To: Martin Anderson

From: Jack Kemp

Re: Some suggestions regarding Governor Reagan's economic speech

My first impression is that the speech draft covers an awful lot of ground. It treats subjects--Carter's failure of leadership, a critique of his economic program, how to balance the budget while cutting taxes and spending more on defense, ways to cut spending--any one of which could almost be turned into a speech. Cramming this much detail into the speech makes it meaty, but also perhaps hard to deliver and to follow.

I am attaching a draft which reworks the first ten pages in accordance with the following suggestions, which I offer for what they're worth.

The critique of the Carter economic program could be a bit more effective. We haven't seen his depreciation plan yet, and indications are that it's not as good as 10-5-3 or the Finance Committee plan, so we don't want to give more credit than necessary.

The section comparing Japan to the United States seems to have taken on more than can be effectively treated within the limitations of this speech. It might be better to leave this argument for another time, and merely refer to the UK's troubles with bailing out Chryslers.

The Mark Twain anecdote doesn't quite come off. If anything, it's his policies that are obscene.

On p. 5, the nature of the two phases--long and short term?--isn't all that clear.

On p. 6, I think it would be a good idea to introduce the idea of the role of monetary policy in fighting inflation, that it doesn't have to passively accommodate budget deficits under all circumstances.

Is it necessary to give year-by-year CBO figures, or can the same be accomplished in a fact sheet? (p. 8)

In general, the handling of spending is open to objection, because it doesn't at least sketch the size of the military spending increase the Governor would like to see. And have you worked out the percentage reduction in nondefense, noninterest spending which will be necessary to accommodate both higher defense spending and the 7% overall budget reduction?