Telephone 01-222 9000 Telegrams Constitute London sw1

*Chairman of the Party:* THE RT HON THE LORD THORNEYCROFT

*Deputy Chairman:* R. ALISTAIR McALPINE

*Vice Chairmen:* SIR FRANK MARSHALL  
SIR ANTHONY ROYLE KCMG MP  
THE BARONESS YOUNG

CAROLINE

Alistair will have given you the copy of Jack Kemp's book inscribed for Mrs Thatcher. He is currently very close to Ronald Regan and were Regan to win the nomination Jack Kemp would be the likely Vice Presidential Candidate. With the exception of Bush all are Southerners or Westerners and Jack's chances of being on the ticket are certainly high.

His is a long time admirer of Mrs Thatcher and well worth a friendly letter.

His address is c/o Rayburn House Office Building,  
House of Representatives,  
Washington D.C. 20515

GORDON

19.11.79



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