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Howard Bremer, Esq.
President, SUPA
Wisconsin Alumni Research
Foundation
614 Walnut Street North
Madison, WI 53705

Dear Howard:

Enclosed is a copy of a page taken from The New Economic Review put out by Bear Stearns. Their chief economist, Mr. Lawrence A. Kudlow, is one of the more sensible voices in the economics field. He presents a very clear and concise picture of the government's approach to encouraging innovation. I believe that the passage of the Dole-Bayh Bill is a vital first step in correcting some of the problems referred to.

Very truly yours,

Ray E. Snyder

Ray E. Snyder

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cc. Mr. Paul Keenan
Dr. Martin Rachmeler

BEAR STEARNS

Party (actually the tories) will continue in power, a bitter leadership struggle is now in process. Until this is resolved, there will be no major changes in financial policy and no clear shift toward inflation restraint. In these circumstances it is no time to buy yen, monetary undersecretary Anthony Solomon notwithstanding.

#7 House-Senate conferees have finally agreed on spending ceilings and revenue floors for Fy '80. The new estimates come painfully close to Bear, Stearns' projections published seven weeks ago.

	Expenditures	Revenues	Deficit
FY '80	547.6	517.8	29.8
FY '79	493.6	465.9	27.7
	+10.9	+11.1	+7.6

The estimates remind us that no matter how constructive recent monetary operations may be, the fact remains that budget policy remains incompatible with a decisive anti-inflation commitment to stabilize prices. With defense spending demands on the rise, but economic recession fears also gaining, Congress took the honorable way out and decided to raise expenditures for both military and domestic welfare purposes. This approach makes everyone happy, except of course those American voters desirous of ending price inflation.

#8 In an effort to loosen "stifling constraints" imposed on industry, and create an improved environment for technological innovation, the Carter Administration proposed a watered down plan to revise patent, antitrust, and regulatory policies. But the plan rejected recommendations to create tax incentives as an inducement for technological invention, entrepreneurial development and a growing risk and venture capital industry. This again displays the White House's ignorance of economic history, supply side economic policies, and the concepts of financial reward and incentive.

The principal government barrier to expanded private sector commerce and trade remains a tax system that rewards non-work, non-production, and non-investment. Until this obsolete tax model is discarded, there will be no industrial or technological take-off in the 1980s, and no stock market take-off either. Fortunately, within the Congress and around the country, the incentive model continues to gain victories in the marketplace of ideas, suggesting again that the Washington center is little more than a lagging indicator, virtually bereft of new ideas and courageous intellectual spirit.