WILLIAM J. CLINTON PRESIDENTIAL HISTORY PROJECT

INTERVIEW WITH JOHN HILLEY AND LAWRENCE STEIN

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Riley: This is the Lawrence Stein and John Hilley interview, part of the Clinton Presidential History Project. Thank you for coming back down to Charlottesville to help out with the project. Let me restate our confidentiality rules. Everybody in the room is pledged to maintain the confidentiality of these proceedings. The only people who are allowed to report anything that occurs in the room are you two. We have spouses here today, and presumably they’re also given clearance to repeat anything that occurs here. We do that to encourage you to speak candidly to the historical record.

We’re not creating a record for use just in the next three, four, or five years, but a record that will last in perpetuity that students and scholars studying your time in history can come back thirty or forty years down the road to get a clear understanding of this time. So we encourage you to speak candidly. A transcript will be prepared, and you’ll have an opportunity to review it and to place stipulations or amendments in the written record. Again, we encourage you to speak openly here.

The second thing we do as an aid to the transcriptionist is a voice identification. I want to go around and ask everybody seated at the table to identify himself or herself and say a couple of words so the transcriptionist will have a sense of who’s speaking. I’ll begin. I’m Russell Riley, an associate professor at the Miller Center. I’m heading up the Clinton Presidential History Project.

Gilmore: I’m John Gilmore. I’m an associate professor at the College of William & Mary.

Adamson: I’m Duane Adamson, a Ph.D. student here at the University of Virginia.

R. Hilley: I’m Rosemary Hilley, the spouse of John Hilley.

Zinninger: I’m Lisa Zinninger, the spouse of Larry Stein.

Martin: I’m Paul Martin. I’m a Congressional Fellow with Dave Obey.

Jones: I’m Chuck Jones, Professor Emeritus, University of Wisconsin, Madison.
**Young:** I’m Jim Young, Professor Emeritus, University of Virginia, and Director of the Presidential Oral History Program.

**Hilley:** I’m John Hilley. It’s a pleasure to be here. Thank you for having us again.

**Stein:** I’m Larry Stein, and I’m equally delighted to be here.

**Riley:** Good. Let’s begin by getting a little bit of your political and personal biography. Tell us about how you got involved in politics. John, I’ll start with you and then move to Larry.

**Hilley:** I’ve always had an interest, going back to undergraduate days, actually. Although I majored in economics, I took a lot of politics. I went on to get a Ph.D. in economics, but as much as I enjoyed academia, I always had the itch. So in 1983, we left Lehigh University and came to Washington. We went to what we call the “halfway house,” the Congressional Budget Office, where you’re nonpartisan and you’re doing analysis, but there’s a high flavor of politics.

After a year and a half there, I was very fortunate to sign on to the Senate Budget Committee, working for Lawton Chiles, and spent six years there. Larry’s and my paths intersected when Senator Chiles retired and Jim Sasser became the new chairman of the committee. I became the staff director. Those were two glorious years.

After two years of that, I was asked by Senator [George] Mitchell to be his Chief of Staff. I served in that capacity for four years until he retired. I should also point out, I guess, that Senator Sasser lost, so I’m not a good person to have work for you.

**Stein:** Neither of us has a great record on that score.

**Hilley:** Senator Mitchell retired, and then I worked a year for Senator [Thomas] Daschle before going to the White House, where I served in 1996 and ’97.

**Stein:** My route is a little more circuitous. I was actually an English graduate student working on my doctorate, ostensibly anyway, but always, as John says, had the itch. I’d loved politics going way, way back.

**Riley:** You were at Vanderbilt?

**Stein:** I was at Vanderbilt and started to write speeches for the mayor. Then he asked me to join him, so I did. I became his press aide.

**Hilley:** Who was the mayor?

**Stein:** Dick Fulton, former Congressman. While doing that, I got offered a job to direct the speechwriting group at the Tennessee Valley Authority [TVA]. It’s also a little think tank. That, too, was heavily political. The board of directors is presidentially appointed. It was an extremely volatile political time under [Jimmy] Carter in those days. From there I got asked to join Jim
Sasser’s staff as his press secretary. When Sasser went on to become chair of the budget committee, I went with him as communications director, and that’s where John and I hooked up.

Riley: What year was that?

Stein: That was ’89-’90. That’s when John and I did the Andrews Air Force Base budget together. When John went on with Mitchell, I became staff director and was in that position for four years during the period of Clinton’s first budget. He was Mitchell’s Chief of Staff, and I was staff director of the budget committee. That was an extremely contentious, difficult budget.

Then when John went down to the White House, I had one year back with TVA doing a think tank, but I came back to join Daschle as his counsel. I did that for two years and then went down to the White House for two more. I actually spent one year back with Daschle two years ago when he was Majority Leader for that one brief year after Jim Jeffords changed parties. I was an economic advisor to him. Now I’m at Capital One as a vice president for policy affairs.

Jones: Could I ask a question about the career path of folks like you? Scholars now—and future scholars, certainly—are interested in how these career paths go. Was it the case that you sought opportunities or that they occurred along the way?

Stein: In my case, very much the latter. I can’t think of a single one of those things that I actively thought about. I had no idea Sasser would become budget committee chairman. I actually advised him not to take it, as did virtually everyone else on his personal staff. That’s just an example. Most of these things, in my case, happened certainly by something closer to happenstance than design.

Jones: The second question has to do with getting to the White House, and whether along the way that occurred to you as something you would like to do as well as Congressional liaison. If so, is there a way to campaign for that? Or, again, is that happenstance?

Hilley: I’ll recycle back to the first one. A lot of people have asked me that first question, particularly young people. I tell them, “Don’t come to Washington too early.” The people who do well generally are ones who have more of a substantive background and are able to function effectively within the committee structure, which is where the power resides other than the leadership. I was very fortunate to spend so much time on the budget committee, and understand the federal budget at a time—the decade of the ’80s and the ’90s—when that was the central issue before the Congress. I had an expertise. Mitchell came after me because he saw everything that was coming down the pike. There’s a lot of happenstance in it, too. Lawton Chiles got fed up after the stock market crash of ’87 and the first summit that was completely ineffectual. He got so disgusted he just picked up and left and decided not to run again. He sat out of politics for a while before he became Governor of Florida. We didn’t expect Senator Sasser to lose. I didn’t expect Mitchell to retire. So there’s a lot of happenstance in that.

Stein: The point needs to be underscored—for anyone who thinks they’re going to chart out a political career in the volatile and totally unpredictable arena of politics—that there are just too
many things that no one can possibly predict, much less plan for in a way that allows them to plot a career path. I guess there are some people who do it.

**Hilley:** The trip to the White House for both of us happened the same way. Because you’re in the leadership position and you know and work with the White House, you’re plugged in. As people get exhausted in the legislative affairs job—like Pat Griffin, who was my immediate predecessor—they recruit you. You’re a natural coming out of the leadership in the Congress to go do that job, just because you have all the connections. So I was recruited by Pat, and I recruited Larry.

**Stein:** There were a couple of opportunities that I didn’t want because, if you look back at the Clinton trajectory, it was scandal-ridden from day one. It was almost frightening. I worked on the Whitewater hearings when I was with Sasser. I worked on the Chinagate hearings when I was with Daschle. I had tangential, at least, views of Travelgate and every other “gate.” There were multiple efforts by the other side to capture Clinton before he allowed himself to be captured.

In fact, I almost went down as Gene Sperling’s deputy. I can’t remember why I didn’t. In any case, there was no real design to go to the White House, at least on my part. When John left and he and Erskine [Bowles] suggested it, I was for it.

**Young:** When you made the transfer from academia to Washington or to the mayor’s office, that means you were already determined not to take the standard academic career, and it was your own interest in politics that—?

**Stein:** Oh yes, definitely.

**Hilley:** Absolutely.

**Young:** So you didn’t train for this.

**Hilley:** No.

**Stein:** No, that’s right. I had “the bug,” as it used to be called.

**Jones:** Were either of you ever moved to run for office along the way?

**Hilley:** No. I think it takes a certain personality to be an elected official. We always used to joke that Mitchell is the best case. He would kill himself all week running the Senate, and we did our best to put him on that plane to Maine by 2 o’clock Friday afternoon so that we could get some rest. Full time going around to constituents is just incredibly arduous work. I felt fortunate being a staffer where I was, with the leaders, because you did not have all the constituent side of life, which didn’t appeal to me, but still had the effectiveness on the legislative and the policy side. So it was the best of all worlds. I never have had the itch to run for political office.

**Stein:** I never have either. I’ve done a lot of politics, and it’s brutal. People don’t really appreciate the degree of psychological risk these guys and these women have to take when they
do this. When you see someone who has lost, that’s when you appreciate it, because usually they’re just completely devastated. They feel it’s an existential repudiation. I would never have the guts to do that.

Jones: No psychological costs in the kinds of positions you’ve had?

Stein: I wouldn’t say that. [laughter]

Hilley: We suffer through every meltdown with them.

Stein: Look, I left Washington in complete bitterness after Sasser lost. Then I came back.

Riley: Let’s go back and track your work in budgetary politics. One of the things we very much want to hear about is the work you did leading up to the 1990 budget summit, which we’ve gotten stories about on the Republican side but have never really heard much about on the Democrat side. I want to precede that by asking you about any formative experiences either of you might have had in budget politics before that particular period. You mentioned Chiles being fed up with politics.

Hilley: I came in ’83 and got onto the committee. Actually, I started on the budget committee the day of [Ronald] Reagan’s second inauguration, right in the beginning of ’85. They had already completely blown out the budget in his first term. We were headed to deficits of 6% of GDP [Gross Domestic Product]. We were looking at the debt-to-GDP going from 30% historically up to 50% under that trajectory. So by the time I got there, there had already been one substantial deficit reduction package led by [Robert] Dole in ’83. But then,’85, budget politics was the rest of the decade. There was the [William Philip] Gramm-[Warren] Rudman, which worked in some manner, but was fatally flawed and ill conceived on many, many grounds.

Then there was the ’87 market crash that led to a summit, and that was the first attempt at the non-automatic procedures and trying to reach an agreement. But it was absolutely useless and completely fell apart in that no new savings were rendered. Larry and I have talked a lot about why budget politics became so important to the Democrats. In fact, with Reagan’s popularity and how well he was doing, we were looking for something to beat him up on, basically. It was right there in front of our face. And so the party of Franklin Roosevelt was sitting there calling for fiscal restraint. We were turning into old-style Republicans.

To our detriment in many ways, electorally, we took up the banner of deficit reduction. Then it became bipartisanized because Republicans, in their attempt to overturn the House, made it a centerpiece as well. It had been going on a long time, but it crystallized beginning in the mid-’80s, driven by the Democrats initially and then some failed attempts to deal with the problem in 1989—even in [George H. W.] Bush’s first year. We had another summit, which went nowhere, leading up to the 1990 deal when the budget politics became more and more severe. But it was a whole chain of both policy and politically driven issues that brought this to the fore.

As I look back at my career of sixteen years in government, by the time I left, I’d spent my whole career basically cleaning up other people’s messes.
Stein: And losing races.

Hilley: And losing races.

Stein: And really, the pattern he’s described has almost reached its historical conclusion with what looks like the Democrats in the posture of becoming the party of fiscal constraint, as opposed to the Republicans, who look like— In truth, in practice, as you watch them up there right now, they have literally abandoned any pretense to it, the current budget debate aside. If you talk to some Republican legislators, they frequently quote Dick Cheney who said, “Reagan proved that deficits don’t matter.” I think a majority of them now believe that. Certainly they believe it politically.

I came at it from a different point of view, from much more of the political side. John educated me on the budget, for which I’m grateful. But when we first hooked up, I was extremely uncomfortable with Sasser’s position as chairman of the budget committee. I thought it would probably defeat him, and it did.

Riley: You said you’d recommended that he not take that.

Stein: We all did. The three people he talked to for advice all said “Don’t take it,” but that was in the first meeting. Subsequently we realized that if he turned it down, he’d look terrible. Our reasoning was simple, and I don’t think anyone sensible, looking at those issues, ever saw it differently. There’s no win here. So when he did take it, we were constantly trying to find ways to make it a little less unpalatable—without a lot of success. Each one of the budgets produced either tax increases or spending cuts. Let’s face it, neither of them was great.

Riley: Can you reflect a little bit about Reagan’s Congressional affairs role and the extent to which you were involved with it, in these budget politics? Then we’ll move on to Bush. That’s a position that you later come to occupy, and I’m wondering if you’re picking up anything in the positions that’s useful later on.

Hilley: Reagan never suffered from his deficits. Now, to be fair, Congress did its share in piling on to those early reconciliation bills in terms of the tax cuts. It was just a free-for-all. In truth, other than the Dole package, which was substantial and which was the correction before I got there, the Reagan years were dominated by the politics of Gramm-Rudman, which was Gramm-Rudman-Hollings. (Although [Ernest F.] Hollings in a famous speech came to the Senate floor and said, “I want a divorce, take my name off that.”) But I remember, to Gramm’s credit, the Democrats were doing a lot of rhetoric at that time, but were really sitting on their thumbs and not doing anything about it. Gramm, basically behind closed doors, cooked up this Gramm-Rudman-Hollings thing and sprung it on both caucuses.

I remember, before the leadership or the budget Democrats could get organized, there were people like John Kerry signing onto this thing without really looking at it. In a broad political sense, for people who didn’t understand the difficulties of actually reducing the deficit, this sounded great. You mean if we just pass this and we screw up, there’s this automatic thing that
**cuts across the board and takes care of our problem for us and gives us some discipline?** The Reagan era was dominated by that. To his credit, Phil Gramm was the ascendant figure even though not in the leadership or in the leadership of the budget committee, just out of left field. Of course, he’d been powerful and knowledgeable about this in the House before he came over.

**Riley:** This may be the first time Phil Gramm has ever been in left field. Maybe out of right field?

**Hilley:** He came in and sprung this thing, and it ruled during the remainder of Reagan’s term. Then people understood. There were a lot of arguments about counter cyclical, but that was all BS, because the amount of cutting that would have been done under it was insignificant relative to the size of the economy. But people came to understand that it was a wonderful Republican ploy: The huge problem in the budget was taxes and entitlements, but all of the onus on the correction was completely on domestic, discretionary accounts, which are, as we know, small in comparison and shrinking over time. So you were using this tiny little broom to sweep up this huge mess from this elephant.

**Stein:** But it was also the ultimate extension of the Republican philosophy of “shrink the beast.” They would cut taxes, and then you had implemented a mechanical device that would shrink government as a result. So in a lot of ways it was the parliamentary objectification of what they really wanted to do. A lot of those years were devoted to those politics.

What was kind of ironic was it was really the sequester threat that ultimately precipitated the 1990 budget summit, which really undercut Bush. Gramm put it in, and it was the extension of what Reagan wanted, but it ultimately became the thing that killed Reagan’s successor.

**Riley:** So your sense is that the budget politics during this period, to the extent that you were witnessing it, was largely derived out of legislative leadership rather than presidential.

**Hilley:** Oh, absolutely.

**Stein:** Probably at the end point of his awareness, Reagan still wouldn’t have understood what Gramm-Rudman-Hollings was all about.

**Gilmore:** Did the Senate, or Members of Congress, who supported Gramm-Rudman do so understanding its flaws?

**Stein:** We debated it internally, endlessly, given the time frame we had. We didn’t want Sasser to vote for it, but he ultimately did. We understood.

**Gilmore:** He felt that it was impossible to vote against?

**Stein:** Yes, we knew what it was.

**Hilley:** It was a brilliant job of launching it, of something that was pretty well organized. They got Hollings to go on it.
Stein: Which was infuriating. Rudman, who was very pugilistic and pretty good at debate, was also somewhat feared. People in our party immediately suspected it since Phil Gramm authored it. That was first. So we lifted the hood and looked into it. It was not hard to figure out what it was going to do. I don’t think we understood this notion that it was what the finance committee did that the appropriators had to pay for. That notion wasn’t self evident to us on the front end, partly because it was a while before all the exempted programs got built in to the legislation. So it wasn’t, at least to us, immediately clear that all the entitlements were going to be exempt. But we knew it was awful.

Gilmore: It was at the conference stage that all of the—

Stein: The exemptions got built in. Yes, that was later in the process, and our debate about a yes or no vote preceded that.

Riley: There was also a major tax reform effort in ’86. Were you both involved in that?

Hilley: Just in the budget aspects.

Stein: Personal office level.

Riley: That was paid-for tax reform, and so it was—and they must have used the reconciliation people for that?

Hilley: That one was outside this debate. It was off on its own—

Stein: Wait a minute. They didn’t use reconciliation because that one went way into the night.

Hilley: That was okay. Actually, I favored basically what they were doing with the exemptions. If you look at much of Clinton’s political success, particularly in the time I was there, it was undoing, through targeted tax cuts, many of the broad principles of tax reform, because what we found is we weren’t big budget-busters like the Republicans, but we knew we needed tax cuts to fight them on that issue. So we became the restorers of the targeted tax cuts within the federal budget as a political mandate.

Jones: Could you do a comparison? From the Hill perspective, since both of you were there for Reagan, Bush, and Clinton, with regard to budgetary matters, my question is if you could compare the professionalism in dealing with budget matters from the White House. This is beyond partisanship. It’s to the whole matter of how professional these people were in the White House with whom you had to deal.

Stein: I didn’t deal much with Reagan’s people at all. I was in a personal office at the time. Of Bush’s people who all served in the Reagan administration, Dick Darman was as professional as it gets in terms of understanding the process, knowing the programs, knowing the politics. I wouldn’t say the same for John Sununu. I thought [Nicholas] Brady was a reasonably competent and responsible person. Did you know the Reagan guys better?
Jones: Brady being the Secretary of Treasury.

Hilley: In the Reagan years, they had Jim Miller at OMB [Office of Management and Budget], but it was Congressionally driven, and they were the tail. But that changed markedly when Bush One came in, because Darman is a very bright guy, knew the budget, and had a tremendous ego. So one of the things that ultimately got Bush in trouble is that Darman felt he had his own agenda. Just as a side note, it’s very interesting, the extent to which [George W.] Bush has downgraded the role of the Office of Management and Budget into an invisible technocratic thing, because it was driving so much of policy in Bush One, for which he paid a fairly severe price, actually.

Stein: Inside his own party, it was horrible.

Hilley: But professionalism, very good. On our side, Leon [Panetta] is head of OMB. Alice [Rivlin] and Leon were accomplished budgeteers. Alice was the first director of the Congressional Budget Office. She knew it backwards and forwards. Leon was chairman of the budget committee; he knew it backwards and forwards. Franklin Raines was a true rookie. He came in in ’97 and was instrumental in the budget negotiation there, but he had had no background. But in terms of professionalism and just sheer knowledge you couldn’t top Darman, Rivlin, and Panetta. They really knew what they were doing.

Stein: And Jack Lew was both deputy and also had served as Speaker O’Neill’s counsel. Very knowledgeable.

Young: Jim Miller was at OMB when you came?

Hilley: Correct.

Young: You weren’t there for [David] Stockman?

Hilley: No I was not.

Young: So you can’t comment on the professionalism of that operation.

Hilley: No. But his book is one of the mandatory reads.

Stein: For budgeteers, absolutely.

Gilmore: One more question about Gramm-Rudman. Do you think members of Congress expected sequestration to result from Gramm-Rudman? Or were they hopeful that negotiations were going to result?

Hilley: That’s a good question. It was sold as something that would force us to negotiate, and I think it did exercise some restraint.
Stein: I’m not sure you could characterize what people thought, because only a very small percentage of the Congress understood it, I think. So to try to characterize what the general perception of it was—People in the budget community who thought about it never really believed sequestration was going to happen. So they were not surprised when we had the extended budget summits that typically resulted from the threat of sequestration.

Gilmore: People got used to the idea of an across-the-board whack?

Stein: Yes, that is what it did. There were a couple of times when that expedient on a much smaller scale was actually used. But I do think the threat of sequester did generate the ’90 Summit. That was the one really tangible thing that I can attribute to Gramm-Rudman.

Hilley: It was supposed to be something in the $20 billion range. It was going to be very large under their projection.

Stein: For one year. You couldn’t do it, we couldn’t do it.

Gilmore: One of the mysteries of that era is why Darman called the deficit forecast honestly in 1990. In 1989, the first Bush year, Clinton claimed that the deficit would be much smaller than everybody knew that it really would be. Darman then put Bush in a box by calling the deficit honestly. Then that seems to have forced the Andrews Air Force Base—

Hilley: I don’t know if it was Time or Newsweek. Do you remember? These guys get in trouble when they read their own press releases. Darman was on the cover of Time or Newsweek, “the trillion-dollar man.” I don’t know if you remember that cover. He believed that. He believed that it was his destiny to be the guy whose legacy was to balance the budget, and he was going to walk his President right off the cliff to do it.

Stein: I can’t remember the specifics of this story, but maybe you do. There was some story about him and Stockman in a parking lot, and one of them said to the other—this was during the period of the tax cut, the big Reagan tax cut—one of them said to the other, “This is outrageous.” Stockman himself said he had never projected the number of pigs who would come to the trough during that tax cut period. I think it was Darman who said, “This is awful.” And Stockman said, “Don’t worry about it, we’ll fix it later.” Giving Darman his due, along with the huge ego that he did have in spades, he also was an institutional guy. I think he did want to fix it some, and probably that induced him to tell the truth once.

Hilley: Right.

Stein: Once.

Hilley: Clearly, without Darman, Bush would not have reversed himself. Our strategy was to dig in and say, “Boys, we’re going to stare you down on the sequester. You can have a train wreck if you want, but there’s just not enough money unless the President reverses himself on taxes.” We held out and held out and held out. It was a battle internally to hold to that discipline, to keep from jumping the gun.
Stein: Some of us held out.

Hilley: But under the leadership—and [Richard] Gephardt was great there, and Mitchell. We had to throw some of the budgeteers back to keep from putting on a budget that would have blown the whole strategy. But finally we got to them, because it wasn’t just politics. We really believed you could not do it without Bush reversing himself on taxes. It was Darman who finally went down there and talked Bush into reversing himself on taxes. To his credit, it honestly was.

Riley: Can you tell us the whole story about this? It would be good to have a narrative.

Stein: You mean how that happened?

Young: You were talking about Andrews.

Riley: About Andrews. There may be a preliminary story.

Hilley: Tell them how they tried to throw you out of the room.

Stein: I don’t know what we can tell. We can provide a slant, a view of the facts. There are others who will have other views.

Riley: Well, that’s the purpose. This is your interview and nobody else’s.

Stein: I just wanted to make sure, because there are a lot of things that we don’t—We saw a lot, but there are a lot of things we don’t know. I’m sure Bush’s guys would be able to provide a lot of that. First of all, it was protracted as hell.

Hilley: Just to go way back, the way we got to Andrews is very important. We have the sequester hanging over our head. We have Darman really wanting to do the right thing, in his way. We were the majority party, remember. The President could just send up his budget, which he did, which is just a piece of paper, but Congress has the power of the purse, and it was our obligation to move the budget. So we killed ourselves early that year producing a budget and trying to hold the Democrats in line—

Riley: This is 1990.

Hilley: This is 1990, because we felt that we had to have a budget—Well, we produced a budget resolution—We were after a negotiation the whole time, but we felt that what we couldn’t let happen was meltdown in September after a protracted negotiation and be stuck back where we were in February. We also needed a bargaining position for the Democrats to take to the hoped-for Summit. So we killed ourselves getting this thing through committee.

Stein: It was awful.
Hilley: And holding the Democrats together so they would be in a position to then say, “Okay, we’ve got our budget, let’s go to the Summit.” So that was the first heavy lifting. Sasser did a great job.

Stein: It was a very difficult committee. He had people like Kent Conrad, who had said he would not seek reelection if the budget wasn’t balanced by a certain year, a thing that was ridiculous.

Hilley: He didn’t.

Stein: Yes, but then he ran again.

Jones: Who was the ranking Republican on the budget committee?

Hilley: Domenici.

Stein: Pete Domenici. We had Chuck [Charles] Robb. And many of these guys just thought we ought to do something hugely ambitious and politically suicidal.

Hilley: Chuck Robb wrote letters to his constituents saying, “I think we should cut your Social Security.”

Stein: Right. It was very difficult.

Jones: That would be the former Senator.

Hilley: Exactly.

Stein: Although I don’t think he was voted out for his budget politics, that’s the curious thing. But it was very difficult because we had those guys who were extreme budget hawks, and then you had other people who were much more traditional Democrats who would never vote for that kind of thing.

Hilley: [Christopher] Dodd. It was a terrible split.

Stein: It really was bad.

Hilley: The hawks were more hawkish than the body, and the liberals were more liberal, and Sasser did a brilliant job making them vote for this thing. [laughter]

Stein: But even after we got it passed in the Senate, we were never able to get a budget. That was one of the reasons that the thing generated a summit. Because along with the sequester, the appropriators couldn’t do their jobs, and so they were pressuring. [Robert] Byrd was furious. Leon wouldn’t go to conference, if I remember right. So there were a lot of pressures building.

Hilley: Leon Panetta was the chairman of the House Budget Committee at that time.
Young: Why was Byrd furious?

Stein: He couldn’t write his bills. He needed the budget points of order provided by a budget resolution in order to have enough discipline on the floor.

Hilley: He needed a number to be able to write his thirteen appropriations bills. But then, fortunately, it did go into a summit because Darman, to his credit said, “This ain’t getting done.” He didn’t want a sequester, and he’d actually set up the sequester, as you said. So the next step was to go to the summit. Our strategy was pretty simple: just keep the political heat on these guys until they reversed on taxes. The House budgeteers wanted to put forward a budget with all the nasty medicine in it and say, “Here, we’ll put our chin out.” We just throttled them. Thankfully, Dick Gephardt understood the politics. But between Mitchell and Gephardt and the rest of us, we were able to hold our internal discipline, not stick our necks out, and force them into the summit, which started on the Hill. It was a long-term stand off. Mitchell appointed Wyche Fowler [Jr.], the former Senator from Georgia, as the representative, and to his credit, he did exactly what Mitchell wanted. He was just a great disciplinarian in terms of holding together.

Darman tried, either through shuttle diplomacy or just convening, but after about a month and a half of trying to pull a budget together in negotiations on the Hill, it was going nowhere. That’s when somebody had the brilliant idea of going out to Andrews Air Force Base.

Gilmore: Was there any particular event that precipitated the summit negotiations?

Hilley: Not in Andrews. You mean the whole thing?

Gilmore: Yes, the idea of a summit negotiation as opposed to back and forth.

Stein: I don’t remember if there was a single precipitating thing.

Hilley: There was gridlock, nothing was happening.

Stein: The budget wasn’t going to conference, the appropriators were furious. The sequester was hanging over everybody’s head. I don’t know. I can’t remember the exact meeting where there was—we were pressing for a summit all along. We were saying, “Hey, we have to sit down.” I can’t remember when they capitulated and just agreed.

Hilley: A trend in government—certainly one that we observed in our time—is that, as powerful as the committees are (and of course that’s what makes things happen), when it came to these budget issues, it just got way too unwieldy to do any of this in the constructs of the regular order. It just couldn’t happen. There’s just example after example of that in all the budget bills. You just can’t say to a Bill Archer—you could to a Lloyd Bentsen, because he could deliver—but there are very few people to whom you could say, “Hey, we need you to do X. Go do it,” and it would happen. It would just all fall apart at the committee level.

That’s why you’ve seen over the years a consolidation of all the budget deals between the White House and the Congressional leadership and a few key members. It just became too unwieldy.
That’s what drove us to Andrews. Darman realized that, dealing with all the subcommittees, it just wasn’t happening. And we were pretty well organized, too.

Riley: But you don’t think it was Darman’s idea to do the summit?

Hilley: We were calling for it. Remember, he wanted to be the guy who solved the problem. And he was right, it needed solving.

Riley: So who gets to go to Andrews?

Hilley: That’s a good question.

Stein: That was a long fight there. I can’t remember. Was it the Lyndon Johnson Room where we were holding the early ones? To a large degree, we were not pressing this process forward toward a conclusion. We were trying to force them.

Gephardt’s guys had been appointed to run the summit process. One of the things we did was to troop in everyone who could have a reconciliation instruction. Remember? We brought in all the committee chairs and ranking members. They would talk about what they could do and what they couldn’t do. It was almost exhaustion that caused people finally to say, “We need to get into a smaller group, do it somewhere outside the Capitol,” because there was always worry about press. People were doing events outside the room. It was a circus.

Hilley: Wasn’t that when the women’s caucus came by?

Stein: I don’t remember that. I remember several events, mainly by Democrats, done outside under the Ohio clock. It drove the Republicans crazy. Darman wanted to get into a smaller group all along and just cut this deal. That was his objective. He always had Sununu with him, who I supposed was a check on him to some degree. But I can’t remember if there was a precipitating thing that sent us out to Andrews, other than that we weren’t getting anywhere inside the building.

Hilley: It was very limited. Larry was communications director, and I was staff director, so we were there on Sasser’s behalf. Pete Domenici stands up and says, “You know there’s a press person in the room?”

Stein: One of the efforts was to shape the issues around distribution tables for the kinds of things the Republicans would propose. In truth, I was talking to the press pretty regularly about these things. My counterpart on the House side was actually George Stephanopoulos, who was working for Gephardt at the time. He was talking to the press, too, and we talked to each other.

I don’t know who was doing it for the Bush team. One thing that probably was a rap on Darman was that he wouldn’t let anyone else participate from the White House. I never saw any of their press people.

Hilley: Yes, no press.
Stein: None.

Hilley: He’d have Barry Anderson, Sununu, and him, that was it.

Stein: That was it. I can’t even remember their legislative guys being too engaged, or their Domestic Policy Advisors. It was all Darman.

Young: He was the Domestic Policy Advisor.

Hilley: In truth, he was so knowledgeable and so good that it almost became a failing, because he was a one-man band. We knew that. In fact, George and I talked about it.

Jones: How do you explain the seeming failure of the political folks in the White House to judge the political effects of what was happening? Ed Rollins had a full head of hair before then.

Stein: I can’t even speak to that. I don’t know. We wondered about it.

Hilley: Where it really showed up wasn’t just the reversal on taxes. As we were coming into the ’92 campaign (as you remember, it was a recession, and the long-term unemployment benefits were expiring), we went out there and were just beating them up, saying, “This President doesn’t care. He’s detached from the reality of the suffering” and so on. We had Senators Sasser, [Paul] Sarbanes, [Donald] Riegle [Jr.] out there every day.

Stein: We did it mainly on Fridays.

Hilley: And Darman would not reverse and spend the few billion bucks to get out of this political quagmire. It was just stunning to us.

Stein: They vetoed it.

Hilley: There was very little political judgment going on, it seemed to us at that time.

Stein: This was the extension of unemployment benefits during a period when people were exhausting their benefits.

Riley: Go back and finish the story.

Young: It was just Sununu and Darman at Andrews from the Bush team?

Stein: Right.

Hilley: And Nick Brady, who didn’t do much. Their numbers guy was Barry Anderson.

Stein: Barry Anderson out of the OMB. That was it.
Hilley: That was their team.

Young: Okay, and your side?

Stein: Well, we had Sasser; we had Wyche Fowler; we had Mitchell coming out intermittently.

Hilley: Yeah, and they had Dole come out intermittently, too.

Stein: And Byrd was there. Did we have Vincent out there?

Hilley: No, [Daniel Rostenkowski] Rosty was there. Rosty was very dominant out there, I would say. It was funny, because Darman’s calculation—this has been reported a lot in the press and it was interesting. He felt that if he could buy off Byrd and give him his money from the discretionary accounts, then he could exchange that, along with the taxes, for some significant entitlement cuts, which is what he wanted out of our side. It’s a reversal of Gramm-Rudman.

It was a pretty good calculation. It’s the right budget calculation, because the appropriators’ accounts had been shrinking, and that’s not really where the problem was. He was pointed in the right direction. So he tried to buy Byrd off, and he was doing a lot of private negotiations with Byrd on the side, even while this was going on. Just one funny story. I remember when this thing was starting. Sununu walked in there and put his feet on the desk. Bob Byrd was furious. He just ripped him up and down: “Where is your respect for the Congress?”

Stein: The institution.

Hilley: He just set the tone for that thing like you wouldn’t believe.

Riley: How did the press guy end up staying?

Stein: Me?

Riley: Yes.

Stein: I didn’t. They threw me out that one day.

Hilley: Just one day.

Stein: I just came back.

Riley: Weren’t redeputized—

Stein: Well, I was angry, but I got over it. He and Sasser called me and told me to come back. Domenici gave a speech that was absolutely absurd coming from a guy who works the press every minute, virtually, and his people do too.

Hilley: His press guy was—
Stein: Ari Fleischer.

Hilley: So we had George and Ari, we had all—

Stein: Ari was not there. They wouldn’t let Ari come. I think that was one of the reasons Domenici was pissed off, because Darman wouldn’t let anyone come he didn’t approve. There were a couple of Republican proposals, actually, to raise some taxes. The tobacco tax was kicked around briefly, do you remember that?

Hilley: Um-hum.

Stein: Which was attributed to [William] Archer, but it wasn’t really Archer. So Archer got really angry, because he had a proposal to raise tobacco taxes attributed to him. Really, there were Republicans who were talking about tobacco taxes. So he went crazy, went and attacked Sasser, blaming me. We were talking to the press about a lot of things. I have no embarrassment about it. Issues of that magnitude ought not to be wholly litigated in a dark room. There has to be some darkness in the room, but there also has to be a little light. I thought the press needed to understand some of the dimensions of what was going on. There were a lot of things being debated from capital gains to defense, things that were extremely important. So we talked about them to some reporters.

Hilley: And Phil Gramm put cutting Social Security on the table.

Stein: He did. He wanted to cut Medicare. Don’t you remember? This was the one no one could figure out how to implement. He wanted a means test for Medicare, and you would have to have used IRS [Internal Revenue Service] data in order to do it. The Republicans never wanted the IRS engaged. The savings were quite minuscule, but that was the thing he put on the table. In honesty, yes, we put it out that he had proposed that.

Gilmore: The negotiations ultimately led to a certain ratio between tax increases, entitlement reductions, and appropriations cuts. Can you explain how you got to the final formula?

Hilley: I can’t remember.

Stein: We fought about ratios a lot, but I honestly can’t remember myself how that all evolved.

Riley: Let me go back to the question about the ultimate resolution. Was it your perception that Darman came into these negotiations ready to give on taxes from day one, or was he convinced once everybody settled on an ultimate package? I’m trying to get a sense of the dynamics.

Hilley: It’s a good question.

Stein: It’s hard to say.

Riley: When all the pieces fall into place.
Stein: We can give you only perceptions on that. I, at least, never had a conversation with him where he revealed anything. I don’t know if you did.

Stein: No. He may have started hoping he could have. I really like Leon Panetta. I think he’s terrific. He was a dedicated budgeteer, and he was always anxious to put out something, to get going, roll up the sleeves and see where we could find the savings. Once it became evident that the leadership was sitting on Leon, he realized the game was up on taxes.

Hilley: He had a really good relationship with Leon; he talked to him a lot. He may, through much of it, have hoped that there was a way out without taxes.

Young: He being?

Stein: Darman. But you know what? I’m not entirely sure. I’ve always wondered, having been at least somewhat complicit in digging the hole—and he surely knew you couldn’t get out of the hole without some revenue. I always thought he was looking for the most graceful way to break the pledge. They went to great lengths in that little letter they wrote.

Hilley: “Enhanced revenue” something.

Stein: I can’t remember the words, but they were trying to indicate that it wasn’t a tax increase, that it was rather something involving rates? Was that it?

Hilley: Enhanced revenue.

Jones: Revenue enhancement.

Hilley: To the credit of that summit, I’ll say this. If you look back on the whole history of how the hole was filled, actually that was hugely significant. If you look at the policy savings in five years, it was in the $400 billion range.

Stein: And the process stuff—I have to confess, I downgraded that as significant, but that’s where we got the PAYGO system in place.

Hilley: We threw Gramm-Rudman overboard and went to a pay-as-you-go system, which makes a hell of a lot of sense. PAYGO is the budgetary framework in which the sum of tax and entitlement charges are projected to be budget neutral.

Stein: It made a lot of sense. We debated that stuff only when we were trying to fill time because the real issues were tax and spending cuts. But those things, in my judgment, ended up being extremely important. Now that they’ve lapsed, you can see how important they were. The caps were always honored more in the breech than the observance, but the PAYGO side was really important.

Young: Did John Sununu play a significant part in this?
Hilley: No.

Young: What did he do there?

Hilley: He was supposed to be the enforcer and report back—

Stein: That’s what I thought, that he was always there to make sure Darman didn’t do something they suspected he might do. But he did have the benefit of arousing all the partisan passions of our side.

Hilley: He and Brady had almost no contribution on substance.

Young: Okay, and then the aftermath of that budget?

Stein: Well, it failed.

Young: Yes, I know.

Riley: Were you surprised at how ineptly the political aftermath was managed on the Republican side, or just absolutely gleeful that they were leaning into your punch?

Stein: We were pretty delighted.

Hilley: Delighted, but not privy to how they could have could have botched it so well.

Stein: We never understood how they could have screwed it up the way they did.

Hilley: We didn’t have much insight into how they blew it.

Stein: We didn’t know, but after investing all that, and after repudiating the tax pledge, and knowing that they were going to get nailed for that, how they could let it fail as well—

Gilmore: Was Newt Gingrich involved in the talks?

Stein: Yes.

Gilmore: Did you have any indication that he would oppose the tax increases?

Hilley: I don’t remember him being—

Stein: He was there. I think he left at a certain point. I know he was not out at Andrews, but he was in some of the early—if I remember right—and I’d have to go back and look at the clips—he himself at one point even said something that sounded like he might have been receptive to potential tax increases. We nailed him for that. He was involved in it and then left early enough so that—at some point, probably midway, he knew he was going to mobilize against it.
Hilley: The irony is, after Bush spent all the political capital, to have it fail and then have to doctor the bill up and come our way to get Democratic votes—that was just the ultimate.

Stein: Right.

Hilley: They deserted him.

Stein: Yes, completely deserted him. Gingrich organized them into deserting.

Young: As I understood it, the leadership had a meeting with the President after it was all over. Am I right about this? Gingrich was there, and Bush went around the table saying, “Are you on board? Are you on board?”

Stein: Gingrich left.

Young: Gingrich disappeared before—?

Hilley: That’s true. A Republican leadership meeting.

Stein: That’s true. I never understood how they could have let a thing go that much.

Young: Well, it’s speculation, but when you see who was running the show and cutting everybody else out—it was Darman. Darman wasn’t an “outside the beltway” guy.

Stein: The other thing was that the President was just not focused on this. He was an internationalist, and there were events going on around the world at this time.

Gilmore: Yes, that’s true.

Jones: Going back to Reagan and then to Bush, can you weigh the political pluses and minuses of the Democrats on the Hill essentially taking over the budget process?

Hilley: Do you mean in the Reagan era?

Jones: Reagan and into Bush.

Hilley: In the Reagan era, we always think of Gramm-Rudman as a Republican Congressional hijacking of the budget process. Phil Gramm basically was the guy who put that into place. So the role of the Democrats from ’85 on was simply to be politically out there banging. They signed on to Gramm-Rudman-Hollings, but turned out to dislike it very quickly once they discovered the impact on the appropriators.

Then there was the ’87 summit that went nowhere. It wasn’t until Bush came in with Darman that the focus turned back to these budgetary matters. Then we started consolidating things into the hands of the leadership. But we were on the outside looking in, basically, in the Reagan era.
It was Gramm driving it from the Congressional side to the extent that he did hijack it from the administration.

Jones: With the exception of the Senate, in ’85 and ’86, Democrats were in the majority very much all the time. One interpretation is that it was politically intelligent on the part of the Reagan White House to have the whole budget process move to the Hill.

Hilley: Absolutely.

Stein: Sure.

Jones: That is to say, as soon as the Democrats on the Hill said, “This budget that Reagan has just presented is dead on arrival,” the Reagan folks said, “That’s fine. You do it.”

Hilley: Exactly.

Jones: So the attention is away from the President, and even further, in 1990, Bush takes it over again. Some Reagan folks might have said, “That was your mistake.” It’s in that context that I’m asking.

Stein: Taking a step back and not looking at it individual year by year, I think it’s true, and that’s a good question about its positives and negatives. It’s true that the Democratic Party has assumed fiscal responsibility. That’s happened since 1980. Year in, year out, there have been different players who had different control, but by and large the impetus to deal with deficits has been more from us than from them. Now it’s self-evident that that’s the case.

Hilley: Even though, to go to the Congressional, when Newt came in and the Republicans took over the House and the Senate and wrote the Contract with America and called for a balanced budget in seven years, that was really not about balancing the budget as much as it was about a major tax cuts and the entitlement cuts to offset them. So even there, where they tried to pick up the mantle of balancing the budget, it was really more about tax cuts and entitlement cuts to offset them.

Stein: The overall question is really an interesting one for political history. One could argue that ’94 happened for a lot of different reasons, but certainly a component was the votes Democrats cast, alone, on Clinton’s first budget.

Hilley: Absolutely.

Stein: The health bill was a component; even Haiti was a component, and Mogadishu. There were a lot of things. In truth, having had the misfortune of working on a race during that year, I know that although they capitalized on all of Clinton’s negatives, they used the tax increases as the specific means of pointing to all his weaknesses.

When Sasser was beaten, that was the core of the ads run against him by Bill Frist. So, in truth, one can look at ’94 and say that’s pretty much the consequence of Democrats having assumed
responsibility for what Reagan was doing in the '80s. I think there’s much truth in that. The converse is that Clinton’s historical credit will probably come largely from having corrected the imbalances Reagan created. Probably, when his book comes out, he’s going to say the centerpiece of his accomplishment was getting the country back on the right fiscal track. But at the Congressional level, we massively suffered for that—multiple lost races.

Hilley: We didn’t win anything.

Stein: Yes, but at the presidential level Clinton will probably be able to claim that he did the right things. Possibly one of the things that will ultimately hurt Bush Two is what he’s done in this area—which no one is talking a lot about.

Hilley: There’s no energy on it now. It’s just remarkable.

Stein: It’s utterly unconscionable.

Hilley: No energy on the deficit issue at all. These are—what? $500 billion for this year? And not a peep about it.

Stein: Listen, I’ve been in a couple of Republican Congressional offices in my new role here, and a couple of people have actively said, “We don’t care about that. We’re pushing something that costs $30-40 billion over ten years. That’s all right. That’s not a knock-out. These deficits aren’t so important.”

Riley: You mentioned that the Congressional affairs people, to your recollection, were not involved in the Andrews negotiations. You were working on budget issues both before and after Andrews. Were the Congressional liaison people—I can’t remember whether it was Fred McClure or Nick Calio at the time—routinely involved in this area?

Stein: Never saw them.

Hilley: No.

Young: The people you did see were Darman, Sununu—

Hilley: Right.

Stein: [Bill] Diefenderfer for a period.

Hilley: Yes, Diefenderfer, the deputy director, was an effective guy.

Stein: And Brady, who unfortunately was ineffectual, in my opinion. But observing Nick Calio and knowing him a little bit, I think he believed his role was as a missionary to the Republican side only.

Riley: You’re watching presidential politics from Capitol Hill going into '92. Surprises?
Stein: Yes. That was a huge surprise to me. I shared the conventional wisdom, which was that the nomination wasn’t worth having. His numbers were phenomenal.

Hilley: They all did up on the Hill, all the guys who could have made a run.

Stein: Dick Gephardt had been priming himself for this job ever since he got to Washington. When he chose not to run, that was as clear a reflection of the conventional wisdom as you’re going to get. I can’t fault his analysis.

Hilley: Same with Bentsen. As you say so well, all hundred of the Senators think they should be President, but none of them were willing to step up. Bentsen decided not to run, but several of them, I will say, were reconsidering coming into the New Hampshire primary. If he had faltered badly, the race would have reopened.

Stein: Once the Gennifer Flowers story started to come out, there was a lot of internal consternation. I talked to very few people who thought he could surmount that. I cannot remember the sequence of the war and the numbers rising through the roof, the victory. But the economic stuff was eating away at Bush all along. There was always a soft underbelly to this.

Hilley: There’s the joke that the war got over too soon.

Stein: Certainly Bill Clinton was as capable of doing political analysis as anyone in Washington. He was sitting down there in Arkansas, and he saw that there was opportunity here. I think it delighted him that all the people inside the beltway were concluding that the nomination wasn’t worth having. I’m just inferring that, though I had some evidence for it because Stephanopoulos was one of the first to jump to him.

Hilley: First to jump. And even a year before he came on the scene, someone who was very close to Clinton is Al From, the head of the DLC [Democratic Leadership Council].

Riley: Sure.

Hilley: I was pretty close to him. I’d started working with him back in the day with Lawton Chiles, who was one of the first ones to go with him. But he said, “Hey, you know what? There’s this guy down in Arkansas you would not believe. He is the best speaker, the best emoter, he knows policy. This is our boy.” And he was right about that. They were hooked up to him early and were giving him policy advice and doing a lot of—

Stein: I knew something about him from having spent some time in politics in Tennessee. Also he did several events with us when I was with the TVA. He was big into agriculture programs, and we had a lot of agriculture. So I went to several events where he was a speaker, and he was phenomenal. Even then he had a reputation for difficulties.

Riley: Yes.
Stein: In fact, the first time I ever saw him, I remember hearing that there was a side to him that people needed to be careful of, and it’s true.

Riley: Were either of you involved in the campaign at all?

Hilley: Not the campaign *per se*.

Stein: Actually, we were involved, now that I think about it.

Hilley: They would come to us. Gene Sperling and—who was the deputy Treasury Secretary who’s now advising Kerry?

Stein: Altman.

Hilley: Roger Altman. A lot of them would come up and say, “Tell us about Congress, tell us about the budget,” stuff like that. Of course we knew George going way back. So there was a lot of activity with their policy advisors. But I was not involved in the political end of the campaign.

Stein: Neither was I directly. But we did a lot. We actually had seminars for the economic team that we put together for them. That was after they were elected, but we were talking to them all along. In fact—as is happening somewhat now—Clinton, on the trail, put out ideas and actually put out a pretty full budget in *Putting People First*, a little book.

The Republicans did what you’d expect them to do. They packaged it and were going to put it up for a vote—Domenici did that. So we took Bush’s long-term budget and packaged it and were going to second-degree him. Then it produced $6 trillion in new debt, so Domenici backed off. We had that sort of thing constantly. And the thing that we were doing on the floor, on the economy, we did it ourselves. We would go down with charts—Sarbanes and Sasser, mainly—showing the poor economic performance. Gene ultimately picked up on it himself, and they started using it on the trail.

Young: This was after the nomination?

Stein: No, I apologize. I’ve confused this chronologically.

Young: It was after the election that you gave seminars.

Stein: Yes, that was out of sequence. During the election, there were efforts by the Republicans to attack Clinton, which we had to combat on the floor. We had a group of Senators who really did this independent of the election. They were just furious with Bush’s economic policies, thought the economy was terrible, and it crystallized in this whole debate about unemployment insurance.

They would go down there, a team of them: Sasser, Dodd, [Donald] Riegle, Sarbanes. And periodically, others would come in—
Young: To Little Rock.

Stein: No, on the floor of the Senate. They would make an economic case, and then the economic team back in Little Rock would adopt some of that and, in fact, used a lot of it and then started to direct the press to watch it a little more closely. That was not intentional, but it was part of a dialogue we had with them. Then when they did get elected, their economic team came up, and they really did not know much about the process.

Young: Did that include [Robert] Rubin?

Stein: He came to a couple of the meetings, but it was mainly Larry Summers, Roger Altman, Rob Shapiro, Gene Sperling, and Ira Magaziner. So our technical people, Sue Nelson and some of the budget analysts, really tried to take them through the process very early. And to their credit, they wanted to learn it very early on.

Riley: This was during the transition period?

Stein: Yes, this would have been probably December, before he took office. This happened on a couple of occasions. We talked to Gene a lot during this—

Hilley: And of course that was the first thing they picked up. In fact, Clinton spent hours upon hours putting together that first budget proposal himself.

Stein: He knew some of the process in almost excruciating detail.

Riley: You were involved in those discussions?

Hilley: Not with him directly. They put together their own budget—

Stein: We were involved because they would call us up—Gene would call me up, at least—in the middle of the night, all the time, trying to get information. It was admirable.

Young: So the Clinton folks were pretty much on top of the budget they had to prepare and the budget process?

Hilley: They came very quickly up to speed. Gene Sperling—who knows more about this stuff now than just about anybody—knew nothing when he walked in the door. But to their great credit, in the three to four months of transition, these guys really learned the budget. They did a really good job.

Stein: They focused on the crucial issues quickly. Putting together their personnel team was pretty slow, but on the policy side, they had penetrated what they needed to do. Of course, they had the whole healthcare team under Ira at the same time. This is an interesting issue because arguably—and in retrospect it’s easy to say this—the system couldn’t bear two mammoth things like the budget and healthcare within six months of each other.
Riley: Why don’t we break in here and we can come back and follow this line of discussion.

[BREAK]

Riley: I want to ask you two questions about the transition period in ’92. You said you were dealing with the staff people, and they grasped the right issues. But there was an important shift in emphasis on economics between the November election and the earliest period of the administration. Because the deficit numbers were evidently tracking very much in the wrong direction, the emphasis of the administration went away from things like a middle-class tax cut, and the embrace was almost entirely of deficit reduction.

Stein: That did happen, and they hung it on a particular CBO [Congressional Budget Office] report. They said the numbers got substantially worse, but the numbers didn’t get substantially worse. Everyone knew what was going on.

Hilley: In fact, a mistake they made was they put off healthcare—which was good, although it was so butchered at the end that it didn’t turn out right anyway. We talked about this a lot, but they tried to finesse it too much. In other words, they came out and said, “The economy right now needs some stimulus; we’re going to put out a stimulus package.” That was really their first legislative thing. Then we’re going to follow with a major deficit reduction. The stimulus was so marginal that it had no impact on the economy anyway.

If the economy really needed it, if there was going to be a stimulus thing, they should have come with a tax cut and then come behind it. Although, they shouldn’t have done anything. But they completely butchered the stimulus package because they didn’t know how to manage it. They basically said, “Here, appropriators, give us $20 billion worth of spending.” That’s an invitation for disaster. So they got off to a very poor start—

Stein: This was the night basketball—

Hilley: The swimming pools, the community centers.

Stein: Which was really ridiculous, because those were CDBGs [Community Development Block Grant], right? So they got a book of mayors’ requests for proposals that had nothing to do with what the money was necessarily going to be spent for. This is one of those examples of anecdotal politics that really works. There were a number of things in there, but the Republicans just picked out midnight basketball, and they hammered the hell out of us.

Riley: I’m trying to compare the ineptitude you see immediately after the inauguration with the characterization that you made earlier about how these people are coming in—they’re up to speed, they understand the processes. Was it the fact that the people you were meeting with and who understood the process weren’t really in the driver’s seat?

Stein: No, they were the same people.
Hilley: As Larry said, Clinton’s legacy will be what he did to put things back in order. Gene and all these guys are very competent. They figured out the right thing to do in the big picture. Their mistake was that, as their first Congressional initiative, they threw this thing up there and lost control of it. That was the issue.

Stein: That’s right. To be fair to them, let’s set the scene right. They won very tangibly on “It’s the economy stupid. I’m going to focus like a laser on the economy.” That had to do with the current circumstances, not with the deficit. That had to do with the fact that people were not feeling too good. We were actually coming out of a recession, but people didn’t know it. They had an obligation going back to the campaign that they absolutely had to deliver on—that they were going to do something about the economy. Healthcare was the other thing they had coming out of the campaign they were going to do.

But you’re right, in the course of the transition, below the surface are the fiscal imbalances. During the transition, because of Rubin, Larry, Bentsen, they started looking at the numbers. It wasn’t that new numbers came out, it was that they were looking for a pivot point to get away from how you win an election to how you govern. They used some numbers that I don’t think were that surprising at all, but they said they were.

In the meantime, a mix of things. It still wasn’t clear that the economy was in robust shape by any means, so the idea of a stimulus itself wasn’t foolish. John’s entirely right. If you do it as a burst on the tax side, you may get something. But there’s no evidence that you get anything out of those either—by the time you get them implemented, events have moved on. But what was also true of those guys was that a lot of them really did believe in some of these investments on the discretionary side. They thought they’d be able to guide the process, and even if it didn’t have stimulative effect it would have favorable social consequences, something Gene believes. That was at least the political and ideological impetus behind it. But it ended up being an absolute mess, as John said.

Hilley: It’s so hard starting anything. So if Kerry wins, I wish him well. It’s always difficult to get started with the appointments and everything else. It’s just plain hard. And they clearly did not have their public relations machinery up and running at that point either. We got killed on the floor, and we got killed in the public relations sector. We just lost control of it.

Stein: The gays in the military were coming up at that time, remember that?

Hilley: Boy, do I.

Jones: Are you saying, in answer to Russell’s question, that they got up to speed pretty quickly on the budget process but not on the way it works on the Hill?

Stein: That’s right.

Jones: The politics of the Hill-White House relationship?
Stein: They knew the politics, but they didn’t understand Bob Byrd real well.

Hilley: The lesson of getting anything big done was to shrink the room, consolidate the power, and deal with the leadership, a few committee chairmen, and the White House. That’s the only way things get done. They had not learned that lesson or had not rediscovered it. So they just basically said, “Here, Mr. Byrd, we need $20 billion worth of spending.” You turn something over to a committee and it’s soup. Soup is what you’re getting, and that’s what happened to it.

Jones: Would you say something about the effect, if any, of the Little Rock economic conference? Was either of you there?

Stein: No. I remember not wanting to go. That was the kind of thing you do built on a campaign that was determined by the economy. You don’t want to go through four months and not do anything, so he had to do that. The question you ask, though, is the right one, and I’m not entirely sure I can give you an answer. What was going on that ultimately determined them to put greater weight on deficit reduction than they had during the campaign? I don’t know that the economic summit was that significant in this process. I doubt it.

I’m sure what was happening was that they were trying to figure out a way to rationalize doing two things at the same time that—at least to the uninitiated—look contradictory: spend a big burst of money, but save money over the long haul. And they did come up with a line that tried to rationalize it: We’re going to stimulate the economy in the short term and constrain deficits over the long. It’s not an easy political message to sell. It’s a very difficult prescription for legislative outcomes, and they proved that. That’s pretty much what it amounts to.

Jones: Senators [David] Boren and [John] Breaux, as I recall, tried to be mediators and came up with a slightly different, or somewhat different, stimulus package. If my memory serves, it was rejected. Could you talk a little bit about that?

Hilley: They were always willing to be helpful in their own way [laughter]. Breaux, whom I love, always loves to play the middleman. If there’s ever a tweak or compromise or whatever, he’s going to be the guy doing it. He’s a dealer. So that was just natural for them. Breaux has done it fifty times, in my experience.

Stein: Without ever getting a result, though.

Hilley: He can be useful as long as you keep your eye on him and talk to him a lot. He can be very helpful. Particularly after the Republicans took over, he was a very good intermediary to the Republican side. You need someone like that whom you can actually trust to do that. But that was just part of what I’ve seen fifty times from Breaux.

Stein: I don’t remember, though, the Boren-Breaux alternative stimulus package. I assume there might even have been others. This is maybe too cynical, but the Republicans were looking for something to kill. Remember, they didn’t give us any votes for the budget either, none. We got no Republican votes through the entire process, six different times. So it wasn’t as though there
was an alternative stimulus out there that they were going to say, “This is good policy. We’ll do it.” It was much more a case of Where can we embarrass this guy most?

Let’s be honest about it. That’s the truth. It started with Dole’s announcement that he was going to represent the fifty-some percent of the population who didn’t vote for Clinton. That pretty much set the tone for this. As John says, we played into their hands. The message was too confusing for the public, and procedurally we didn’t understand what Byrd was going to do.

Riley: You talked a little bit about staff-to-staff contacts during the transition. More important is the question of White House Congressional membership relations. I’m assuming that you were in a good position to either witness that or get a sense of how well that was proceeding during the course of the transition. Can you talk about the transitional period in those early months and how well the Clinton White House was being received on Capitol Hill? Was there a sense that these were people who were tone deaf to Capitol Hill politics?

Hilley: No. I think quite well, actually. I remember right after he was elected, Clinton invited [Thomas] Foley, Gephardt, and Mitchell down to Little Rock. We all went down there and powwwowed for a day. One staff got to go, and so I got to go along. There on the other side were people you’d been working with forever. It was George and the gang. It was very easy. Clinton did all the right things about reaching out. This guy knows his politics. One of the great strengths of his administration was maintaining great relationships with the Democrats. Whether there was something in a budget deal they didn’t like or impeachment or whatever, this guy always tended to his personal politics and had a fabulous way with the members. So I fault them not at all from that end.

On the Congressional liaison side, the problem was that after the inauguration, you’ve got your plate full with nominations, a lot of them going sour on you. You’re trying to do a lot of legislation, and my first trip to the White House to see him was on gays in the military. We had [Sam] Nunn going the other way on this one, and Mitchell trying to find a compromise, and it was just a mess. It’s really hard to fault them, because they were doing all the things they should have been doing.

Howard Paster, who was the legislative director for a year, and [Thomas] Mack McLarty, who was the Chief of Staff, a very nice guy, were having trouble getting traction in the business of governing. They were doing all the right outreach. It’s tough, nominations and all that.

Stein: It’s also true that he did several things that helped, but in some degree hurt. He named Leon, who was well respected among Democrats in the House. He named Bentsen, who was well respected, but that ended up producing a vacancy that [Daniel Patrick] Pat Moynihan filled.

Hilley: And lost the Texas seat. That was an enormous error, and they just didn’t understand.

Stein: They didn’t get it. But those first years were extremely difficult. Clinton’s as good personally with other political people as is imaginable. I can’t think of anyone who’s better. But on the other hand, you had a Democratic majority in Congress that had spent the last twelve years in a completely opposition posture. They were good at fighting things. They weren’t
particularly good at thinking about how to get things done. Here’s a young guy who has been Governor of Arkansas. That doesn’t generate a high level of respect for his legislative or policy skills. Under all this stuff, you have to realize that—especially in the Senate—they didn’t necessarily think he had more reason to be in that office than they did.

**Hilley:** Just to come back to the Bentsen thing. I can understand why Bentsen wanted out of the Senate. He served so long and so capably, and he’s just an incredible guy, so I can understand why he’d want that job at Treasury. But it was really a huge mistake because of what it did to the Senate. Bentsen was chair of the most powerful committee, the one guy you could turn to. Mitchell had a fabulous relationship with him; they really respected each other. You could say, “Lloyd, can you get this done for us?” He could snap those guys into line and get it done. His committee lived in fear of him. If you needed them to stand up and salute for him, he would do it.

When he left, with all these huge pieces of legislation coming on—just think about it, healthcare, the budget bills—poor Pat Moynihan was completely devoid of legislative capability and could do nothing.

**Stein:** It’s true.

**Hilley:** It left a gaping, gaping hole in the function of the Senate, which was far more critical to Clinton’s packages than having him be Treasury Secretary. I can understand why they did it, but it turned out to be a huge mistake.

**Stein:** I agree. Despite all the hagiography for Moynihan—a wonderful public intellectual who served a necessary role—when it came to really delivering on the legislative craftsmanship, he was a zero. He had no interest, by the way, in the tax code, had relatively little interest in health programs, and spent most of the time complaining that the welfare issue was being left aside. Meanwhile, we were writing major fiscal policy for the next decade, and he was absent.

**Jones:** It’s very interesting, isn’t it, a couple of profiles of what is effective in the Senate where you’ve had your experience, the profiles of Bentsen and Moynihan? Can you reflect on what explains those differences? Is it the policy commitment on the part of, say, Moynihan, and the sense of role that a chair is supposed to facilitate on the part of Bentsen? It certainly makes a difference from the point of view of the White House.

**Stein:** Oh, sure.

**Hilley:** Having been there a long time, both of us, sitting in the leader’s office, you really get to see who’s a chairman to whom you can say, “Go do this for me.” With the other ones, the leader has to actually do it himself. There are a handful of Senators that in Mitchell’s day we could trust. We could trust [Joseph] Biden to deliver on Judiciary, we could trust Bentsen to deliver on Finance, we could trust [Edward] Kennedy to deliver with a lot of love and coaxing on the Labor committees and so on.
These guys all had in common being very bright and committed to the legislative process and understanding how it works. They are strong guys, too, who know how to get the boats in line. The caucus is perennially fractured, and it’s very difficult. There are very few of them up there who can really pull a powerful committee together. Byrd could do it, obviously, in Appropriations in his day.

Moynihan was completely ineffectual as a legislator—which many, many of them are. He just didn’t understand the process. I remember when we were doing one of the reconciliation bills, and his guys didn’t know squat about parliamentary procedure, about the Budget Act, about anything that affected the fate of this bill. Actually, we had other people manage on the floor for him.

Stein: Sasser ended up managing the reconciliation bill because Moynihan neither could do it nor did he want to. He was delighted not to have to do it. His staff director was a reflection of him in this regard—

Hilley: Lawrence O’Donnell.

Stein: He didn’t have the faintest idea of either policy or procedure. I had to send [William G.] Dauster and Sue [Nelson] down there to educate him.

Hilley: Unthinkable in Bentsen’s day. Bentsen would walk out there, badda-boom, he’d have his staff out there, it would be regular order, he’d just run the whole bill.

Stein: They had some good people on that committee left over from Bentsen’s day, but Lawrence didn’t know what the hell was going on, and Moynihan wasn’t interested. This is a subject one could talk about for a long, long time. A lot of these guys don’t perceive themselves as legislators. They don’t necessarily want to be. They’re perhaps pursuing the next rung, whatever that might be, or they think of themselves as commentators standing above it and observing it—a voice for history. That’s how Moynihan thought of himself.

Jones: Writing op-ed pieces.

Stein: Writing op-eds. He would far rather have a few elegant paragraphs in an op-ed piece than have a piece of legislation with his name on it.

Hilley: Larry’s point is really good. Al Gore was not a legislator at all.

Stein: Didn’t care about it.

Hilley: We saw him lead his office on an appropriation bill. We’d be wrapping one up, and he’d come in and say, “Can you give me this?” That was the extent of his legislating. He just didn’t have an interest. He was into a sort of visionary speaking. That’s true of John Kerry also.

Stein: For the most part, that’s right.
Jones: Was the lack of this kind of savvy characteristic of the Clinton White House right at first? The kind of savvy you’ve just provided?

Stein: No. Clinton, to my eye, had many more of the characteristics of someone who likes to legislate.

Hilley: Oh, absolutely.

Stein: He really liked to get into How does this work? He loved that.

Jones: I’m talking more not just about his knowledge, but knowledge of the White House, the kind of thing you’ve just described.

Stein: As a generic matter, there’s a disposition on the part of people outside this process to think that somehow a President has more control over things than he has. I really think that’s probably the first corrective you need to apply to anything when you’re starting to think about it.

He walks in there not essentially a blank slate, but he doesn’t know all the forces that are going on in the Congress. There’s no way he could. I’d been there for ten years, and I didn’t know all the forces going on there. It’s a huge community.

I don’t know how the gays in the military thing evolved. I’d love to know. (When you guys are finished with all this, I’d love to read about that.) I’ve always wondered how he walked into that one. Before he even got to town, he walked into it! While it’s not very consequential in a lot of ways, it determined a lot of what went on during the first three months. I can’t look at them and say they were incompetent and that happened. I don’t believe that. I think a lot of these things happened because of a multiplicity of forces over which no one can really exercise adequate control. So I don’t think that to figure out why you got a particular outcome for a set of elements, you go to their competence as a dispositive factor.

To try to do a stimulus, a deficit reduction package, and a healthcare package in the first nine months of a Presidency is a huge bite. I guess if I were criticizing them, what I’d say is, you need to decide. I probably would have decided differently than they did. And, in fact, I gave guidance that they didn’t follow. I said they should have done healthcare, not a big deficit reduction package, largely because I didn’t see much political gain in it. In fact, I saw a lot of political loss in it.

Hilley: Which turned out to be correct.

Stein: It probably has, but thinking about it, I don’t know that I was right. I probably wasn’t.

Hilley: It was the right thing to do.

Stein: To me, that was his problem. He wanted to do so much, and he couldn’t be discriminating and time it in a way that could have given him a chance to do it all.
Hilley: The other thing was it’s not just our guys in Congress and the guys in the White House. The other side of this is the opposition. These guys play rough. Republicans up there are tougher, meaner, and will resort to more things than Democrats do. I know that’s a very biased opinion, but it’s the truth. They play hardball a lot better than we do. They came in there, it was a new cycle, and they weren’t going to give this guy a honeymoon. Dole said it, and away they went.

The one thing they may have underestimated was the strength and the resilience of the opposition. That’s a story that goes through the entire eight years, to tell you the truth.

Gilmore: How competently did they manage the deficit reduction package?

Hilley: About as well as it could be done, given that there were no Republican votes. Again, it goes to the opposition. They decided flat out that this was a political issue. This wasn’t about policy, this was a flat out issue of We can run against these guys in the next election.

Stein: And they won the public relations war. The other side flat won the public relations war. They came out with those buttons, “Cut Spending First,” and they managed to communicate to the public that the tax increases were on middle income people, when none of them—with the exception, I guess, of the BTU (what became of the gas tax)—none of the tax increases were on middle income people. But they won that.

I don’t remember the polling data, I don’t remember the numbers, but I do remember looking at some data after the vote or during it. They had absolutely persuaded people that there were no spending cuts in there and that all the taxes were on middle income people. We had very little margin for error, and we had to troop our guys down there and have them vote for this with no cover from the other side. It was extremely difficult. That was the most difficult thing legislatively that I’ve ever worked on, by far.

Riley: Whom do you credit? Is that a presidential success story, or is it a success story of people in the leadership on the Hill taking the idea and making it happen?

Hilley: We saw it from both sides. Foley did a remarkable job delivering the vote in the House. They did not have the votes when they went to the floor.

Stein: Right.

Hilley: We didn’t get Bob Kerrey’s vote until—

Stein: We found out at 8 o’clock—maybe we found out at 6, right before he came to the floor and delivered his speech. You and I were working on that one. I don’t remember feeling that we were going to get him until very late in the process.

Hilley: The leadership did an extraordinary job delivering that vote. Tom Daschle and Harry Reid went—

Stein: —went into his office and basically pulled him out.
Riley: Kerrey?

Hilley: Bob Kerrey was the last vote. They bird-dogged him relentlessly. Mitchell was on him for several days straight there.

Stein: But Clinton did a good job with a few. He got [Dennis] DeConcini. DeConcini subsequently retired, but he got him. He did a very good job.

Hilley: He always makes his calls.

Stein: He always does, and when Clinton makes his calls, he’s really good with them. He may not get them, but he’s really good with them.

Hilley: So, with no room for error, I felt the bill was worked as well as it possibly could have been.

Stein: A lot of times you don’t feel like you’ve done much, even when something passes, but boy, when that was done, I felt that we had done something.

Young: You were mentioning a moment ago how these guys play hardball, they’re better at it. Was there anything beyond the “get Clinton” besides the feeling, as you mentioned earlier, that he’s just this Governor of Arkansas?

Stein: It was deeper than that.

Young: I sensed there might be something deeper than that, beyond the issues, the normal oppositional mode, party politics. There was something else.

Stein: Very deep and complex.

Young: From history’s point of view, we’d like to hear what the perceptions of this are. Were people right? Wrong? What was it?

Stein: You’re asking why the Republicans hated him, is that the question?

Young: Did they?

Stein: Yes. And still hate him.

Hilley: Those with a moralistic streak.

Young: Can you comment on that?
Stein: Well, just a piece of evidence for it: Even now, whenever they get themselves in trouble, they’ll resort to bashing Clinton, three years after the fact. That’s as clear a register of hatred as any I know.

Young: Do you have a theory about why that was?

Hilley: It was mixed. Take a guy like Dole—whom I greatly respect, and who was a powerful, fine legislator and a very good leader of his party in the Senate. I don’t think it was personal with him at all.

Stein: Neither do I.

Hilley: It was just that he’s one tough guy, he would run over people. He’d run over his own guys more than he’d run over our guys. He had those guys whipped into shape. For him, it was just, “I’m out to beat you.” I didn’t really regard it as personal.

Stein: He was in the minority, John.

Hilley: I agree with that. But the ones with the moralizing tone, the [Tom] DeLays of the world, those guys just have a visceral—

Stein: They detest him. I’ve never understood why. I mean, if you take his policy positions—and this may be an explanation for it, as well as being a little paradoxical—if you take his policy positions, and the things he stood for in a clear way, he’s certainly not a liberal, certainly not far to the left. I don’t think history will account for him that way. I may be wrong, but I certainly didn’t feel that way working for him.

So it becomes why, of all the people to detest, would you pick this one?

Hilley: They often would tell us, “He’s taking all our issues.”

Stein: They hated that.

Hilley: They resented that he took their issues like welfare reform, which was just smart politics.

Young: That’s not part of the game?

Hilley: Exactly.

Stein: They don’t understand why we don’t embrace Bush for taking education, but they hated him for taking welfare reform. But it’s much deeper than that. You have to go back to the ’60s. That’s what this guy represented, a period of latitude, shall we say, that they just detested. Regardless of what public policy he supported, they saw him as dissolute.

This is not about Bob Dole or Pete Domenici, or the thoughtful politicians who understand this business and who have dealt with this sort of thing in a variety of guises before. We’re talking
about Tom DeLay and the religious right, and [Jon] Kyl, and those kinds of people who were more and more in the ascendancy in the Republican Party.

**Young:** How old is DeLay? Where was he during the ’60s?

**Stein:** He’s in his late 50s, I think.

**Hilley:** He was an exterminator, I believe.

**Stein:** Killing bugs. I don’t know where he was.

**Young:** Really out of it.

**Stein:** They would point to other things. They would say he’s duplicitous, says one thing and does another. That’s new in politics?

**Gilmore:** In the Senate there are some fairly moderate or even liberal Republicans. Was it impossible to get to them? I’m thinking of [John] Chafee or—

**Stein:** When they were trying to impeach him or before?

**Gilmore:** Get to them on the budget?

**Hilley:** There were many issues we could get them, environmental issues, things like that. There was a cadre, but the cadre is diminished, believe me.

**Stein:** But in ’97, when they had a reason to work—

**Hilley:** Sure, we could get them. We could always look to six to ten Republican votes on most issues. But not on the tax issue. That was a leadership decision, and as I say, Dole could whip his boys into line.

**Gilmore:** They just had to pay too high a price within the caucus?

**Stein:** Oh, yes. It was good politics. They didn’t have to be smart to figure that one out.

**Gilmore:** Maybe they could have gotten something really wonderful for Vermont or Rhode Island.

**Hilley:** This was a macro decision. But many, many times on the normal order of things, we could get Republican votes. There were always six to ten we could shop in my time.

**Young:** John, you said you thought it was the ’60s.
**Hilley:** I agree—the draft dodging, duplicitous, it was just very visceral. I think the word is moralistic. The people who were offended by his personal past—to the extent people get offended by that—played into it.

**Stein:** In all honesty, I don’t think even that is enough to explain the fact that they started from the proposition that he was an illegitimate President. They started it before he took the oath of office, and that’s the truth. I’m not sure it’s easy to explain that. Maybe there have been other examples in our history. I don’t know of one. You guys may.

**Young:** So there was a search for a way to bring him down, regardless—that was a subtext—

**Stein:** I believe that every minute of his Presidency they were looking for ways to—

**Hilley:** That’s what I was referring to. For the entire eight years, Clinton always underestimated what they were willing to do to try to bring him down. He was way too blind to that, he did not understand.

**Jones:** Let me suggest an interpretation to put it in a more positive way. In regard to this early period—the early months, and then the stimulus package, and then deficit-reduction package—Clinton had campaigned as a moderate (welfare reform, middle-class tax cut), and surveys later suggested that that worked as a moderating influence for those who didn’t want Bush there any more. A lot of them voted for [Ross] Perot, but it was the campaign, the economy, and so forth.

However, quite apart from Clinton-hating, the initial period was one that suggested, “Here we go again; we’ve been deceived.” Gays in the military, legislation that had been passed by the previous Democratic Congress but vetoed by Bush, some of which clearly could be interpreted as more liberal, not moderate: family leave, the [James] Brady Bill eventually, the executive orders with RU-486. Then the stimulus package and “Here we go again in spending.”

The effect of that, this interpretation suggests, was to make even the moderate Republicans susceptible to the more extreme view of Clinton. And there goes any chance—healthcare reform coming before welfare reform again. If you’d reversed those, it makes sense otherwise, if not policy-wise. That’s an interpretation that doesn’t have to probe the depth of hatred.

**Stein:** I can understand it now that you’ve laid it out. Believe me, I never would have thought of it that way from where I was sitting at the time. To believe it, you would have to think that he actively went out and did gays in the military on purpose, which I don’t believe. I believe that he stumbled into it—it was not something he wanted to begin his Presidency with. Family Medical Leave, yes. Family Medical Leave had a liberal slant to it. It’s now one of the most popular pieces of legislation anyone has passed. I guess one could think of that as “liberal.” I don’t know.

I hear what you’re saying, but I never would have thought of it that way myself. I can imagine that a thoughtful moderate Republican might put it together and say, “This guy has been lying to us through the whole campaign.”

**Jones:** The argument is that it legitimized party unity, strong party unity, right from the start.
Riley: Let me come at this from a slightly different angle. We know that in a fairly short period of time, historically speaking, there were real problems for the Democratic Party, and there was a great deal of disillusionment with this President. Where did you start picking up serious signals on Capitol Hill that this White House was not quite what we had hoped for?

Hilley: The first year, as we say, it was very rough. It was the opposition, which I’ve stressed a lot. But there were a lot of Senators up there, starting with Senator Byrd. One of his best speeches is, “I’ve seen six or seven—” I forget the number. “Six or seven Presidents have come and gone, and I’m still here. They can answer to me. The Senate has its prerogatives, and this junior guy needs to learn what those are.”

Clinton went through cycles in his Presidency, clearly. It’s just unfortunate he started so badly for all the reasons we said. The high point was the ’93 budget bill, and then ’94 was, of course, a four-star disaster in many, many dimensions. It’s only after Republicans came in and screwed up even more than could possibly be imagined that he regained his footing finally. I think the hatred goes deeper.

Stein: There was a general distrust of a young guy from the state of Arkansas. Then the Republicans did a pretty good job of trying to contend that he was a minority President, even though, as I remember all the polling data, the Perot vote broke both ways. Maybe you guys know of it, but I haven’t seen conclusive evidence that if Perot had been out, Clinton would have lost. I’ve never believed it, but I don’t know.

Jones: Evidence suggests that he would have won.

Stein: I always thought it did. But the Republicans did a great job, from day one, of coming out and trying to contend that he really was an accidental President. There were more receptive ears in the Democratic Party for that kind of thing than one wants to admit. There’s a lot of jealousy and competition.

Riley: I guess that’s what I’m trying to get at. You go through the timeline: NAFTA [North America Free Trade Agreement] hits in late ’93. The external perception is that NAFTA was a real problem for Democrats on the Hill. Since you were inside the Democratic Party at the time, is that—?

Stein: It’s pretty fair.

Hilley: Those trade votes are always carried with Republican votes. They supplied two-thirds of the votes, generally upward on any of those kinds of things—

Stein: We had a horrible time with Fritz Hollings.

Hilley: —for the liberal base. And Gephardt, of course, was formulating his campaign around a trade stance basically in many dimensions, environmental, labor, etc. It was a nice hook for him. So you do alienate, in those kinds of votes, and you don’t get most of your Democratic votes. As
I think about it, the trade votes like Telecom, the banking bills—in those kinds of things, people understand that’s business as usual. Money interests are really driving these things more than the basic politics of the party in all those cases. It’s rough on the liberal base, but you know what you’re getting into going into those kinds of bills.

Riley: Is it, then, healthcare that you call a “four-star disaster”?

Hilley: Absolutely.

Stein: I don’t know that you can point to one thing.

Hilley: Oh no. There were multiple things. There was the ’93 tax—

Stein: There was a lot of irritation that he started off with gays in the military. A lot of people were infuriated by that. The most immediate debacle thereafter was stimulus. That was both a legislative and a public relations disaster. It wasn’t just that Byrd gave the Republicans every reason in the world to block it. In the meantime, they were running midnight basketball all over the country. They did ads on it. They beat us. We didn’t have good comebacks in the public relations war.

Then you had his budget. We won legislatively, and lost in terms of public perception.

Riley: So that’s not a capital-building exercise.

Stein: Not at all. In fact, it was a capital-depleting exercise, which was my point when I said you can’t do three of these things at once. All of us had to use every bit of our capital to get the votes on the tax bill. So there was enormous frustration with him in Democratic circles, I’d say, as early as six months into his Presidency.

In August of ’93, for passage of the reconciliation bill, again late at night, Gore cast the final vote, as he had done before. No Republicans. We had been through about six months of pretty much politically negative stuff. I can’t remember much that was politically positive. You do this crazy thing. You get the President on the phone and let the cameras in. We were in the leader’s office. Mitchell set it up and said, “Mr. President, we passed your budget.” If I remember right, he said, “I really appreciate it, I can govern now.” I think I’m right about this. It was so important to him to get legislation of some magnitude passed, to give him some credibility to be able to go forward. But it came at immense cost. Boy, you couldn’t go into offices too much and ask them to help again because they’d just taken what they all knew was a very negative political vote.

Riley: There were a couple of gun votes in that early part—it may have been ’93—

Stein: I thought the assault weapons ban was ’94.

Hilley: The hate crime bill was ’94, for sure.
Stein: That had the assault weapons ban in it. That was another battle.

Hilley: In Clinton’s first two years, other than that hard political vote, there wasn’t anything much good to report, because it culminated in the loss of the House and the Senate in ’94. On my list of what had happened is the tax vote, health reform, the House banking scandal—which people really underestimate the impact of. That stench, combined with the Republican term limit, was very powerful in the House. After two years of this, we were done. We were in the minority.

Stein: I don’t remember when it happened, but there was Les Aspin and Mogadishu—

Riley: Fall of ’93.

Stein: Okay, ’93. Then the Haiti incident as well. So putting all those together, I’m almost surprised we did as well as we did.

Riley: Tell us a bit about healthcare. What did that look like from the Hill?

Stein: Phew.

Hilley: Well, he appointed Hillary [Clinton] in ’93 to head up this task force. This became a huge production, the parade of advisors and consultants and advocates and interests, parading in to make their case. We haven’t talked about this much, so I may have different views than most people. But they had not learned the lesson that you can go down to the Old Executive Office Building and plan away with five hundred experts all you want, but at the end of the day you better have a legislative strategy for getting this done, and that better include Republicans.

Stein: Yes.

Hilley: They had no such thing. They cooked up this thing, and then they came up to the Hill and started briefing Senators on what they wanted done. They learned the lesson, finally, after this major bill went down. What was stunning to me was that he would appoint his wife (and I had no insight into how that happened) to take on the most difficult legislative issue of probably the last three decades, healthcare reform.

Why would you walk into that with a holistic approach as opposed to piecemeal, where clearly rifle shots would have worked—which was ultimately what we turned to that actually did work. Why would you walk into that? Ted Kennedy—an accomplished legislator—spent twenty years trying to do this and got nowhere. To think that you could come in on high and propose this, in an election year, against a hardened Republican opposition was just beyond naïve to me.

Stein: I was thinking, as we discussed this, back to the question about hatred. I have no explanation for why he appointed her. It was highly controversial at the time, although she was a positive for him in some circles. But boy, when he did it, it was another rallying cry to those who did hate him. It goes to a point John has been making. He never really appreciated either the brute force they were willing to use, or—and I think this was the hardest for him—appreciated the depth of contempt for him and for her.
Once he named her, I doubt there was any Republican who could support their proposal. It was nuts, I think, in retrospect. And there were a lot of legitimate procedural questions about what your wife could do, an unelected person dealing with—what was it, a seventh of the economy? Then, going behind closed doors with Ira and constructing a highly minute piece of legislation. It lent itself to any kind of characterization you wanted to attach to it. [Nikolai] Lenin’s third New Economic Plan.

Hilley: One size fits all.

Stein: It was so easy to kill it. It wouldn’t have mattered if it was a great piece of legislation after they did all that.

Hilley: We tried to rescue it. This is the kind of thing Breaux does: he patches together about six or eight Republicans. This was in the summer. It was clear that the President’s bill was going to die. Of course, we were running out of time because it was an election year and you have to leave town. We knew that we were on a short leash, but we convened a bipartisan group in Mitchell’s office—the six to eight likely suspects, the Chafees and people like that, all from the Republican side.

We were sitting down trying to work something out, and it became pretty apparent that these guys wanted to do it, but they didn’t have the freedom from their leadership to really make this work. So more or less we were treading water until Dole could finally pull the plug and say, “This is done, go off and have a good election.” We did try to revive it, but there was no hope. On a smaller scale, of course.

Jones: What was the view on the Hill among the leaders with whom you worked about why this was chosen?

Hilley: First of all, he ran on it and it’s a real pressing issue. It’s a sin and a shame when you look at the state of healthcare coverage in America.

Stein: It’s still, even now, the number-one domestic issue in the country.

Jones: Sure, but once again, the sequence confirmed what I was suggesting earlier. Just taking welfare reform and healthcare reform.

Stein: That he should have done welfare first?

Jones: Yes. Moynihan certainly wanted that.

Hilley: Although the timing of welfare did serve Clinton’s purposes, because we got it passed right before the ’96 election. Maybe that helped Congress.

Jones: Did you hear any discussion on the Hill that here was a repeat of the Carter energy program and how it was put together in 1977—essentially springing it on the Congress?
Hilley: Our Democrats were ready to try it. We went to a retreat at King’s Mill down in the Jamestown area, and we spent a couple of days with Hillary and Ira and Judy Feder. They were really the ones who had worked on the substance. Our caucus was pretty excited about the policy aspect, because that was the whole discussion, and our guys were open. But once we got back to town and back in session, it was pretty clear that we were up against a stone wall of the Republicans.

Jones: What was that timing again?

Hilley: I’ve forgotten. We had breaks, blessedly, every month, and I’m not sure which break it was. It was after they’d done their deliberations and had a very comprehensive plan. They spent a couple of days briefing the caucus. The reaction on policy grounds was quite favorable, because they were trying to thread the needle, of course, on an employer-provided plan, which was the only viable thing in America at that time. But it was just a severe miscalculation on the politics. There was no way in hell it was going to happen.

Gilmore: How was Mitchell thinking about this? Did he realize early on that it was a dead bill?

Hilley: I think so, but Mitchell is just such an extraordinary guy. He’s just the best soldier. I couldn’t possibly say enough good about him. He carried that tax bill, and he was going to try to carry that health bill. He believed in the policy. If this was yours, he was going to try to do it. Now, we saw it was dead by late spring.

Stein: There were a lot in our caucus who really wanted to go for it along with people like Daschle, who were committed to it. It was a life’s quest for some of these guys. That’s forgotten a lot in the aftermath of this because it’s now viewed as such a disaster.

Hilley: You had Kennedy and the whole liberal wing saying, “This is great. Let’s go.”

Stein: There were a lot of people who thought this was the most important social policy that anyone could take up to the Hill. There’s some truth in that.

Riley: Did you see the election results coming in ’94?

Stein: I did. I saw it for my particular boss and thought that it was going to be a disaster. I did not predict the dimensions of the disaster.

Hilley: Same here. I did not foresee the dimensions.

Stein: Somewhere around July, I knew [James] Sasser would lose. You didn’t believe me, right?

Hilley: Right, and I didn’t want to.

Stein: I also thought others were going to lose. I even thought Foley was going to be in trouble. But the depth of it shocked me.
Hilley: What surprised me was about February when Mitchell decided he’d had enough.

Stein: But as you said, someone sitting on the outside listening to this discussion would probably say, after you’ve just described all that, how could you be surprised? [laughter] As you piece it all together, yes. But to some degree you get wrapped up in these things. I actually thought the economy was coming around. We had some data that showed that it was, but the whole weight of the Clinton recovery—the recovery that followed the actions he took in ’93—didn’t strike the public until about ’95, I guess, maybe a little later than that. So it shouldn’t have surprised us.

Hilley: You have to give credit to the Republicans, though. They ran a damn good campaign. Term limits resonated, the Contract on America resonated.

Stein: Well, you know, we polled the Contract on America very acutely, and there weren’t many of its provisions that people cared much about. What helped them was they had something that they looked like they were for, and they had so much that they could hang on us.

Hilley: What was interesting, Dole was very smart, and he blocked two Democratic bills. One was putting Congress under its own accountability on some laws—

Stein: Workplace laws.

Hilley: And all this other stuff about Congress making itself do what it was telling other people to do—“Do as I say.”

Stein: Yes.

Hilley: Anyway, they blocked that, and they blocked one other, and damn if they didn’t come back in the first week of their new Congress and pass the two bills and take credit for it.

Stein: That one is little recorded, but is true.

Hilley: Filibuster and then claim credit.

Stein: I used to try to tell press people this, and they just wouldn’t write it.

Hilley: They just ground us to a halt. Again, that’s what the opposition does. Nothing was happening in Congress after July. They weren’t going to let anything happen.

Stein: They had amazing discipline during that period.

Riley: Now you both stay on the Hill after this time.

Stein: I took a year in the countryside rusticating myself.

Hilley: I stayed on for a transition year with Tom Daschle.
Riley: Your perceptions of White House-Congressional relations at that point: Is the focus still on Democrats as the base, or is it just a state of utter chaos?

Hilley: From our perspective, ’95 was warfare, basically, because they had their agenda, an agenda we didn’t like. Fortunately for us, they butchered ’95 just about as well as we butchered ’94, so the worm really turned on that one. But they came in, got off to a decent start passing two of our pieces of legislation to get the year started. The House reported out all ten items in the contract. But then we just jumped on their budget. A $270 billion tax cut paid for by Medicare, and then the government shutdowns ensued from that. Really, that was the turning point in Clinton’s Presidency, I felt.

In the House, particularly, where it is—I always say “tribal.” I hate that, but it is much more tribal—the Democratic chairmen had just mistreated the Republicans for how many years? Forty or fifty years, or whatever it was.

Jones: Forty.

Hilley: Boy, did we teach them well.

Stein: Let’s say they learned well.

Hilley: Our guys acted offended, but I’m seeing this a little bit differently.

Stein: They’re doing to us what we did to them? Shocking!

Hilley: Yes, they came in and just took over that place. Of course, the House Democrats were in full warfare mode from the absolute get-go.

Stein: And made it very difficult to deal with them, the House Democrats, thereafter, at least from my own perspective.

Riley: From the White House side.

Stein: Yes, from the perspective of trying to get anything passed.

Jones: Was there consultation with the leadership on the Hill during those post-election months, November, December?

Hilley: Post ’94?

Jones: Yes, post ’94, when the White House was trying to determine what to do under these circumstances, what kind of strategy, how do we react?

Hilley: My recollection was not very much, because Congress was fixated on what’s my next job. You’re cutting half your staff. You’re moving down to the small end of the hall. You’re
trying to figure out what committees you’re on. It was just internal chaotic readjustment going on up on the Hill at that point, trying to assimilate what was fundamentally a surprise. We were just hunkered down.

Stein: Yes, when there’s a turnover in both Houses, it’s pretty rare. It affects everyone up there. I guess it was not long after that that Clinton pronounced that he was relevant.

Hilley: This is correct.

Stein: That one rang all the right bells.

Jones: And Pat Griffin was then, as I recall, the Congressional liaison. Any meetings with him?

Stein: Great guy.

Hilley: As you know, he’s just an easy-going, wonderful human being, and always accessible. He was a child of the Senate, too; he came up through Byrd’s operation. Our contacts with Pat were always cordial. We could always get him on the phone, he was always checking in. So the communication with Pat—Howard [Paster] had only one year, and it was a tough, tough year. He said to his White House bosses, “If you don’t do X, I’m leaving,” and they said, “Good-bye.” I forget what the X was.

Stein: I do, too. We went through the entire budget process sweating blood, and I don’t remember Howard—

Hilley: Howard took the spears on a lot of the early nominations, was working those, and that was tough. But Pat was really good. He just was very effective in terms of his communication with people, so we had excellent communications with Pat.

Gilmore: I wonder from the Senate side, looking at Paster and Griffin, had you learned something about the job that you took with you when you got the job yourself? Did you observe mistakes they had made? Anything they had done very well that you decided you wanted to emulate?

Hilley: The thing I saw from Pat was that he was constantly not only dealing with the leadership, but reaching out to the conservative members of our caucus—which was very smart. So we always knew where the—I’d like to say less than ten, but more than ten—Democratic caucus members who could wander off on their own at any second, where they were. That was very smart on his part. The thing I think we all suffered from is that when you come out of one side of the Congress, you know it thoroughly. You’re suspected by the other side, and you don’t know the other side as well. That’s a matter of structuring your office and having good people working for you who can hit the other side. Because you’re just not known, or you don’t have the personal relationship going back a decade, where you could get on the phone with a House member like you can with a Senator.
Stein: My own tenure was so governed by impeachment that there weren’t many lessons I could apply. I can’t say that I went in with any design whatever, once I realized where it was all going. So there were relatively few object lessons that one could employ to deal with impeachment. Having worked their budget in a major committee, and not having heard that much from Howard, I did take it as a lesson that I wanted not to do that. I don’t think that was his fault. I think, as John says, he had a lot of things going on at that point. That’s one thing you find when you get down there, that there’s just too much stuff. You can’t do it all. You have to be selective. That’s not evident when you’re on the Hill.

Riley: John, is there anything else from ’95 approaching the government shutdowns? I’m scanning my memory about things of importance that we ought to get you on the record on as a witness on the Hill.

Hilley: I think it is a propensity of Republicans in general to broadcast—if you listen to them long enough—exactly what their intentions are. But Newt in February, March was saying, “If you don’t adopt this balanced budget that cuts taxes, we’re going to shut down the government.” We’re clipping the newspapers—this is great. [laughter]

Jones: Which you had time to do. [laughter]

Hilley: Then we were just in flat-out opposition mode, and it was easy pickings, because they were very unartful in how they put their budget together.

Riley: I’m actually taken by your characterization of this, because there’s always a tendency from the outside to think it takes a while to learn a new role. The Democrats had been in the majority role for so long, and certainly it took a while for the Republicans to learn to be in the majority role. Is it your belief that it really didn’t take very long for the Democrats to learn—

Stein: We’d been in the opposition for twelve years against—

Hilley: The Senate.

Stein: Yes. I’m talking about in opposition to the Presidency. So it had been only two years that we were accustomed to having an actual obligation to pass things. I wasn’t there in ’95, but when I got back in ’96, to some degree Democrats were more comfortable in that posture.

Hilley: It’s a lot easier.

Riley: So the fact that you’d been in opposition to the President before is good preparation for being the minority party?

Hilley: It’s like Larry says, being in opposition is so easy. Congress is structured so that stopping things is about ten times easier than doing things.

Stein: And more fun. Throwing bombs is always more fun.
Hilley: I give credit to the House Republicans. They had their guys pistol-whipped into shape and they marched. In a hundred days, they got all those bills through the House. They had the Rules Committee, of course, and they majority’ed everything right through, which actually turned out to be a mistake.

They thought, Boy, this is easy. We’re just going to march this thing right up there and we’re going to run over the President. It was such easy pickings what they were doing on the tax cuts and the distribution impact and the impact on Medicare and the fact that they actually came out with a tax cut the exact same size as the Medicare cut. It just couldn’t have been easier.

That’s when Clinton got his spine and figured out, This is my Presidency. They actually thought he would fold up. Their calculation was, We’re going to run this through both bodies. Then they had the reconciliation bill in the Senate, so they could just steamroll us on that as well. Of course, the leadership was all over him. He could have been lynched by his own guys if he had gone along with any of this, particularly in the House. They would have just shot him.

Stein: Even the Senate, though.

Hilley: Yes, even the Senate. You have to make a stand, Mr. President, because, if you think about it, a large part of our difficulties from Congress’s viewpoint in ’94 was the result of having walked down the path with him.

Stein: I don’t know when he did this, but I think he was down in Texas. He said something to the effect, “It may surprise you to know that I think I raised taxes too much in 1993.” I think I heard that quote more times from Democrats than any other single Clinton quote. They hated that one.

Riley: That was actually before the ’94 election.

Stein: I can’t remember when it was.

Hilley: Was it? Then it would have been in ads.

Stein: I don’t remember it being used against us during our campaign, and it surely would have been. I’m just inferring, but it had to be after.

Riley: It may have been when he was looking after his own behind.

Stein: It was, and it was astonishing for that reason because it was their behinds that had already been kicked.

Jones: Perhaps a line suggested to him by Miss [Monica] Lewinsky. [laughter]

Riley: So, we get through the shutdowns and then in ’96, do you actually take the position when the shutdowns are still active?
Hilley: No actually, I was working for Daschle then, and that was a very busy period. It was when I missed going to Christmas and had to fly down late to Florida, which we always do. They finally quit for about four days at Christmas, but this was a horror show. It was never-ending. Actually, in the early months leading up to the shutdown, there was some real debate in the Democratic caucus about who was going to get blamed for this. There were people on all sides. Luckily, we had Newt on the record pretty well, but there was a lot of uncertainty about this. Honestly, the Republicans thought they were really going to stick it to us. But it broke very quickly in our direction in terms of the press and public perceptions. Then we were in no hurry at all.

After Clinton vetoed the reconciliation bill, it was fairly easy sailing for us. They were really, really in a jam, and they ultimately sued for peace. We had this strange little—I guess it was a working group. They got some of us, the budgeteers and people like that, up to Dole’s office to see if we could come up with an acceptable budget package. But we knew that was going nowhere. Finally, after they were being taken down in the public opinion polls, they sued for peace.

Riley: This would have been early January.

Hilley: This is the beginning of January. I got back, and actually three of us put together the budget that opened the United States government. This was right before Larry came back. I wrote it out of the leader’s office. Sue Nelson, who’s a budget analyst who knows all the numbers, and then the other person—this whole budget was written without a single member involved. It was Ken Kies, who was a brilliant tax writer.

Stein: Former head of Joint Tax Committee on the Republican side, who was there for years, who knows every policy and trick in the game better than just about anybody.

Gilmore: You’re talking about a continuing resolution?

Hilley: No. We’re talking about an acceptable budget presentation that we could say, “Okay, this is it,” and then to sign a continuing resolution.

Gilmore: This was Daschle’s proposal.

Hilley: This was Daschle’s proposal that we wrote up in his office in about a 36-hour period and took to the White House. They all came down, and everyone agreed, “Okay, this is the outline, we’ll work on this.” This was them suing for peace. They said, “We’ve had enough.” So on January 5, Clinton signed the bill to reopen the government. Then we extended that CR [continuing resolution] we hadn’t gotten to work with the Congress yet. This was just reopening the government under a continuing resolution, and that went to March 13. The bills weren’t settled, I think, until May or June.

Stein: Yes, that’s right.
Hilley: That was Leon, God love him. Leon did all the clean-up on that, sat down in the appropriations committees and worked out all the rest of the bills. We were three months from the start of the next fiscal year, and we were just finishing last year’s fiscal bills. It was pretty amazing.

Gilmore: Were you involved in the negotiations in the interim between the two shutdowns?

Hilley: Oh, yes.

Gilmore: There’s been some discussion about how serious the Democrats were—

Hilley: Not very. We had them, we absolutely had them. They were trying to push this garbage through again, and we just said, “Boys, it’s not happening. We’re not having anything to do with your reconciliation bill, your tax cuts, or anything like that. You can just bury that. If you want the government to function, we’ll agree to a CR that will do that, but on our terms.” They sued for peace. We did a lot of kabuki. They butchered it, and we had them.

Gilmore: There was a written agreement that reopened the government with some ambiguous wording about the administration agreeing with a deficit reduction bill that would address all these purposes. It was all mumbo-jumbo. Was that, in your view, deliberately ambiguous?

Hilley: Sure.

Gilmore: Because immediately afterward, Panetta went on TV and explained the administration’s interpretation, which was contrary to the Republicans’ interpretation.

Hilley: This was papering over to just get out of the room, basically. They learned their lesson, and on into ’96 there were no big budget deals coming down.

Gilmore: Some of the Republicans seemed very angry at the administration’s interpretation. Do you think they were being unrealistic?

Hilley: I don’t know what their leaders told them in caucus. It’s interesting what often has to sell something, so I’m not sure what they were told.

Riley: John, you said there was a great deal of internal debate later on about how this was going to play out politically. None of this managed to infect the actual bargaining process within the Democrats?

Hilley: The whole thing was basically about “Bill Clinton vetoed the reconciliation bill, slam him.” Or, “Will he try to negotiate it out and basically give them their budget?” Because we knew that if Newt was good to his word, which we believed, they were on automatic pilot. Once we vetoed the reconciliation bill and stood firm on any overrides or anything like that, we expected a government shutdown. So the debate was about what will be the consequences if Clinton does this, stands firm and vetoes the reconciliation bill? Who will the public blame? That was the debate.
Gilmore: You said that the Republicans thought that Clinton would fold up. Was there concern among the Democrats in Congress that Clinton would fold up? [laughter]

Hilley: Well, there was exhortation and there was clarity of message going one way down Pennsylvania Avenue about what he should do.

Stein: There was always an expectation.

Hilley: There was always a fear—

Stein: Always a fear that he would fold on everything, right?

Hilley: I think he learned a lesson, finally.

Young: An expectation or a fear?

Hilley: I think I said fear.

Young: He said expectation.

Stein: I think he was pretty strong. This goes back to the BTU stuff, and it’s mainly from the House Democrats.

Riley: We occasionally have heard that there was some nervousness about leaving the President with Gingrich to negotiate these things. There was a sense that the two of them would—Did you pick up on this?

Hilley: No, I don’t think there was really ever a concern. For one thing, there was just too much to it. It has to be run through Treasury, OMB, and leadership. So there are checks and balances there, even internally.

Stein: I think Republicans were just as worried about Newt.

Riley: John, am I correct? In early ’96 you moved to the White House?

Hilley: I moved to the White House right at the beginning of ’96, after the government had reopened.

Riley: Can you tell us about how you were approached about this position and your thought process?

Hilley: It was very interesting. Daschle is a very good friend of ours and just a terrific Senator—and, knock on wood, he’ll be reelected this year because the Senate surely needs him. But, if you recall, back in ’94, with Mitchell’s announcement of retirement, there was a leadership race. The two contenders were Jim Sasser and Tom Daschle.
Riley: I do recall that.

Hilley: Larry, you can say who had the votes.

Stein: We would have won, it’s pretty clear.

Hilley: God bless Sasser, he’s such a good guy. Larry sees him and talks to him much more than I do, but even I do quite a bit. So when that came along, they both asked me to stay, while they were both running for leader. I said yes, because I needed a paycheck, and so I stayed there. But it was clear that Daschle had these folks, very capable staff. I was really there with the understanding that it was a transition year. So during that transition year, having worked on so much of this, Pat Griffin recruited me out of the White House to take his place because he’d had his years. That’s how that came about. So I went down there right at the beginning when Pat left.

Riley: And, Larry, you come back?

Stein: Yes, I came back because while Daschle does have a really good staff, he needed a little more oomph. John was the experience factor. They needed someone, especially in terms of working with the committees. They’re strong in most places, but that was probably where they needed—

Hilley: They’d just never done it.

Stein: They’d never done it, and even after the first year he still needed some—so I came back and did that for a couple of years. We worked on the ’97 budget.

Riley: What do you find when you come inside? Does it look like you think it’s going to look in the White House? I’m not talking physically, but in terms of the operation. Are there any surprises for you?

Hilley: No, it was an easy transition because, being in the leadership office, you’re down there all the time, and you know them all. Leon had been Chief of Staff for how long?

Stein: He’d been with the administration from the beginning at OMB, so he made the shift—

Hilley: Mack was only there, what?

Riley: About a year, mid-’94.

Hilley: I’d known Leon forever. So it was very easy. He was very accommodating, very good to me. He was a terrific Chief of Staff, actually.

Stein: I agree with that.
**Hilley:** Excellent. He had so many balls to juggle in that election year. There were so many crosscurrents in the White House that year, it was unbelievable. My transition was very easy because budget was the issue. I knew most of these people.

**Jones:** Did you keep some of the same staff, or did you change it?

**Hilley:** No, actually, I kept the staff, and it was a very good one. You can always make some changes, but Pat had done a very good job, particularly my deputy in the House, Janet Murguia. Have you met with Janet? She was terrific. As I was saying, coming out of the Senate, I needed somebody very strong, with good personal relationships in the House, and she was very good, a worker—

**Stein:** She just came back to run La Raza [National Council of La Raza], did you know that?

**Hilley:** No.

**Stein:** Janet was named about three months ago.

**Hilley:** Yes, Janet is very good. Susan Brophy was my other deputy. I came in, and Susan was saying, “Okay, what you really need is a Senate deputy, a House deputy, and an internal deputy. I’ll be your internal deputy.” But Susan went out and did a lot of the legislative work as well. She was good on trade issues and things like that. It was a very capable and hard-working staff. You get chances for turnover as time goes by, that comes along.

**Gilmore:** Before you took the job, did you reach any kinds of understandings about, say, access to internal administration deliberations?

**Hilley:** No. I’d been with them all. I’d been in the Oval Office a lot, I had my access. I knew the President, I knew the Vice President from way back, so it was never a concern for me. One thing that was very positive in my first year—Leon was the leader on the budget as well as being the Chief of Staff. So it was a very easy thing, following behind him. Particularly whenever we did anything on the House side, he had all the relationships, and he could come up there and do that. He had a very capable staff of his own there—Martha Foley, John Angell—a few people who had been with him forever and were very capable.

So Leon in that first year cleaned up all the appropriations slop with his people and left me to do other things outside the budgetary realm. When he left after ’96 it all changed, and I became the leader on the budget.

**Riley:** You mentioned two deputies. Did you not have a Senate deputy?

**Hilley:** I guess I was my own Senate deputy because we had Janet and Susan. Actually, titularly Susan was the Senate person, but she wanted to stay at the White House. I made her go up to the Hill.

**Stein:** I did it the same way, basically. I did the Senate myself.
Hilley: Did you have Susan when you were there?

Stein: No—for about a month.

Hilley: She got married and went to Portugal.

Riley: So neither of you had an internal deputy?

Hilley: Don’t want it, don’t need it.

Riley: “Don’t want it, don’t need it.” Tell me why.

Hilley: I don’t want my deputy between me and the Chief of Staff, the Treasury Secretary, the Deputy Director of OMB, absolutely not.

Riley: What percentage of your time did you spend on the Hill, then, as opposed to in the White House?

Hilley: That’s a good question. We had meetings in the White House all the time. So I think it was probably a 50/50 split. To Leon’s great credit and to Erskine’s great credit, when we went up to the Hill, we were organized. We knew our message, we knew our policy, and we knew what we were doing. There was no freelancing. It had all been worked out among the central players before we’d ever go up there. That meant meeting, after meeting, after meeting.

Gilmore: What kinds of meetings were these, ones where you’re deciding what the administration policy is going to be?

Hilley: Absolutely. Their regular daily meetings would start at 7, at the Chief of Staff’s meeting, and then we’d go at 7:45 to a larger meeting about scheduling and the day’s events and things like that. Most of the meetings were “What’s our policy on welfare? Get Donna [Shalala] in.” So Donna Shalala would come in and the people at OMB would come in. You’d have the policy and the political people. Rahm Emanuel would be there, Doug Sosnick. I don’t know when they started this, or learned it, or figured it out, but there was always a mix of policy, political, legislative, communications—the whole mix that you need to drive anything.

Gilmore: You mentioned freelancing a while ago, in a way to suggest it’s not good. Have you observed freelancing on the part of legislative liaison staff?

Hilley: Oh, sure. We talked about this at the symposium. You encourage freelancing in—well, let’s call it responsibility for their own programs in certain areas. For instance, if small business is going along well, we say, “God bless you, call us if you have any problems, go up and get your money. And good luck.” If it’s the budget, if it’s taxes, if it’s welfare reform, if it’s a health bill, this is what you’re doing. That’s how it works.
Stein: The freelancing really wasn’t from our staff. When you worried, the freelancing would be from the agency staffs that were out there potentially doing things that weren’t consistent with the meetings you were having in the West Wing. That could happen.

Hilley: You’d have to reel them in—

Stein: Or try.

Hilley: Some were better than others. Truthfully, in my two years there, our agenda was so centered on the domestic that my attention to the foreign affairs area was limited to legislation. It was the chemical weapons conventions, stuff like that we’d go over, or Mexico Drug Certification. Actually, there were a lot of headaches. You’d do those kinds of things.

Stein: By and large, they did focus on their budgets, and that was fine. You’d have some things going on typically, from my period, from the Pentagon.

Hilley: Oh, the Pentagon is notorious for it. They’d beat you up there every time. They’d have their own budget request three months before the President’s.

Stein: And typically it was not consistent with some of the guidelines you may have laid down. So those were always problems.

Young: I want to dial back to something you said earlier about Clinton, the first year. They didn’t have a legislative strategy, they hadn’t strategized. They had the policy. And now you’re inside the White House, and that’s changed, I take it, by the time you get there. Tell us how that was done and were you in on the decision processes for the policy that you had to—

Hilley: Absolutely. Just in terms of organization—again, to Leon’s credit—the organization and focus coming out of the West Wing was greatly enhanced by Leon’s appointment as Chief of Staff. I think probably the coordination solidified in ’95, and I started seeing much better results. Again, it’s easier to be in opposition, too. I think there was a real coming together there.

Stein: I saw it that way, too. I think, really, over the course of the first four or five years, there was a steady migration from the Hill down to the White House, people with more experience. John listed a couple: with Leon’s staff, you had Podesta down there, you had really quite a few people who knew the city a little better than his first year. They weren’t people who needed a seminar. They were people who were giving them.

So for a lot of those reasons, there was a more disciplined staff, and Leon does deserve a lot of the credit. Leon really was probably the person who brought it. And John enhanced it quite a bit. Then Erskine continued it. Erskine saw that it was working and used that model himself all the way through.

Young: So the consideration of the legislative strategy—feasibility, costs and benefits, possibilities—was integral to the policy-decision process.
Hilley: Oh, absolutely.

Stein: Sure.

Young: In the past, this has been the classic problem for Congressional relations people. They’re shut out and then they come in too late.

Hilley: Reading over the transcript of the symposium—and maybe this just speaks to my years, so I’m not trying to generalize—it seems one misimpression that came out of that is (and there was a lot of this) that it’s about counting votes. You don’t start to count votes until you’ve worked through the policy and worked with the committees. That’s at the tail end. If you haven’t done the 90% at the front end right, you don’t need to count votes. If you have or you haven’t, it’s the 90% that goes before. Counting votes is important at the end on some close bills, but the essence of legislating is getting the policy right for what you know can work up there, given the committees and the players and everything else.

Stein: Absolutely. And by the time I got there, that was so integrated into the structure that no one even thought about it anymore. That was the way most issues were addressed. Keep in mind, this is an administration that had gone through multiple near-death experiences, all of them associated with the legislative process.

So they barely passed their budget, and that gave them life. They got killed on health, and that lost them the Congress. And then the shutdown gave them life again. That pretty quickly educates you in the need to integrate legislative strategy into what you’re doing.

Young: The first interview project I ever had was talking with the original people who did legislative liaison; that was Bryce Harlow—people who are all gone now. So I’ve followed it as it progresses through administrations. That was one of the things behind my question, because—for the first group that came in to do the job you were doing—getting even in the door of the policy session was a major problem.

Stein: Wow, that was never a problem for me.

Young: It was a problem with Larry O’Brien. It was less a problem for Jim Baker, who was Chief of Staff, but then he’s the one who saw that. I think your experience is probably the most advanced and the most sophisticated way of doing this.

Hilley: By the time ’97 rolled around, the pendulum had gone completely the other way, which was, the truth is, policy was decided by about ten people in the West Wing—the Treasury Secretary, the Director of OMB, and about ten others. We’d call in the Cabinet secretary and say, “What do you think?” The ones who were really smart would make sure we latched on to and used extensively their legislative person or their expertise person, to make sure their input was there. But it had gone the other way, where, again, it was all part of the trend that you don’t get anything done unless you focus it down.

Stein: In my years that was extended, slightly modified by impeachment.
Riley: Did that affect the amount of time you spent on Capitol Hill as opposed to the White House?

Hilley: Not mine.

Riley: Would you say your percentage was roughly the same?

Stein: No, my percentage was about the same as his, I’d say. The structure they had set up continued to operate, and it was our savior that we had a refined policy apparatus that they put in place. We were able to keep it going to keep at least as much—and it wasn’t really an appearance of normalcy, because it was normalcy—but to keep that going so that people could not contend we were debilitated was extremely vital. I think that if it happened in his first three years, my guess is we would not have been able to do that, because Leon and John hadn’t happened yet. It wouldn’t have been there. I think that would have been disastrous.

Riley: Did you have any trouble policing? You said that your own staff didn’t do any freelancing. Did you have any trouble policing other White House staffers?

Stein: White House or executive branch?

Riley: No, I’d say White House, because we talked about other executive branch people. I pose the question because in the first couple of years there seemed to be multiple channels to the Hill, and I’m wondering—

Stein: There were still a lot of people with a lot of contacts on the Hill, but my experience was it was well centralized.

Hilley: Yes, both Leon and Erskine did a terrific job, Rahm would go up and talk to Biden, work the crime bills, but we’d always—

Stein: Everyone would communicate with each other.

Hilley: Rahm and Katie [Kathleen] McGinty would be off working environmental stuff, but they’d come back, we’d all rack it up and know where we were.

Stein: That’s true of my years, too.

Hilley: But I credit the two Chiefs of Staff.

Stein: Yes, and I think Erskine, who had much less experience in this, was fortunate in having Leon and John right before, because Erskine learned a lot from John, and pretty much adopted what they showed him.
Hilley: The other piece that I’d take note of that impressed me, by the time I got there, after ’95, is the extent to which the message communications press had been integrated into this as well. It was critical. Don Baer, Doug Sosnick, our press secretary—

Stein: Mike McCurry, followed by [Joseph] Lockhart, who was really good.

Hilley: Everybody was on the same page.

Stein: And I don’t think that was as true during those first couple of years.

Young: So both on the public message and PR and on the legislative strategy—

Hilley: And the policy.

Young: Those deficiencies in the first year or so had been remedied more or less by then.

Stein: I think so.

Jones: Can you say something about comparing Leon and Erskine as Chief of Staff?

Hilley: Well, Leon was a budget guy so he was more hands-on with that kind of stuff, but he was incredibly well organized. Everyone had their notebook full of lists, but he could really keep it organized. But he was a creature of Congress, so it was much easier for him to do it himself and direct it himself and be personally involved. We’d never negotiate the end of an appropriations bill without Leon there. He just knew the stuff and knew the members.

Erskine, of necessity, and of style too, was much more of a delegator, much more of a top-down guy. But when we needed him to learn an issue and go in there and argue it, he could do that as well. He was critical in the ’97 negotiations.

Stein: By the time I got there, Erskine was probably doing a little more on the Hill than maybe he did before, on his own. He did a lot more on the tobacco bill, had his own dimensions of expertise to bring. He was able to talk to moderate Republicans very well, something other people in our administration really couldn’t do by that point.

Hilley: I don’t want to mis-convey this. Erskine went to most of the caucuses we went to, most of the critical leadership meetings up on the Hill. When we needed him to go do something, as Larry says, he was there. I had excellent relationships with the Republican leadership in my years there, and Erskine did as well. He and I were the two conduits to the Republican side.

Jones: Did Leon’s leaving change your life?

Hilley: Yes, it allowed me to become the lead on the budget.

Riley: Why don’t we break for lunch?
Riley: Chuck, you mentioned something to me you wanted to ask about, so why don’t we start with you.

Jones: In 1996, you’re in the White House, and you’re working for Daschle. Select a story—whether it’s welfare reform or the immigration reform package that passed—and tell the story from your perspective of being in the White House, and your perspective of working for Daschle. Maybe you can agree on one, or tell different ones if you want. The idea is to get the two perspectives.

Stein: Welfare reform had multiple heads on it. Kennedy-[Nancy] Kassebaum actually happened and was completed in that period, so maybe that’s—

Hilley: As was welfare.

Stein: Welfare was done, but didn’t we go through two vetoes before—

Riley: One of the vetoes was in the budget package, right?

Hilley: I can’t remember, but it would be like them to throw it into the budget bill. [laughter]

Stein: Let’s do Kennedy-Kassebaum.

Jones: In a way, it would also reveal your working relationship.

Gilmore: That’s the idea.

Stein: When you left and I went down there, I didn’t have someone I could really count on, at least not as much. But we were pretty constantly in touch.

Hilley: The first thing about Kennedy-Kassebaum is that the White House had kind of wised up. (I’m laughing because I’ll have a Bill Thomas story to tell in a second.) There was a whole change in philosophy in the White House about how we were going to approach legislation and the election in ’96. It was very much geared toward the election and the lessons we had learned in previous years—of the budget bills, healthcare reform—of trying to climb these huge Mt. Everests, and the political price those were exacting were too high, and were just not the best thing to be doing in an election year.

There was also, driving part of that, a turnover in the political players in the ’96 election, as you recall. [James] Carville, the primary driver of ’92, was out, replaced by Dick Morris. Clinton figured out that he needed to get to the center and to go for more numerous small, tangible pieces of legislation that we could do good public relations on but that did not present these incredibly difficult legislative problems we’d been through for the last few years.
So it was the context of, “Let’s get focused, let’s get more things that are doable. Let’s go to things that are in the center where we can get some compromise, and let’s show some accomplishment on these.” (We can go into at length how the political constellation and the advisors had changed in the White House beginning in ’96, gearing up for his race.) A great example of that was the Kennedy-Kassebaum bill, because this was a very targeted, incremental change in health reform that just bit off a piece of the healthcare problem, given the hard lesson of the whole-cloth reform that was attempted in 1994. It also, wisely, tagged onto a Congressional process that had been going on, and onto a bipartisan process for which Kennedy, to his great credit, had really been the primary motivator.

It also selected a piece of the puzzle that had fairly good public resonance, which was this issue of not excluding for preexisting conditions, or dropping people when they tried to reregister. It also spoke a little bit to the portability issue which was very important, a big conceptual issue, one people could grasp and we could make good political statements about. It was comprehensible to people, unlike the overall health bill. But it was a marginal one on policy grounds, and it had already been worked before through the Congress and therefore a lot of the legislative legwork had been done. It wasn’t something that Clinton per se was plopping down in front of them.

That’s the background. It’s focused on things that are doable, things that have a good message component. Everything we did in ’96 had a political and a message component too, but we were also looking for accomplishments that were more targeted, and this was a great example of that. That’s how we at the White House were coming from this.

Jones: That was publicized, if that’s the right word, or at least the media seemed to project it, but that was mostly a Congressional operation. Was that true, and was that all right with you?

Hilley: It was fine with us, and that’s what I was trying to say. We were piggybacking on an existing Congressional process where a lot of the groundwork for the consensus had been laid already by others, and we were happy to join in and take credit for it. Rather than the mistake of ’94, which was to create this monster of a healthcare reform and try to impose it on Congress, we said, “Here’s something we agree with that’s bubbling up already out of Congress that we can attach ourselves to and get done.” We were absolutely pleased to piggyback on that.

Jones: From your perspective, what were the principal problems, maybe House, Senate?

Hilley: Well, again, Kennedy had done such a good job of working with Senator Kassebaum, who is just a lovely person. One of the great things about Kennedy, he could work with the other side. For such a supposed demon of the liberals, he could really work with all parties. One of his best legislative partners was Orrin Hatch, of all people. That was amazing. So Nancy Kassebaum was easy, because she was a middle-of-the-roader. It really came out of the Senate side, and then it went over to the House.

We went up one time to talk to the House about it. Thomas hadn’t risen to the chairmanship of the Ways and Means Committee, but he was the subcommittee chairman at that time. I walked in
there, and we had our health experts, etc. and said, “We’re here to work out a compromise. We think this is a great bipartisan bill that would be good for us.” I’ll circle around to the Republicans, why they were ready to do this. The bottom line was because we’d beaten the crap out of them in ’95, and they needed something to run on in ’96 as well. The pieces were falling into place for both sides—not all sides, not the House Democrats. But for most of us in control, to say, “Let’s get something done.”

Anyway, I go in there with our little team, and I say, “We’d like to work together with you on this Kennedy-Kassebaum bill.” Thomas stands up and just—he’s very emotional (I guess that’s the most polite word)—volcanic? I don’t know what the word is. He just exploded and started screaming.

“What are you talking about? What is this? You White House guys, you come down here—” We had no idea what he’s talking about. He said, “It’s not the Kennedy-Kassebaum bill. It’s the Kassebaum-Kennedy bill.” We said, “Okay, let’s call it the Kassebaum-Kennedy bill.” He just went off like a Roman candle. That was our first conversation with him about this. But, on the substance—and I know he has quite a reputation—but we worked extremely well with him in ’97 on the bipartisan agreement. He was very cooperative and important in several elements.

Anyway, it originated in the Senate. It went to the House side, but they also had their marching orders to get some incremental pieces of legislation done, and as long as they called it a Republican bill, the Kassebaum-Kennedy, they were pleased to work with us and their Senate colleagues.

Stein: This is a point to interject a dynamic that affected me. You had experienced it earlier, but I had just come back. I’d been gone one year. When I left, of course, we had been the majority in both bodies, and so there was one way of dealing with the administration—which was, obviously, we were in this thing together, and we had to get some things done. When I got back, it was very different.

I remember that this was one of the places where the changed climate was graphic to me. Motivated by their pollsters, there was a significant number of Democrats who simply didn’t want to get things done. It was almost made worse by the knowledge that the Dick Morris strategy of pieces—

Hilley: Triangulation.

Stein: That was the word that was out there, and the Democrats used to throw that word around a lot. But it was a little bit simpler than that in a lot of ways. You had a Democratic President and a Republican Congress. The Democratic President needed to accomplish things, and the Republican Congress needed to accomplish things. Democratic pollsters were telling their clients, “You don’t want accomplishments. Whether it assists the President or not, it will help re-elect Republican Congresses.” This is something that we ought to get out on the table, because it really was a factor in virtually everything from that point on through the end of Clinton’s Presidency.
Hilley: Particularly on the House side, I would say.

Stein: Yes, mostly on the House. But you had it on the Senate, too. Kennedy is an interesting figure here because—although frequently he was of this mind—when he saw the opportunity to legislate, he would actually take it. He had a foot in both camps most of the time, which should be part of the story we tell here. For the most part, Democrats were not all that eager to pass things. I can’t think of a single thing we passed that they really, eagerly supported. Daschle was a constructive guy who generally wanted things to pass. It was his disposition, because he believed in government, believed that government should work. But he was under tremendous pressure from his caucus not to do some things.

Hilley: It varied on the issue. On this one, House Democrats, particularly, were saying, “Let’s not do anything that’s going to help these SOBs in the House get reelected and maintain their majority.” This one was easier arguing back to them. Our polling data was, “Wait a minute, you’ve got this all wrong. It’s Democrats who’ve been identified with healthcare reform for the past thirty years. You’re going to get the credit.” That’s what our polling was telling us about Clinton. He just needed to climb on board this thing and he would get the credit.

Democrats were naturally seen as the party of healthcare reform, so this one went down much easier, although there were always a lot of disgruntled people, particularly given this election strategy by the Republican majority and the President. This one went down easier, but when we came to other ones, like welfare reform and immigration, they were through the roof.

Stein: And then the ’97 budget.

Hilley: And the budget. But this one went down smoother than some of the others. That’s the truth. You set the right tone.

Stein: There was another element of this that explains Kennedy a little bit. There was the President’s point of view, which was governed by the Morris strategy of sharply defined individual accomplishments that could be communicated to people about things they cared about. There was a range of those things that Clinton was really quite masterful at coming up with.

Kennedy very much saw himself as the godfather of health legislation. He was there long before Hillary Clinton, there long before anyone else. He, I think, had concluded that you couldn’t get the big one, that what you really had to do was pick pieces and sew them together into a comprehensive set of healthcare reforms that would actually benefit people. This was the first piece. The CHIP program [Children’s Health Insurance Program] was the second, which was in the budget of ’97.

Jones: Are you saying, as far as the Senate was concerned, that it was the Kennedy imprimatur, that had it been Kassebaum-Sarbanes—?

Stein: Sarbanes would have been equally strong.
Hilley: Anyone who validated the liberal side was fine.

Stein: If it had been Kassebaum-Breaux, it would have aroused huge, huge opposition.

Jones: In your two roles, did you feel you had to represent this view of “Let’s not pass this”?

Stein: I thought it was wrong. Because all of my political experience and all the polling data I had read—and I believe this now more even than I believed it then—I did not believe that when you had presidential power as a party, you focused on Congressional power. That made no sense. People don’t view their government that way, in my judgment. We had presidential power, and it was up to us to exercise it. Daschle most of the time believed that—unless he was getting beat up so bad by his left that he wasn’t allowed to believe it.

To me, if when you have the executive authority, you don’t exercise it competently, the electorate will punish you. And to some degree they did punish Gore.

Jones: But what about this matter of representing those Senators who felt they shouldn’t be passing things?

Hilley: At the end of the day, they will bellyache you to death. That’s their job, to lobby the heck out of you and take you and the hose out to the back room. But when they have to step out there and vote, they start lining up. I think this one passed overwhelmingly.

Stein: It did.

Hilley: I always tried to focus on, “Okay, good speech. How are you going to vote in the light of day?”

Jones: With this kind of legislation, was there also a kind of fait accompli strategy: This is going to happen—

Hilley: Yes, once it became evident, there was. And unlike the budget summits, this one really went through the regular order. Again, it goes back to the fact that Kennedy is an incredibly competent legislator, and he knew to include our health experts. So we could have our say, through him, and get this bill done to our liking. There was no need for heavy-handed White House intervention to say, as we often did, “Stop, you’re not doing that.” This went smoothly from our side.

Stein: The Democratic caucus is hard to characterize with single words. There are a lot of different points of view, but having Kennedy there as someone who is for getting something done is hugely beneficial if you want to get something done. As John was saying, it makes it very difficult for the left to stand up and say, “We don’t want to get something done now because we want to take back the Senate.” Kennedy had really capable people. Dave Nexon is one of the most knowledgeable people on health policy, can be difficult at times, but he really does know his stuff. Nick Littlefield was, at that time (he’s no longer with him) a tough guy, knows how to get things done.
They were difficult during this process. They were demanding. Maybe I’m misremembering this, but was the medical savings account part of this?

**Hilley:** The Republicans always wanted it in everything, and we kept saying no.

**Stein:** So we got it down to a pilot. It was almost helpful. Republicans were insisting on it, but we always, for a lot of reasons, have opposed it over the years. Our usual concern was who it benefits. It’s always cast as something for the ordinary working guy, when it’s not that at all. But, since they wanted it, what we were able to do was work it down so that there was a very manageable pilot—

**Hilley:** Tiny pilot, I think within Medicare.

**Stein:** Right. We got Kennedy’s certificate of approval. That was a large part of the controversy; we were bouncing the damn thing back and forth. When that was negotiated down, and Kennedy said it was all right, that silenced the left as well.

**Jones:** Beyond Kennedy-Kassebaum there was a lot of legislation passed that year—by my count, the third largest number of major pieces of legislation in the post-World War II period. Did you worry that you were starving the campaign of issues, particularly for the House Democrats?

**Hilley:** In the White House, we were very much on board passing all that legislation. I have the list, and it was an amazing amount passed in ’96. That was part of our strategy, and of course that’s what upset the House Democrats.

**Stein:** Yes, they were furious.

**Hilley:** It was that we were intent upon doing this. The other element that neither of us has mentioned happened in ’96 when Dole quit the Senate to go campaign. We should take a minute to talk about Dole trying to run for the President from the Senate.

**Stein:** Tremendously ill advised.

**Hilley:** But the ascendancy of Trent Lott was also very instrumental—for a number of reasons—in getting all this legislation passed. It all happened in June, July, and August. We moved a ton of legislation in that period.

**Stein:** Now that he’s refreshed my memory, he’s absolutely right. There was huge gridlock while Dole was getting the nomination and while we jammed minimum wage down his throat. That completely locked up the Senate, close to a month or more. Dole did his very graceful departure speech from the Senate, maybe his finest speech. It was probably his finest moment in the campaign, too.

**Hilley:** He didn’t know it at the time. [laughter]
Stein: I don’t know. Nothing became him like his leaving. But after that Lott came in. Lott wanted to accomplish some things for his own purposes. He had [Donald] Nickles nipping at his heels, so he wanted to get some things done. This is where Daschle was crucial, at this stage.

If there had been a different kind of leader, who may have listened more to the Democratic pollsters than Daschle was willing to do, I’m not sure that stuff would have gotten done. Gephardt did not want to get it done. Let’s just be blunt about it.

Jones: What was being demonstrated was a Democratic President working with a Republican Congress. So the House Democrats, in particular, and at least some Senate Democrats had reason for concern. Not to mention that Dole, as a presidential candidate, had reason to be concerned.

Stein: Yes, he didn’t like it either.

Hilley: You’re right. That’s the correct global analysis. But again, we polled everything, and our pollsters were very good. You should have Mark Penn come in.

Riley: He’s on the list.

Hilley: He’s still doing it. I was watching him on TV the other day. But we polled everything. When we’d go in and talk to these guys, we’d have really good data. Healthcare was a pretty easy sell, because on all these things, who’s going to get credit? It would be Democrats. So in a sense, you’re right about the global. Our approach was trying to get as much as we could done for the President, but on the other hand, there was a huge divergence in the ease with which you could do things and the opposition you would get, depending on the issue. Immigration and welfare were not popular things that the President decided he needed to do in any case.

Riley: The political operation of the White House is something we ought to go back and pick up.

Hilley: Are you having Dick Morris come in?

Riley: We hope to, yes.

Hilley: That will be interesting. [laughter]

Jones: Set aside six days, right?

Hilley: Yes, you need to have him in late, when you have set the foundation of truth around—

Stein: Right. You might also have him come in an iron car of some sort, especially if there are other Clinton people around. He’s attacked the First Lady rather vigorously subsequent to his—

Hilley: In ’96, Carville had been displaced, but amazingly, he showed remarkable good humor and still stayed very close to the President personally even though he had been explicitly replaced as the leader on the campaign. It was Dick running the show and Mark Penn doing the
polling. It was Bob Squier working in communications and on other political issues, and Doug Schoen with Penn. They were a good team. But basically, the decision had been made—and the data supported it—that the key for this President was to drive to the center, take what he could of the Republican center, and preempt them from getting it. Then, try to pass, try to approach, and do doable legislation. Every Wednesday night, we’d go upstairs to the residence—

**Riley:** You were in those meetings?

**Hilley:** Let’s see. Was Dick in the middle or the President in the middle? I think it was the President in the middle, Dick on one side, the Vice President on the other, and about twenty of us—

**Stein:** Sitting around.

**Hilley:** The Chief of Staff, legislative, political, the pollsters.

**Stein:** They’d put the polling data up—

**Hilley:** —and we’d have a slide show for an hour or whatever. We’d preview all the campaign clips, and my job—and I’m sure Larry’s, too—was to say where Congress was on the issues. They had a zillion ideas, pages this long of potential regulatory initiatives, speeches, or legislative ideas that would crop up. It would be driven by our own policy people, by the pollsters, by just whatever we saw floating around the area.

**Riley:** So they’re not just Dick Morris—

**Hilley:** Oh, no, no. Dick definitely was not a legislator or a policy guy. He’s a political advisor. Anyway, we’d sit there and go through every one of these. My job at those meetings was to create a reality check on where the Congress was on both sides—the Democrat, Republican, House, Senate, what was doable, what was not doable—what we shouldn’t even think about doing, what should be done as a regulation versus legislation. My job was parsing things through a legislative lens.

We’d preview all the campaign ads before they’d go out. It was very thorough, on any issue, and this was for my whole two years. When I was working on the ’97 budget bill, particularly, I could pick up the phone and get Penn to poll anything we needed to be able to make arguments, but also to test our own judgment if we had this right or wrong politically. It was an incredibly useful tool, again, to combine the political function and the communication functions, with the policy functions.

**Young:** Was the First Lady at these gatherings?

**Stein:** Not in my time.

**Hilley:** In my entire two years there, she was not present.
**Stein:** She did play some role during mine, but she was never at these meetings. The range of possibilities had narrowed considerably by the time I got there. We were not going through long lists of policy possibilities. We usually had one or two things we were trying to structure. We were acutely conscious that impeachment or scandal was in the background, so we were looking for something along the lines that were described before—something penetrating, something that people cared about, something that was easily communicated—to which we could devote the next week or week and a half.

**Hilley:** I credit Rahm Emanuel. Rahm was our crime guy. He’s now a Congressman, so I guess—

**Stein:** He’s still a crime guy.

**Hilley:** He’s getting paid for it. Rahm’s a great guy. You learn quickly who can produce and who can’t produce in any endeavor, and Rahm could produce. Although he did some interesting things, I have to say.

**Riley:** Can I get you to elaborate on that?

**Hilley:** This was in the press. It was before my time. I forget what it was. In one of the early meltdowns, they tried to fire him, but he just refused to leave his office for two days, was still on the payroll. Anyway, we must have moved, either by regulation or legislation, twenty different crime pieces, and that was all part of a concerted “move to the middle” strategy by the President. Megan’s Law, trigger locks—there must have been twenty of them, different things we got done.

**Riley:** You mentioned earlier—and I think there may be an interesting story here—about the Mexican peso crisis. That got the administration crossways with Congress just as you were setting your foot in the door, if I recall correctly. Can you tell us a little bit about your involvement here?

**Hilley:** Blessedly little, to be honest with you. That was a Rubin deal. Bob’s very capable, and he had a capable legislative staffer in Linda Robertson. He took the heat for that one. Treasury wrapped their arms around that one themselves, and I didn’t have to get involved.

**Stein:** They had a tendency to do things on their own, but that had significant repercussions for him for a long time thereafter, along with the debt limit, which is where it started. The Mexico intervention was the second, and it was with Dick Armey primarily. Dick Armey just detested it, detested Rubin.

**Riley:** And felt like he was treading on Congressional turf, or was it actually—

**Stein:** I think he thought he was abusing his authority.

**Hilley:** The Republican leadership—largely because Bob was a tough bargainer—had really poor relationships with Bob. They couldn’t understand. I remember Lott told me one day, “How can a guy that rich be against the capital gains tax?”
Stein: That was what they hated most.

Riley: Let me ask you the flip side of Chuck’s question. Do you recall significant points of disagreement between the two of you during that window of time?

Stein: My difficulty at that time was that there was a great deal of shrill—and in my judgment, nonsensical—talk among Democrats. It was tough. It wasn’t so much a difference in view. I think we always had the same view of where things should go. But I had a hard time with it because the triangulation thing was absolutely incessant. Unfortunately, in caucuses on both sides, the louder—

Jones: You mean the House and Senate side?

Stein: Both sides, yes. The louder, least thoughtful people are the ones who speak most.

Hilley: Absolutely.

Stein: For me, the problem was that Daschle, though he knew what the right political and policy things were, nonetheless, when the only people who would say anything were expressing complete dissatisfaction—and sometimes attacking the President—it created a problem. It was tough. Kennedy-Kassebaum wasn’t the best example of that, for the reasons we were talking about. The ’97 budget was.

Hilley: I didn’t realize until I got into the White House, because I was not a House person, that it was much worse in the House. In fact, both years I was up there, the House Democratic caucus had gotten to the point where the moderates just stopped showing up.

Stein: They didn’t come.

Hilley: They just didn’t come. When we were pushing the ’97 bill, we wired these guys to come because we needed some help. And it was the first time they’d been in caucus for a couple of years because—

Stein: It was the first time anyone talked to them, too.

Hilley: It had just become so shrill. Given the composition of the Democratic caucus in the House, these guys just got tired of getting yelled down. So what made it very difficult was you could not get a true reading on your votes or the sentiments, or who was your ally in the Democratic caucus. I mean, you could get an idea where the Democratic opposition was, that’s for sure—and we did our missionary work to the moderates in the House Democrats off on the side, completely around the leadership, bypassing the leadership.

Stein: It’s important, keeping the obvious in mind through this whole thing. These guys were quite resentful that they’d lost power in ’94. That colored everything, and, to some degree continues to in terms of their abuse of Clinton.
Hilley: I may not have been as aware of this at the time as I should have been. Daschle’s such a liberal leader in his own mind, but on the other hand he comes from a state that’s what, 60-plus percent Republican?

Stein: Republican IDs are 13% more than Democratic IDs.

Hilley: You remember how he voted on welfare reform?

Stein: He voted against it, but not because of welfare reform itself, rather because of the absolutely rigid immigration provisions in it.

Hilley: That was the worst part of it.

Stein: He was right about that. It was Kent Conrad talking to him about the restriction on food stamps for unmarried—It was highly punitive, a ridiculous set of provisions, really unnecessary for that bill. My own politics come out.

Hilley: Just punitive.

Stein: They really were. They were just basically punishing immigrants. So that’s why he voted no. He was going to vote yes if that had been fixed.

Hilley: Right. Because it was a Republican Congress, we had limited ability to intervene in the conference to fix up everything we wanted. They knew they had us, because they had the same kind of polling we had. They knew Clinton needed to sign the welfare bill—and Clinton wanted to sign it, too, for some policy reasons, but mainly for political reasons.

There was a terrible provision in there that basically would have cut off legal immigrants who were currently receiving SSI [Supplemental Security Income] and food stamps. It was a major hit. And ones who would become disabled in the future would not have gotten these benefits either. This is legal immigrants. The Republicans were foolishly punitive about this.

Stein: I think they’ve paid a huge price for this. We’ve repealed some of that stuff, if I remember correctly.

Hilley: This was always great when you tell these guys: “Just vote for it, and we’re going to fix this next year.” Boy, did they love to hear that.

Stein: That’s the line you give them. “Don’t worry about it—”

Hilley: But we actually did, we fixed it in the ’97 budget because we had so much leverage over the Republicans in ’97. But that was a good reason to vote against it.

Stein: There were several.
Riley: Is there anything more you can tell us about that? This was a case, not just of conflict between the President and Congress, but there was an awful lot of— Can you tell us a bit about your observations.

Hilley: You’ve already had Bruce [Reed] in here, right?

Riley: That’s correct.

Hilley: Well, there was economic policy, which was Gene [Sperling], and then domestic policy was Bruce Reed. Bruce is smart and good, and he was the main proponent for going ahead with the welfare reform bill. There was a tremendous split in the White House, although it was preordained where it was going to come out. Donna Shalala was vehemently opposed to it—

Stein: Wendell Primus quit over it, remember? That was where Donna got her information.

Hilley: I forget who else—

Riley: Peter Edelman. He’ll be here on Monday.

Stein: Peter Edelman, yes. He left over it as well, didn’t he?

Hilley: We gathered all the competing sides together in the Cabinet Room, and Clinton held court for two hours to hear the various sides of the argument. I think Gene was even—

Stein: Gene was in favor.

Hilley: Yes, although he gave a lot of arguments against it.

Riley: You said you thought it was preordained. Do you think Clinton had his mind made up going into the room?

Hilley: I absolutely do, yes. Clinton had a habit. Whoever he asks the most questions of and sounds most sympathetic to, that’s who he’s going to go against. It’s all in fairness to the other side. But it was pretty wired up in advance that he needed to sign this. Bruce did a masterful job of making the policy arguments against Donna.

Riley: Were you asked?

Hilley: Yes. I said, “Yes, you’ve got to do this.” Those who didn’t sit in the Wednesday evening meetings didn’t have the full context of how Clinton was considering this. Donna came at it from What’s this going to do to these people? as opposed to, What’s this going to do to the President’s reelection?

Riley: So you were convinced, based on the polling data that you saw.
**Hilley:** Not only that, but actually, Clinton favored many, many of the policies in this. It was about able-bodied people working, about putting a time limit on welfare. There were many aspects of this devolution of power to the states that he was very comfortable with coming at as a Governor.

Now, the Republicans, in their wisdom—this is what they do, and I applaud them for it I guess—had stuffed in just about as much as they wanted to put in. They wanted the policy for themselves, but they were sure ready to take a veto. They thought they could make hay on this, and that’s why they put in this ridiculous immigrant provision. That was the tough part.

**Stein:** I think they actually wanted him to veto it. I think their perception of this was that this could only help Clinton. They were looking at the inverse of their polling data. I think it was [Rick] Santorum who insisted on jamming all that garbage in there. They wanted to make it as painful as possible.

**Riley:** Was that the last chance? If Clinton had vetoed this, you were all absolutely confident that another version of this wouldn’t come back?

**Hilley:** Oh yes, I think the Republicans would have been happy about it.

**Stein:** They’d have been delighted.

**Hilley:** Very happy. I don’t think it would have been determinate for the election, as things turned out, but you have to take things each as they come.

**Jones:** Do you want to say more about Dole as leader and presidential candidate?

**Hilley:** Fabulous leader, lousy candidate.

**Stein:** Look, he had no money. When he got the nomination, he had no money. He thought, *I’ll go back and use the Senate as a platform,* a relatively innocent conceptual mistake that he was then forced to pay an enormous price for. And I don’t think he ever recovered from it, actually. He ended up having to shut down the Senate over the minimum wage. It was ridiculous that he got himself into that position. So, you know, there’s not a whole lot to say about it. It’s sad, it’s what it was. I don’t know that he ever got fully back in stride. Then he found himself in a position of not really wanting Lott to do some of the things he did because Clinton got credit for the successes.

**Hilley:** You never know at the time, you just take everything as it comes. But he started off way behind because of what the Republicans had done in ’95. They had been somewhat discredited as a party at that point. He had a hole to dig out of, not only financially, but just from the perceptions of the people.

**Stein:** He had primary campaign costs.
Hilley: Look at the Clinton approval rating, too. This was an incumbent whom people did not want to turn out. So it was just uphill all the way for him. You know, he’s a smart guy. He knew pretty early on that it wasn’t going to happen. But he’s an incredibly capable leader, absolutely.

Stein: The last really capable one they’ve had, I think.

Hilley: That’s true, although I thought Lott in his first two years, my two years, was really good. He was quite effective. I don’t know why they threw him out. I know the public reason, but—

Jones: Those two years with a Democratic President, you get a Republican President, as a Republican leader, all the dynamics change.

Stein: Absolutely.

Young: Why did you say Lott for the first two years?

Hilley: For my two years. He was exceptionally good to work with, exceptionally good.’96, ’97.

Stein: I had a slightly different perception. I don’t think Lott was ever comfortable with impeachment at all. He was put in a miserable position. He would like to have done a few things. He would like to have gotten a few things through, and so my relation with him was different. We always had a very good working relationship with him, and cordial one, even through the worst of impeachment. Erskine and I continued to go see him, as you did. There were a lot of passionate people in his caucus wanting to remove Clinton. I don’t think he ever did. So it changed him a little, to my mind.

Gilmore: I’d like to ask you, generally, what your job entailed. When you went over to the Hill, what were you trying to accomplish?

Hilley: Well, it depended on the issue of the day. We talked a lot about the budget, but there were always a zillion things going on.

Gilmore: I imagine vote counting is an important part of it. Persuasion?

Hilley: Well, most of it, I guess, is knowing where the power is and always staying within and trying to help the people who actually get the work done—the key committee chairmen and the leaders—move in your direction. Our entrée to the Congress was always through the leadership and the powerful committee chairmen, the guys who were capable of delivering for you. We always practiced early intervention: You start talking to them when they’re crafting the bill. You talk to them in committee mark-up and try to do it there, the floor. You just go A to Z on all these things. We relied on the leaders to do the vote counting for us.

Stein: Vote counting was a very small part of my own day, on average. Usually it was communicating with the leaders, the leaders’ staffs, crucially placed committee staffs—finance, ways and means, appropriations, sometimes the labor committee—and getting ahead of it, structuring a strategy for trying to get done whatever you were trying to do. Vote counting
usually came in at the very end—if you structured it right, you weren’t that worried about vote counting. Vote counting was important on some issues where they were trying to jam us.

Mexico certification was a miserable vote count, for example, because we were basically taking a position of internationalism, and that’s not very popular. There’s where we’re really worried about the embarrassment of being overturned. But, by and large, it wasn’t a vote counting job.

Gilmore: On the big budget bill of ’93, one mistake the administration made, I think, was that they got the House to back the BTU tax, and then the Senate objected, and so they gave up on it. I think a lot of House Democrats felt betrayed on that.

Stein: We didn’t just object. We told them we weren’t doing it. Look, I sympathize with the House guys who took that vote. But a lot of times there isn’t great communication between the two bodies. The BTU thing had no chance on our side.

Gilmore: Was that a failure of the White House legislative staff?

Hilley: I’d put it where you say, a failure of the Democratic leadership, the boys around Clinton.

Stein: If they can’t figure out what’s possible on the other side of the House—I certainly don’t attribute it to the White House legislative affairs guys. First of all, if it’s me and I’m going to cast a bad vote that might ruin my career, I’m going to do some calling myself. Why would we seek to blame that on the White House staff? These guys are independent agents. I knew from day one that we weren’t doing that. It would be hard to count the number of people who weren’t going to accept an energy tax. It didn’t take a genius to look at who were the crucially placed committee chairmen and figure that out.

Hilley: They’d come over and say, “Are we going to get BTU’ed? You guys going to BTU us again?”

Stein: I honestly think the person who paid the heaviest price for that was Gore.

Hilley: He should have known. He was in the Senate.

Stein: See, this goes back to one of the observations my colleague made about how he wasn’t a legislator. He never bothered to check those things out. Ideologically—well, ideologically isn’t the right word. In his energy economics wonk hat—he covered his eyes, you know what I mean? I think among the House Democrats he got more of the blame for that. Whether Howard did or not, I don’t know. He probably did.

Hilley: Yes, I think he did.

Gilmore: I’ve read in various places that an important part of the President’s role in legislating is making sure that when he gets one group of people to commit to his policy, he’s not going to reverse and hang them out to dry. Was this often a problem for you, getting people to commit to you—or persuade them that you’re not—?
**Hilley:** The President would have signed it if—heaven forbid—it ever got to him.

**Stein:** If it got to him. He would have been more than thrilled, they loved it. If they were going to be mad at someone, they should have been mad at us in the Senate. But they didn’t call us and ask us, at least not that I remember.

**Hilley:** You know, thinking about the last few hours here, what we’ve been emphasizing seems very orderly, the victories, and how we were headed this way, and we got the budget done and so on. I remember so many days when something out of the blue would come up. You’d be meeting with a Republican Senator whom you knew very little about. They would have dug in on some damn issue, and Lott would call us up: “Hey, Hilley. I need you to go talk to Senator [Paul] Coverdell. I need you—” It would be the Mexico certification, or [John] McCain—

There were so many times you’d get dragged up on an issue you were getting briefed on as you were going up in the car to deal with these guys who are just dug in and being ridiculous. You’d get up there and try to pry them off and sit up there most of the night with them. There was a lot of that, putting out fires and trying to get help from other people, trying to get a meeting going. “Let’s get some more Democrats in. Let’s try to work this out.” It wasn’t all planned.

**Young:** I was going to ask what you were doing up there. Counting votes and whatnot, putting out fires, stopping things would have been a lot of the job, wouldn’t it?

**Hilley:** Oh, definitely. There were also a lot of times when you had to do meetings for illusory effect. Basically, decisions had been made, but you had to do a meeting to at least give a credible appearance of consultation. I did a ton of meetings like that. In the appropriations process, especially, or in the budget process, you’re in a room where you’re trying to cut deals, but then you have to go back out to the different Democratic offices and tell them what the deal is and try to get their input. There’s a lot of that, too.

**Riley:** It’s rather striking, listening to your different characterizations of Leon Panetta and Al Gore, both of whom came off the Hill into the administration, one of whom you’ve already given very high marks for in terms of his role in helping craft and sell the package. Can you elaborate a little bit more?

**Stein:** Let me do this, because you’re going to be too nice. [laughter] We need to correct this right here. Look, I love Leon personally, he’s a great guy. But Leon actually got out there and gave an interview in the first year, when he was OMB director, where—prior to people even knowing some of the things that were on the President’s agenda going forward—he announced that the items were pretty much dead. I can rarely remember people being more pissed off. That was an aspect of Leon, really more when he was budget chairman. It’s funny. I think when he got into Chief of Staff, that was the right job for him.

**Hilley:** A very capable administrator. He was a very capable administrator and as I said, great at the fine points of the budget.
Stein: And really knowledgeable, very knowledgeable.

Hilley: Some of his political judgments—

Stein: Not great sometimes.

Hilley: In ’90, in the Darman summit, Gephardt and Mitchell sat on him for three or four months—

Stein: And Byrd.

Riley: Let me get to the other side of the equation, the Gore role in this White House. Was he a useful conduit to the Hill? Was he a good source of political intelligence? [laughter]

Hilley: We always used to say, “Should we go throw some gas on it?” [laughter] If we wanted to just kick the cart over and start something over again, or we had to blow something up, we’d set him up for a press conference, a perfect torpedo.

Stein: If you wanted to make the other side mad, boy—

Hilley: He could really do it. He had no qualms about just kicking the hell out of the Republicans.

Stein: He loved it.

Hilley: He was good at it. He had a very useful role.

Young: You mean as attack dog?

Stein: Yes, to a degree. But to be fair to him, what we’ve said about his not being a legislator, I mean he was a very insular Senator, to the point that it was hard to find that many friends that he had up there. But, the other side was also, anything he wanted, no matter how small—sometimes quite good things—they didn’t care. They would instantaneously kill anything that had the Al Gore stamp on it. He did have some whacky things, too—that space station he had up here taking a perpetual photograph of the earth’s surface.

Hilley: The globe.

Stein: The Globe Program.

Hilley: He had a fight for that every year. It was meaningless, it was four or five million bucks—

Stein: And they just wouldn’t—

Hilley: They had a list of Gore things. They were out to kill his stuff in every negotiation. We’d have to sit there and say, “You can’t do that.”
Stein: They viewed him as nothing more than someone to beat up on. So it’s kind of unfair to ask what his utility was up on the Hill. You knew that anything you sent him up there for was never going to happen because they’d see him up there.

Jones: And “they” were only the Republicans?

Hilley: Pretty much.

Stein: He didn’t have a lot of friends, but he didn’t have enemies.

Hilley: In his defense, he was not a legislator, and as we’re saying, there are only four or five legislators who stand the test of time. He’s just in with the rest of the Senators. But in his years in the White House, my two years, he was spectacularly loyal to the President every time. We had policies on the table that would make my skin crawl if I was thinking about running for President like he was—Social Security, adjusting down the COLAs [Cost of Living Allowance]. He would sit there and he would voice his concerns, he’d be part of the meeting. His staff, Ron Klain, was always plugged into everything we did. But at the end of the day, he would stand up and salute. If he was asked to go up and represent the President’s position, boy, he would do it.

Stein: Absolutely.

Hilley: Every time. I never saw him deviate from loyalty to the President.

Stein: And in all honesty, once it got to impeachment, one could very credibly argue that it was his undoing. His problem during his election was that the press just never gave him a break. One of the reasons they never gave him a break is that—and I had a lot of meetings with press people—they just hated the fact that he gave Clinton cover for what they perceived to be some pretty gross acts. Gore really got punished for his loyalty on that score. Now, he said some intemperate things, too.

Riley: Let me track back through—because ’96 was so productive—and just throw out some things. If you want to rise and deal with it, fine. There was an Agriculture Reauthorization Bill, right? Anything interesting there?

Stein: It was the Freedom to Farm?

Hilley: Yes, that was a very contentious bill because Republicans wanted to cut off the entitlement nature.

Stein: Well, they did.

Hilley: Yes, they moved it from a perpetual drain on the Treasury to a declining, multi-year payment situation.
Stein: It’s still a perpetual drain—

Hilley: They undid it.

Stein: Well, they undid it with huge emergency supplementals for every year subsequent, which shows you what a brilliant legislative procedure it was. I think it cost them more as an emergency supplemental by a rather substantial factor than they were paying under the old subsidy programs.

Hilley: That’s the way it turned out, you’re absolutely right. But in ’96, this was a very contentious bill, and farm politics cuts across parties. It’s very different from just about anything else. It doesn’t matter. That’s when [Charles] Grassley and Daschle and all the guys line up. It’s by product too: it’s the corn guys, the soy guys, the cotton guys, the sugar guys—

Stein: Rice.


Stein: Boy, you want a bad meeting. Go in with the farm guys.

Hilley: These are two of my favorite Senators, but boy, could they pick you apart. Unbelievable.

Stein: Absolutely brutal.

Hilley: Anyway, it was very contentious. To think that—as they called it, the “Family Farmer,” that’s the great myth. I think your 90 acres might qualify. It’s agribusiness.

Riley: Was the President personally involved in this?

Hilley: No. The President, in my time—and all I observed on the other side, from the Senate—is basically really involved, but it’s very certain, specific things that he’s good at. No policy goes out the door without him knowing about it and understanding. Unlike my impression of the current administration, Clinton knows policy. He’d worked through the policy, so he knew what we were trying to do. He was a master at having the Congressional people down, every caucus, every leadership group, everyone down. We’d work them into shape. But the truth is he never negotiated. We’d never let him negotiate, because he wasn’t a negotiator. He was a compromiser, he was a conciliator. He was a “find the middle” kind of guy.

You need a Bob Rubin and me and others who can sit there and spend the day staring at these guys. He was not a negotiator, but he did his part, the public relations, making the statements to the nation. He did the part he was supposed to do, and it’s more effective. You don’t want the President in there negotiating.
Stein: I wasn’t there at the time. I saw it from the Congressional side. Clinton was great at ag policy. He knew the programs in and out from his Arkansas experience. I think he knew enough to stay away from this, because this one divided—this was more of a regional division.

Pat Leahy cut a deal with [Richard] Lugar. Lugar, as a farmer himself, had always thought that the programs were egregious and had wanted reform. What he did was buy off Leahy with Leahy’s particular passion. It was a little bit of dairy, but it was also environmental stuff that Leahy cares most about. Leahy basically sold the plains guys down the river to get his—I wasn’t in this, but I’m certain that Clinton, of all people, understood that clearly and probably said, “You guys fight that one out.”

That was a very bitter, huge fight in the Democratic caucus. As I said, I think it has proven to be an extraordinarily lousy piece of legislation that has been repudiated by time and by the facts. But what are you going to do? Reform was certainly needed, but not that kind of reform. It also paid off all the wrong people.

Gilmore: Did the administration play much of a role in those negotiations, or did you just let them—?

Hilley: [Daniel] Glickman was Ag Secretary at that time?

Stein: Was he there yet? I’m not sure. It was Mike Espy from Mississippi, wasn’t it? Had they run him off yet? I can’t remember.

Hilley: I wasn’t personally involved in that.

Riley: Let’s stay focused on the President’s own role. You said he brought the caucuses in and would meet with the groups. Is that his preferred, or your preferred, mode of having him work the membership? Was he better on that than he was at one-on-one?

Hilley: Fabulous. In the summit year, we were hauling people down all the time, the chairs and the ranking in the budget committee, or the chairman and ranking of the appropriations, the finance, the black caucus. It would be the Hispanic caucus, the freshmen—you name it. We would have them down and work with them. He was just great at it, because he was always understated. He always, without going into technicalities, could get them to understand the politics of it. He would never over-complicate things for them. He was just the best.

That’s what I was saying earlier: at the end of the day, his personal relationships, particularly with the Democrats, saved him. You had him stopped in the center of the course, but after a little bit of work—He was masterful at these meetings, and we used it all the time. You’d ask him to do something, and he would do it—the later at night the better. We had ten o’clock meetings with these guys. We’d haul them down.

Stein: Much of this trailed off in my period, not by choice, because we knew what an incredibly valuable asset we had in terms of his persuasiveness. Look, anyone who sits in a room with him and listens to him is going to like him and is going to be persuaded by what he says, at least
while they’re there. But, in truth, with the scandals hanging over his head, we were a lot less free to invite people. We never knew what people were going to say when they left the room and got to the stakeout outside. So it was something that—along with virtually everything else—was affected by the things that were going on.

**Hilley:** He would always make his calls.

**Stein:** He did. There wasn’t anything you’d ever ask him to do that he wouldn’t do, and do very well.

**Jones:** Were there Clinton loyalists on Capitol Hill? I’ll use Reagan as a comparison. There were Reagan loyalists who’d go with him and thought of themselves as Reaganites. That wasn’t true with Bush. What about Clinton? Were there Clintonites, in that sense? Not that they wouldn’t be persuaded by him.

**Stein:** They were completely different kinds of leaders. That is, Reagan in my judgment was an ideological header. He generated an enormous amount of personal loyalty because of what he represented. He represented a conservative rising of principle, or something like that. I think there were loyalists who felt loyal to the principles. It’s hard to make a judgment about this many people. I relied largely on the leadership group, a few people, but I didn’t have anyone I thought was just an absolute, one hundred percent “I’ll do whatever Bill Clinton tells me.” There may have been some people like that in the House.

**Hilley:** Maybe, but you’re right. He’s damn lucky he had two spectacular Democratic leaders in George Mitchell and Tom Daschle who—not for him so much personally—said, “This is our party, this is our President, and we’re going to try to do the work.” And not just them. There were some other guys. But it was driven more by principle than any attachment to him, I think, by what was right for the party and the country.

They let him know when they didn’t agree with him. Remember, Clinton went through so many cycles. He was doing a lot of things they agreed with one year, and then the next year he’s doing a lot of things they don’t agree with. It was usually through the leadership that he was sustained, but I didn’t see it as personal as much as party loyalty and “He’s my President and we’re going to stick together.”

**Stein:** It was funny, I thought, because there were people who would so frequently say some bad things about him, but then when they got with him, boy, did they want to spend time with him. I haven’t really been around that many “charismatic” people in my lifetime, but he is a genuinely charismatic person. If the definition is that anyone he talks to wants to talk to him, it’s true. And, as John says, we knew that was a huge value. But there were limits to when you could use it.

**Jones:** It does seem, though—and I want your reaction to this—that there was a kind of thing—and it may be what you identify as ideology—that meant something that would be called Reaganism, but not Clintonism. You would be impressed by the sheer intellect and capacity to know details and so forth. That would be impressive, it’s almost learning, but not necessarily as something one could attach oneself to, outside of the interaction with him.
Stein: I’m inclined to think that Reagan is kind of unique in that regard. He resuscitated conservative politics in the United States. Of how many people can you say something similar? I can’t think of a President, certainly not in my own lifetime—I wouldn’t even say there’s such a thing as Kennedyism, even though he was certainly one of our most popular figures.

Hilley: Well, the other piece is, I’ve always thought that we never really had a full Clinton Presidency to develop what he wanted. His was truly truncated by the scandals and the investigations. We talked about this at the symposium. There was so much that he wanted to do and was capable of doing, starting in ’98, that was on the platter: Medicare reform, Social Security reform, race relations. His primary goal politically in comparison to Reagan was to try to center the Democratic Party in the mainstream of American politics, to lessen the influence of the liberal wing and try to resituate it. He truly believed that’s where you win elections. He was simply short-circuited from that. Once the Republicans got him on the scandals, I saw him having necessarily to fall back and depend on the liberal wing.

In other words, these were the guys who were ready to go to the floor—the guys who would sit there and beat the crap out of us in the back room about our policies were the ones who would rush to the floor and defend the President to their dying breath against the Republicans. And so, the whole move to the middle—which he’d been doing so successfully in ’96 and ’97—once impeachment came, the energy was gone, his attention was diverted, and the caucus he had to depend upon for survival was the left-leaning one.

Stein: Which was really a problem, because relying on them to defend him for his life made it very difficult to go to the moderates to cut deals with the Republicans on legislation. It was the moderates who were potentially going to go with the Republicans on impeachment.

Hilley: So I think it’s a sham and a shame that he couldn’t finish out—

Stein: To return to this, I didn’t have a lot of direct experience with Reagan. I was in no more than maybe two meetings that he was in. But from what I’ve read and what I can see, yes, there were people who were Reagan loyalists. But they didn’t really use them a whole lot to sit down with a group of people and persuade them of things. They’d set him in there, as an icon, so there are differential values here. To my own eye, much of Reaganism is a function of a huge apparatus that has created (I’ll let my partisanship out) a substantial myth, and one that I certainly hope the historical record will ultimately correct.

Young: But you don’t expect it to.

Stein: Not in the immediate term, no. I’m relying on you guys over the years. I have talked to no one who dealt with him who thought he was a policy adept, far from it. No one who thought that he really had deep, warm relations with a lot of people in the Congress, that he understood them, or that he cared to. He was a master manipulator of communication devices, and he had a lot of people around him who excelled at that and a lot of resources subsequently to magnify them. That’s just to engage the debate a little.

Young: He had a very good ear on the country.

Stein: No one can underestimate him. We made that huge mistake in 1980.

Riley: Let me go back to '96 again and pick up some more of these pieces to throw out. One, there was a telecommunications reform bill.

Hilley: That was in January, right at the very beginning, and I had nothing to do with it.

Stein: That preceded my return. So we can skip over that.

Jones: Immigration reform.

Hilley: The '96 bill? We had to get involved in that one. Who was the crusty old guy from Wyoming?


Hilley: Simpson, yes.

Stein: There are several crusty old guys from Wyoming. Malcolm Wallop?

Hilley: Actually, I don’t know if you’ve ever heard the shining floor statement he gave. Dole was trying to hold the floor for some unbelievable reason and didn’t want anything to happen. No one would be able to say anything, so he needed somebody to make a speech of indefinite duration out there. I guess Simpson was the whip at that time. So he went out there and started, had nothing to say, so he got on to the Congress. “You know, all my years here in Congress, it’s just completely representative of America: a lot of stupid people, a lot of failing people, a lot of incompetent people—” He’s going on and on and on, a stream of consciousness. It was his greatest speech.

Yes, the immigration bill. They were working it through the regular order, and Kennedy, unfortunately, for some reason, let it get out of hand a little bit and was about to agree to some provisions that would have forced us into a veto. I remember one night we had to trundle up there and just basically pull Kennedy out. We said, “You know the President can’t agree with this, he’s not going to sign this bill you’re bringing to him.” Simpson just hit the ceiling. He was extremely upset with me. In fact, he went down to the Senate floor and said, “The President sends this John Hilley down here to undo the work of the Senate. What kind of interference is that?” Another great speech. We had to intervene in one of several provisions that unfortunately they were about to sign off on in conference. That was not a great bill either.

Again, it was '96. We took out some of the more onerous provisions. I’d have to go back and look at what those were. Immigration was one of our moves to the center, although the Republicans—and I think they may be wising up to that now—have just really hung themselves
on this immigration issue. You see Bush trying to unwind it somewhat. But we did have to get involved in recasting—

Stein: Wasn’t this the period when Pete Wilson was doing those things he did in California that ruined the Republican Party?

Gilmore: How did you decide what kind of veto threat to issue? “The President will veto,” or the senior advisors, or the Secretary of Treasury?

Hilley: It was painful.

Stein: I wish I was paid by the hour for the discussions we had on these sorts of things. I don’t remember how many. We had presidential veto—

Hilley: Senior advisors, Director of OMB—

Stein: Then you had Cabinet secretary level.

Hilley: Will veto, will recommend a veto, is leaning towards recommending a veto. The whole purpose of it was to say—

Jones: Understands the Constitution.

Hilley: Actually, OMB was very good at this. They would get the circular, and we’d make all the calls to say, “Okay, boys, this is what’s real. This is what needs to come out. If you want to sign the bill, this is what can stay in.” You needed that out there on both sides. They demand it.

Stein: They wanted it as much as we wanted to put it out there.

Gilmore: The Hill wanted to see it—

Hilley: What do we have to do to get a signed bill?

Stein: They wanted a full SAP [Statement of Administration Policy] that would, if you could read the code, explain what they needed to do to avert a veto.

Gilmore: There’s some ambiguity in the SAPs, though.

Hilley: Sure. If the bill is presented in its current form, the senior advisors would recommend a veto. Then there’s a list of ten objections. At the top you think, Okay, he’ll veto if that one is not resolved. But when you get down to number eight or nine, you’re scratching your head and thinking, He’s not really going to veto over that.

Stein: You have to keep in mind that there’s usually a group of people involved in writing a SAP whether they’re sitting in a room together—which usually was not the case. The SAP was circulated, and many departments had particular provisions they cared about a lot, and they’d
insist they be in. It was typically one of our jobs to try to communicate subtly, and this was hard, because you never wanted to leave someone’s important thing out, or make it look like you would swallow something that they did to one of your Cabinet secretaries. But it was important to have a communication structure where you could ultimately get to a point that they understood what you absolutely would not take and what you might take in a slightly different form.

**Riley:** Are you implying with this that verbal communications were used to supplement or embellish or—

**Hilley:** Indirect and face-to-face.

**Riley:** Some of my colleagues rely on this document as a fail-safe piece of evidence about a particular kind of political behavior. My question relates to whether there is spoken word communication in ways that modify this, that you can’t pick up from the language itself.

**Hilley:** Sure. The tendency is to load it up a little bit because you aren’t going to be able to get everything out. So you put it in, and then it’s a matter of what’s really important to you. That’s where the phone calls and the face-to-face about these eight things—“We’ve got to get these five, and we’ll give you the other three.”

**Stein:** In my experience, it was the appropriators who would read them most carefully, most closely, and with the most discrimination. They got to a point where they knew exactly what the language meant, and they knew where the cutoff was, whether it was expressly spelled out or not. A part of that was that these same issues used to come up year after year.

**Gilmore:** Some scholars have argued that Presidents are able to take advantage of some uncertainty about the President’s real position on legislation, and therefore the President can threaten to veto bills that, in fact, he would not veto. Does that ring true?

**Hilley:** In my time, we didn’t have so many, and I’m happy to say we never got overridden in my two years. I left just in time, I believe, but we were very careful about issuing a hard presidential veto. We worked with the leadership to know whether we could sustain.

**Stein:** I think he was overridden only once. It was securities litigation reform, and that was when Dodd left the reservation, after the fact. I think it was 94. That was the only override, if I remember. Of course, there’s value in making veto threats when you may not intend them.

**Hilley:** I’d say 75% of the time it was, “Guys, here’s the premise of the negotiation.” But when you go to that hard “We will veto,” we were talking to the leadership and saying, “Can you do this? It’s bad to threaten and not do it.”

**Jones:** Take this pen—

**Stein:** Exactly. I can remember a really testy one that was very difficult, where we went through this kabuki for a long time. That was Bill Richardson. (I think I mentioned this in the Forum.) He was in a struggle with Pete Domenici on the labs out in New Mexico. Domenici had managed to
incorporate a restructuring in the defense authorization bill that actually gave him, Pete, a lot of control over the labs. Richardson, who was Secretary of Energy at the time, was infuriated, and it was part of his gubernatorial aspirations as well. He called the President and said, “I want a veto threat.” Well, we were at war, or we were in the aftermath, I can’t remember which. It was Kosovo. I was called, and they said, “Veto it.” I said, “We’re going to veto the defense authorization at a time of war? We’re even going to make a threat of that?” We went through that for weeks with Richardson before we finally found a way out. I refused to put down “We will veto this bill” over a reorganization of the authority of the labs. That kind of thing happens.

Jones: How did the line item veto change the whole view?

Hilley: It happened on my watch. This was another Republican—I might say totally meaningless Republican—budget initiative. The dollars involved are miniscule. But Clinton, as an ex-Governor, was enamored of the idea. Hey, I’m President, sounds good to me, give me some power. As I was going out the door of the White House, I remember, the last couple of months there, he felt, I need to exercise this.

Stein: It was before your last couple of months, John.

Hilley: Come on, Larry.

Stein: No, it was, and I remember, you know why? Because you guys picked three provisions—

Hilley: It was the military construction bill, wasn’t it?

Gilmore: That was the first one, military construction bill.

Hilley: There were two bills.

Stein: Yes, you got Daschle on one. Do you remember this?

Hilley: No, I didn’t. [laughter]

Stein: You blanked out—

Hilley: I didn’t know it.

Stein: No, no one knew it.

Young: Let the record show he’s shaking his head.

Hilley: I did not know it.

Stein: He was beside himself over this. It was an ag thing. Of all the things to pick, they used the line item veto—
Hilley: I’d spent ten years in the Senate helping to defeat this thing.

Stein: Me too.

Hilley: But they had the votes. It came along, and Clinton wanted it, so we saluted. But it was a meaningless thing.

Stein: There was a Congressional rescission of it, right?

Hilley: Um-hum. The President sends up his list, and then Congress can override, and then he can veto the override.

Stein: Yes. I think there was a dispute over whether we had to package all of them up together or we could do them individually. I can’t remember how that came out. Not long after, the court ruled that it was unconstitutional, so we never had to find out.

Gilmore: How did you decide which projects to veto?

Stein: That was what we kept asking. [laughter]

Hilley: Obviously we decided incorrectly. You have the answer right there.

Stein: I think the guys in OMB go over these things. There were a ton of provisions that could have been done, but they were all sensitive.

Gilmore: So it came mostly out of OMB?

Hilley: That’s where it would start, and then we were supposed to put the political filter on it. Larry reminds me I missed one.

Riley: I have two more things on my list from ’96. I think both of these were probably executive orders, although they may have related to Capitol Hill also. This is a little involved: the V-chip, which I guess may have been a part of the telecommunications bill, and school uniforms.

Hilley: School uniforms was a speech. He introduced it, but I don’t think it ever became legislation. Those are both great examples of the kinds of things we were polling constantly.

Stein: Yes, the V-chip was very popular.

Hilley: That had a long life, actually before ’96 up on the Hill. People like Conrad and those guys were trying to move that. So something may have gone in the telecom bill, but I don’t remember that one. It’s a good point that so much of what Clinton did—and was forced to do more of in the end, because he couldn’t legislate as effectively—was announcements, regulations, executive orders.

Stein: By the end, that’s all we could do.
Riley: Do you remember any cases during ’96 where you put the kibosh on ideas coming out of those Wednesday night meetings?

Hilley: Oh sure, I should get the list. There were some things you couldn’t quite believe. Very few would pass all the filters.

Stein: That’s the truth. It was really just a few that got through.

Hilley: I’m sorry to have left a misimpression. We tested a lot, but by the time we went through all the filters of what was doable, politics with different people, it was winnowed down. The ones that survived were very carefully thought through and very well launched. We had a very good apparatus. No matter how tiny, meaningless, or whatever, we could put it out there and blow enough smoke. The communications group was very good.

Riley: In ’96, what does a presidential election look like from the Office of Congressional Affairs? Is there much White House attention devoted to Congressional races, Senate races?

Hilley: It had become apparent substantially before the election in ’96 that he was going to win, so we were able to start shifting his time, fundraising resources, and other things, to the Congressional races. But they didn’t need any inducement from us. Congress people are not shy about requesting presidential appearances and fundraising. It was just a matter of scheduling and winnowing them down. He was able to do quite a bit for them in ’96 because it was clear that he was going to beat Dole.

Riley: How would you go about making decisions?

Hilley: It was out of my hands. It was the political boys, Sosnick and those guys.

Riley: They weren’t asking your input about who’d been on board and who hadn’t?

Hilley: Oh, they know. We work this all together. But one of the good things about Clinton is, good and bad, he never held a grudge. Honest to God, it was truly good and bad. After DeLay just tried to kill him one time, he had him down there a few weeks later talking about child adoption.

Stein: Constantly like that.

Hilley: I would have had a 2x4.

Stein: Oh yes, he was amazing.

Hilley: But for guys who went against him, we had an expression. I’ll paraphrase: “He might be a ummmm, but he’s our ummmm.” He’d go out there and campaign for these guys. He’s always looking to the future, of course.
Stein: We should remember that there’s probably no better political analyst around. You didn’t have to make too fine judgments about whether he was going to do something. He knew whether it was worth doing. This guy’s the master. He knew the districts better than anyone in the political office. He knew their districts better than they did.

Jones: Was there any belief or opinion that you could win back either of the chambers? Or did it become as evident as it was for the presidential race that the Republicans were going to stay in power?

Hilley: I don’t think we really thought we were going to win back because of the impact of their money, their ability to close, and the redistricting. As you all know, there are so few competitive races.

Stein: In the House now—as you guys know better than I—there are probably only forty seats, and out of those, there are only twenty-something this time around that are actually competitive. I think that’s been true for a long time. With the Senate, I actually cannot remember, was that the Wofford year?

Jones: The Senate class was the 2002 class, so they were located mostly in the Midwest and the South, some advantage to the Republicans that year.

Stein: I’d have to look back. I just don’t remember the Senate races that year, honestly.

Riley: Was there palpable disappointment that the President didn’t hit 50%?

Hilley: He was glad to be back.

[RREAK]

Riley: On the question of foreign policy and national security and defense policy, is that something you yourself did a lot of? Was there a Congressional relations person at the National Security Council staff you relied on for that, or how exactly was that handled?

Stein: I did a lot of it. I had the Kosovo war, so we had a lot of that. We should discuss some of the terrorism-related things that happened during that time. Also, we bombed Iraq two days before the House voted out impeachment articles. It was a very interesting period. But as a general matter, Sandy [Samuel Berger] kept pretty close control of the national security issues, and I always felt fine working with him. He had a guy, Miles Lackey, and Mara Rudman. Both of them worked closely with me.

Hilley: Was Bill Danvers there?

Stein: Bill had just left. Bill was an extremely capable guy. We worked on the chemical weapons convention, which I think was your period, when I was with Daschle. Clinton had a really solid
national security apparatus, I thought. I felt very comfortable working with them. The Pentagon is always its own place, but I tried to keep in touch with [William] Cohen and his guys. Subsequently, that became very useful during the Kosovo period. But before those years, we’ve alluded to Somalia, which was a huge problem. We’ve talked about Haiti, which was a huge problem early on, gays in the military. I think it’s pretty obvious he had a rough first term on the national security side.

On the other hand, once he hit his stride, I think he had a huge success in Ireland. The conduct of the Kosovo war certainly looks good in comparison to recent events. Probably one of the most important things is the Wye Plantation negotiations. I was not part of those; those were pretty much run by the national security guys. There was not a particularly significant Congressional dimension to those, so I didn’t get in on them. We were negotiating budgets out at the time. A very significant aspect of his Presidency.

**Hilley:** My two years were blissfully quiet on the foreign affairs front. We just had the normal year-to-year kind of things, drug certifications. They had a good legislative staff. We had a guy named Bill Danvers, who was terrific. Anything that had a legislative component or letters, or anything concerning foreign affairs or national security, would go through our office. We’d look at the letters and comment on them. There are a lot of statutorily mandated notifications that go up to the Hill all the time, and we’d have our finger in all those. I was blessed that I had a remarkably quiet period on the foreign affairs side.

**Stein:** These are pretty large subjects. I don’t know how to discuss them, but the whole Kosovo thing was heavily, extraordinarily difficult from a Congressional relations perspective. We gauged it, and there really wasn’t total unanimity inside. I think Madeleine [Albright] very much thought the President did the right thing. I’m not entirely sure where the Pentagon was all along. But the Hill was extremely resistant to this. The Republicans were largely suspicious of it, and I don’t know that there were that many Democrats who were all that enthusiastic about it. I think historically it’s arguable that it was very much the right thing to do.

But at the time, Tom DeLay, especially, was highly critical of it. We had meeting after meeting. We had an every Tuesday night meeting in the Yellow Oval with different groups of Congressmen. We would have [Gen. Henry] Shelton and Cohen and [George] Tenet making a presentation about the status of the war, and it was always highly combative. This is not much talked about right now, but at one point, our troops were engaged in the field, it was all air war. At that time, it wasn’t clear that it was going to be accomplished without ground troops, and there was great anxiety about that.

Tom Campbell, who was absolutely immersed in the War Powers Act, wanted a War Powers Resolution, which normally takes the shape of a resolution of affirmation. Or it can require a declaration of war, which he insisted on. There were three provisions in it. We knew there was not going to be a declaration of war. No one wanted that. We knew that there wasn’t going to be an exercise of the actual War Powers—I’d have to look back and see how this worked out. But the resolution of affirmation was a third prong, offered by Sam Gejdenson—who insisted on it—and Dick Gephardt, who wanted it largely because they wanted to force the Republicans to be on record.
We didn’t argue against them doing it, although we didn’t really like that third prong. The first two were required by the War Powers process. But Gephardt was being a little bit political about this, and Sam certainly was. I think the idea was that they would pretty much silence the critics of the President’s policy by making them vote for it. We didn’t perceive DeLay to be a problem, because we did not believe, largely on the basis of what [Dennis] Hastert told us directly, that the Republicans would vote against the troops while they were engaged in the field. The vote starts, and DeLay—without warning anybody—goes down and starts working the well. Hastert was surprised himself, I believe, and DeLay proceeded to work enough Republicans so that the thing didn’t fail and didn’t pass—it was a tie, with the troops in the field. Interesting. For the record.

Riley: Think back through your relations with Cabinet officials and tell us which ones you found especially good to work with and the ones who were, for whatever reason, especially problematic for you and why.

Hilley: Well, just on a structural note, by the time I got there, the key Chief of Staff group was always the Treasury Secretary and the Director of OMB. Given that dollars and money were dominating the agenda, that was very appropriate. Without a doubt, of all the Cabinets in the domestic front, those were the ones that carried a lot of weight and were involved in everything. Rubin was very smart about this, because he had been the national economic advisor before becoming Treasury Secretary, so he had always been attending the meetings in his White House role, and he just stayed on as Treasury Secretary,

Beyond that, as a general point, the Cabinet’s input into White House affairs was fairly minimal, with those two exceptions. Cabinet meetings were rather rare. They were more for proselytizing or telling the Cabinet what we were doing or what we needed them to do. It was very much a “White House out” kind of strategy. I guess that’s just the way it had evolved, because it was that and it worked pretty well for us. But there were some exceptionally good Cabinet secretaries—at Education…

Stein: [Richard] Riley?

Hilley: Riley was an incredible advocate for his programs, really had the President’s ear. One I mentioned to you, actually one of my favorites (we made so many of the Cabinets, it was expanding rapidly), was James Lee Witt, out of the FEMA [Federal Emergency Management Agency]. He was just an exceptional—

Stein: And loved on the Hill. They loved him.

Hilley: James Lee would show up the next day in your district, and, boy, there’s nothing better than that when something’s cooking.

Riley: He came out of Arkansas?

Hilley: I think he had that role down there.
Stein: He had, and remains popular on the Hill to this day.

Hilley: So let’s see. Let me just go around. Donna Shalala was a good advocate for her causes. We’d always bring her in for her issues. But generally, on the big ones, she’d have her say, but whatever we wanted to do, we’d do. HHS [Health and Human Services]. I didn’t have much contact, thank God, with the Judiciary. That’s was Larry’s territory. Let him speak to that—the Attorney General.

Stein: I had none also.

Hilley: The Pentagon guys had good rapport, and Bill Cohen was good. Although, it was such a surprise. We all thought George Mitchell was going to be Secretary of State in the second term, but that didn’t happen—for a couple of reasons. Clinton had this thing: *I need to get a Republican in the Cabinet*. I personally don’t quite know why. But in any case, for Mitchell to have done so much heavy lifting and all those years as the Senate leader, it wasn’t just him *not* getting selected, which was okay; it was that they picked the Maine Republican Senator to come into the Cabinet. Bill’s a moderate, and he’s a decent guy, and it was always easy to talk to him and work with him as well.

Stein: Yes, but that was not well received in the Senate Democratic caucus. They understood that, they felt that was a bad thing.

Jones: Did Mitchell want it?

Hilley: Probably. He would have been spectacular, as he is in anything he does. Madeleine had been around in Democratic politics a long time, so I’ll just leave aside any theories about why what happened happened.

Stein: Then there’s Bill Daley.

Hilley: Bill was very good. In the Commerce Department, Bill was terrific.

Stein: Dan Glickman, a great guy, very good. Both those guys were very capable on the Hill.

Hilley: Oh, very good. You could send them up.

Stein: They’d go up and do well. Sandy went up and did well. Sandy aroused some bad feeling occasionally, but you’re bound to in that job.

Gilmore: Could you tell me what makes some of them good and some not so good?

Stein: Glickman had been a Congressman, so that was an obvious thing.

Jones: Richardson as well.

Hilley: Yes, Richardson was good.
Gilmore: Is it that they had good rapport with—

Stein: There’s a certain element of just “Do they get it?” Understanding politics is extremely important with those guys. Daley obviously got it. But there are some who are not quite as understanding of what it’s like to be an elected—someone who has to go before the voters.

Hilley: Would they coordinate with you? Would they stay on the reservation, as we call it? And it was always important for us to develop a personal rapport with them. One thing we tried to do institutionally that never panned out was to have a bi-weekly meeting of legislative affairs and the deputy Cabinet secretaries. If we had made that work better, that would have been good. But you get overwhelmed by events. As Larry said, there’s more than you can do in two days every day.

Stein: I carried on those meetings that you started, and it usually ended up with me sitting there telling them what was going on.

Hilley: That’s the truth. One of the problems always was—and it was in the nature of the organization of the White House—decisions and information flowed from the West Wing out. Therefore it’s no surprise that at these meetings we were getting very little from them, but they were starved for information.

Stein: It was set up to work the other way. I always wanted to know what was going on with them—maybe they could give me information they were picking up on their trips up the Hill. But it never quite worked that way.

Jones: Why? Why wouldn’t it?

Stein: I think a couple of reasons. One, they had a very circumscribed set of objectives, for the most part. They usually cultivated their committee of jurisdiction and their appropriator and their clerk very carefully, but didn’t do a lot more. They were typically coming to the White House to make sure that we were incorporating—in all of our policy statements and in all of our lobbying—some support for what they needed. If it started to look like we weren’t doing that and they were jeopardized, for whatever reasons, that would be a sign that they needed to flag something somewhere.

Jones: Partly a question of levels, because you’re dealing with the leadership, they’re dealing with whatever conjury of folks, specialists in agriculture—

Stein: They were always aiming at the end of the year, and normally we weren’t completing all the appropriations bills and were bundling up the last seven or so. Typically, those were the bills that had the most sensitive programs in them, usually ones their bosses cared about. Somewhere in those seven bills were going to be some like that, and they wanted to be sure they were going to be on the protected list at the end, because there was one. Before the negotiation, we’d go over the list of things in contention and try to make certain exactly, among ourselves, what our positions were. So they were lobbying to make certain they were going to come out right.
Hilley: We’d have a weekly meeting also with the legislative directors of the Cabinet agencies. Given the proliferation of Cabinets and near Cabinets, this was twenty to twenty-five people every week. Again, the information usually flowed out from us. But one thing that you came to appreciate very quickly is that among the twenty-five people, there were four or five who were real stars and whom you could really use to help you, and whom we would deploy up on the Hill and work with closely. Then there were a lot who—either by the nature of them or the fact that their agency was such a backwater—all they were looking for was to go be able to write a memo to their boss and tell him what was going on. There’s a wide discrepancy in the talent and the motivations of a lot of those legislative people. Some are very effective. Donna had Rich Tarplin, who was very effective in HHS.

Stein: We talked about Linda Robertson at Treasury, who was very good. Chuck Kieffer at OMB was very good and subsequently moved up to be with Byrd.

Hilley: Just to round out the apparatus, the other professionals we came to rely on constantly were some of the higher-level people in OMB. As you know, it’s the director, deputy director, and then health, income, security—the PADs, the Program Associate Directors.

Stein: Subject matter experts.

Hilley: We effectively incorporated these people into our legislative shops because they were so good on the substance. Everything was so budget-related, and they had good people. They would take our lead on the politics, but we were constantly drawing on the top-level professionals at OMB to do a lot of work on the Hill for us.

Stein: I agree with that. I spent a ton of time over at OMB because that was the hub in a lot of ways, the policy hub for things.

Jones: In this matter of information flow, would it be correct to say that in White House contact with leaders, you already had a kind of filter in regard to what was happening—say, within agriculture, or within interior, or whatever the issue was—whereas the Cabinet department didn’t have that. All they would have, essentially, is the subject area.

Hilley: That’s true. But we also had another way in addition to leadership: Every Monday morning, we would also attend the staff directors’ meetings up on the Hill.

Stein: Monday for the Senate—

Hilley: That’s where everything is bubbling up, so you want to intercept things on the committee level. You’d sit there for an hour and a half and interact with the staff directors who really knew what they were doing, for the most part. That was very helpful, in addition to the leadership. Of course, the leadership was always there, but that was a very important source of information for us at the level below the leadership.

Jones: So that really explains why in the end, you have information they’re unlikely to have.
Stein: Plus we were able to go ourselves to the Tuesday caucus where issues and strategies were actually laid out. I used to go to every House caucus meeting.

Hilley: On Tuesday every other week, Daschle would have a Democratic ranking member lunch meeting up there, and we’d be invited to that. So not only did we get it from the staff director, we’d get it from their boss. A lot of meetings, but that’s what’s needed.

Stein: That’s why the information flow is typically from us to others rather than the other way around. Perforce we were on the front end of the information.

Riley: Where were you typically learning what you knew about the majority party?

Hilley: It depended on the year. In my two years, we were working hand-in-glove with them. So it would be direct contact for me with the Chiefs of Staff or the leaders in the two Houses.

Stein: Me too. Fortunately, he had built solid relations with them. I did everything I could to keep them up, even with impeachment going on. Even during impeachment, I still talked every day to Arne Christenson, who was Gingrich’s Chief of Staff.

Hilley: He actually was a very decent guy.

Stein: I liked him very much. When Hastert came, Scott Palmer—

Hilley: Dave Hoppe.

Stein: Dave Hoppe, who’s still a friend of mine, was Lott’s guy. No matter how bad it got, I would go up and meet with them at least twice a week.

Riley: This is staff-to-staff contact.

Stein: Erskine and I would also go up and meet with Lott regularly. Usually we’d go through issues, but ultimately we’d get to nominations, which was one of the constant, continuing irritations.

Hilley: Oh yes. I’d delegate that a lot.

Stein: It got really difficult. Judges became a very significant thing for Clinton, and he was very worried that he wasn’t going to get any more of them because of what was going on. We concluded that that was something we really needed to work on, so I devoted a lot of time to that. We tried to stay in touch with as many different Republican offices as was possible. Times weren’t altogether conducive to that.

Hilley: The other key information resource and friend we both had was Bill Hoagland, who basically ran the budget committee. He was the staff director on the Senate side. He’s honest, reliable, and forthright, and he’ll let you know what’s going on.
Riley: Was there ever any trouble created by your communicating with junior Republicans?

Hilley: Only if we got caught. [laughter]

Stein: Yes. We didn’t talk about it much.

Hilley: Sure. Again, the House Democrats hated that.

Stein: They hated us being in their offices.

Hilley: We would often resort to subterfuge not to be seen with Republicans.

Stein: Absolutely. We’d use little-known stairwells and things like that.

Riley: Disguise?

Stein: No, I never went in disguise. Jack Lew and I used to leave by back doors. Certainly we didn’t want the press to see us.

Hilley: We used to meet in hideaways. The best place to meet was just away from the Capitol, personal offices.

Stein: It was particularly difficult when we were caught. I can remember what they’d say. Steve Elmendorf: “But they’re impeaching you! How can you?” That was Gephardt’s Chief of Staff. “How can you be talking to them?”

Riley: So the trouble you got into was with the Democrats rather than the Republican leadership.

Hilley: We talked to the Democrats all the time. All these meetings were with Democrats.

Riley: My question was, “Did you get in trouble talking with the Republicans?”

Hilley: Oh, they used to mau-mau us. Gephardt’s staff would mau-mau us every time he thought we were talking to a Republican. But that’s just the tribal warfare I was referring to.

Riley: You mentioned nominations. Could you elaborate on that? That’s not something we’ve talked about extensively.

Stein: I think one of the reasons you didn’t have to devote as much time is they moved, especially right after Clinton was reelected. There was no reason to hold them up. The rhythm, of course, is that the opposition party starts holding them up a little as you get to the end of a Presidency. In our particular case, they had been very slow on judges, or as slow as they could reputably be. In portioning out my own time, I agreed with both Podesta—who felt this way very strongly—and the President, who felt this way, that there was probably an effort to keep him from having the number of judicial appointees that he ought to have. And there was. He went to
great lengths to pick reasonably moderate judges. He picked some lefties, too, and they dinged them, every one.

As we got toward the end of his term, he thought, and I thought, and a lot of us thought, that it was important to go to some extra effort to get as many of his judges through as we could.

**Gilmore:** What tools were available to you to influence the Senate?

**Stein:** A lot of horse-trading with Lott. So we would cut a lot of deals.

**Gilmore:** Could you give some examples?

**Stein:** Yes, we got five judges for David Walker. Walker heads the GAO [General Accounting Office] now. There were even some liberal judges.

**Hilley:** Many appointments for commissions for various bodies called for some Republican and Democrat—

**Stein:** Republican seats too.

**Hilley:** We’d always leverage that up.

**Stein:** Lott always had someone from Mississippi for any job. So that was the tool. Also, once they got named and sent up, then you could use them, disproportionately, to leverage a larger block of Clinton nominees. I’d go to Daschle and say, “We don’t want this one through until we get—” and he was great at that. In fact, he was a lot better than I was. On one occasion, I think he got forty for four or something like that. It was terrific.

**Riley:** In ’97 you have a major tax bill.

**Hilley:** Balanced budget.

**Riley:** Tell us the story behind that.

**Hilley:** On the Senate side, we’d had the very good experience with Lott in working through immigration, welfare reform, healthcare, and other things. By the way, I left out a relationship. Not only was Dick Morris advising Clinton, he was also advising Lott. I’d work closely with both Dick and Lott on a lot of the legislation, and that’s one of the things I admired Leon for. Here he is Chief of Staff, trying to keep regular order, and here’s Dick Morris running around as the interloper intermediary in this whole thing. Fortunately, he didn’t know how to legislate, or he could have done some real damage. But he was a player in this thing. Then he ran into his toe-sucking ordeal, I guess. [laughter]

**Stein:** What an elegant way to phrase it.
Hilley: He had a few problems and had left by ’97, although he still continued to constantly bug us all on the phone: “I’ll take this to Lott.” I’d say, “Say this and nothing else.” Anyway, we had very firm relationships with Lott. Lott was interested in getting this done. Remember, the balanced budget was number one in importance on the Republicans’ contract list. It was just a strange meeting of the ways.

We met very early with Newt. He said, “Look, there’s a time to fight, and there’s a time to work together. Let’s see if we can get it done this year.” We launched in very early with the Republicans. We were actually talking to them before the President’s budget was submitted in early January. We started talking to them with good reason. Every budget that’s ever been sent up to the Hill is declared dead on arrival. We did not want that to happen.

I had been meeting with Domenici and John Kasich, the head of the House budget committee, informing them about our budget and trying to talk to them in a good way. We got a good reception on our budget when we went up. The politics of that year, in broad brush, were the same as we’ve been talking about. The Republicans on both sides wanted to get this done with the administration, because the numbers were improving rapidly. If you think about it, the ’90 deal had done about $400 billion in deficit reduction. This is policy basis. The ’93 deal had done more, about $450 billion, I think. By the time we got around to it with the improving numbers, there was probably only about $250 billion to go. So it was easily in reach.

We saw an opportunity not only to finish the job of balancing the budget, but enough room there also to fix the immigration bill. We ended up throwing $24 billion into healthcare. The major healthcare spending of his administration is what we were able to get into the deficit reduction package. The Republicans, of course, saw it as a golden opportunity to validate their own pledge and get some other tax cuts.

It was a split among Senate Democrats, like everything. A lot of the liberals didn’t want us to go ahead with anything. The House leadership, Gephardt, was vehemently opposed to us doing anything. The easiest refuge for anyone against anything is to say, “The President sent up his budget, now make them produce their budget.” That was the first battle we fought.

The Republicans always go overboard on the tax cuts, so the Democratic opposition to a deal was basically saying, “Make them produce a budget, because in order to pay for their tax cuts, they’ll have to come out with all these egregious policies that we were able to beat them up on in ’95. We can do a replay of that.”

Our political view on this was—and this is the speech we made to the Democrats a hundred times, and Clinton gave it better than anyone else—“Look, we’ve played the Medicare thing for all we can do. We’ve been in this deficit hole for 15 years. It was a Republican contrivance. It has worked to the disadvantage of Democrats on the political side. Let’s put this behind us so we can take advantage of our issues, which are healthcare, education, etc.”

We thought we had a strong political argument. A lot of the Senators said okay, but the House guys didn’t want to have anything to do with it at all, because they basically wanted to run against it. So it was a very strenuous five-month period, unbelievable, and Larry was a
tremendous help up in Daschle’s office. We couldn’t have done it without Daschle and Larry. They held together the Senate Democratic caucus and came up with plans for us to launch an opposition to the Republicans. The great thing about this is that we were able to pull it off, and look what Clinton got out of it: He got the $24 billion for healthcare in addition to balancing the budget. He got his Hope Scholarships for the community college level.

Stein: Enhanced the EITC [Earned Income Tax Credit].

Hilley: Enhanced the EITC, got the $500 child credit, which was a big Republican agenda item, but we were for it as well. We were able to do a lot of things like that. We were able to repair the bad provisions of the immigration bill. The Republicans got their coveted capital gains, they expanded the IRAs somewhat. We had to do quite a bit of cutting to do it, but we were able to. So that was the accomplishment.

In retrospect, I wish we had done more on the enforcement side so that this current President couldn’t have thrown it all away. But that’s life.

Jones: How would you weigh the importance of that one against the budget agreement in ’93?

Hilley: A lot of differences. It was not as substantial in numbers, but this one, by being bipartisan, did not expose our guys to the dire political consequences they’d suffered in ’93.

Riley: That was because the conditions on the ground permitted it in the latter case and not in the former, right?

Hilley: Right. This was bipartisan. We had a Republican majority voting for this thing. At the end of the day, we got 75% of the Democrats in the House despite Gephardt’s opposition, and 80% in the Senate, which was a pretty substantial achievement when all was said and done. There’s a lot to it. The easiest part was working with the budgeteers, Domenici and Kasich. We were able to get that done by the end of April. The nut-crunching came when they went back to regular order, and we threw it to the Finance and Ways and Means Committees to do their work. We just had to come in roughshod over them and basically take over the bill, because neither Archer nor Moynihan was capable of doing the legislative work.

Stein: Daschle’s point of view was, “Look, we did the heavy lifting in ’93 because you couldn’t have gotten there without raising taxes, something our side believed. Therefore, we ought to do the rest of the job.” That was his argument to his caucus. “We took the tough votes. There’s no sense in not completing this, and we can take credit for it.” And of course he tried to.

Gephardt’s point of view was the exact inverse of that: “We took the tough votes in ’93. We’re not going to let them get credit for completing the job.” So it was very difficult, very difficult. There were a lot of loud meetings during that process.

Hilley: Basically, as I was saying, there was no friendly face within the Gephardt-led, [David] Bonior-led Democratic caucus. So we went out to all the Blue Dogs and the new Democrats. Those moderate groups were the ones we were able to work through the vote structures and craft
the vote with. But as I said, you make them vote in the light of day. Even most of the ones who had been screaming at us showed up to vote, although Gephardt opposed it vehemently.

Stein: And John Spratt was helpful during this process. John Spratt is a really thoughtful guy.

Hilley: He was terrific.

Stein: One of the best. And even [Frank] Lautenberg was—not hugely helpful, but somewhat.

Hilley: He did the best he could. Wasn’t he new then? He’d been on the committee for about fifteen minutes. Being chairman’s a little different, or ranking.

Stein: One other thing, the health issue you referred to was the CHIP program, which was a Kennedy deal. Kennedy really wanted the Child Health Insurance Program, so again, he was straddling on occasion with the left, but when it came to the end of the day, he wanted it.

Hilley: This was the end of Newt’s brief stardom as leader, but in our negotiations, there was no one we would rather deal with than Newt, because he could deliver. Armey could not deliver. DeLay couldn’t deliver anything at that point. It was Newt and Lott who carried the package on their side. Once you worked it out with them, you could count on them.

Riley: So it was a return to an old style kind of Congressional caucus.

Stein: One of the last. And ultimately that hurt Gingrich too, because it was the next year, when we had another mini-summit on the appropriations side, that he cut a deal—similar to the way he cut this one—that was fair. But his guys hated it, because they thought he’d given Clinton too many of his priorities. He went out and gave a speech calling some on his own side “purists.” That was actually his swan-song speech.

Hilley: To go back to ’96 for a second, talking of Gingrich. We had backed him up against the Congressional calendar, and they wanted out of town in the worst way. But we were still negotiating the appropriations bill. I’ll never forget. Newt walked in the room. We were sitting there, and he said, “What’s the price of my ticket?” I said, “What ticket?” He said, “To leave town.” We got $6 billion of concessions out of them in about a 24-hour period.

Stein: They were lousy negotiators, they really were. Didn’t you think so?

Hilley: Maybe it reflects that they don’t care about appropriations. They would pick three or four things that were ideologically driven. For example, they had to have that child health credit or they had to have the capital gains. If they’d get their three things, they’d give you their left arm and the rest of everything else. They’re pretty well focused. But on appropriations, they’d just give it away.

Stein: They didn’t even know what they were fighting for, so it was very hard for them. That really hurt Newt at the end.
Jones: I can’t be here tomorrow, but I want to leave this request: talk about ’96, ’97 in comparison with ’98, ’99 and the whole impeachment period, in this context. An interpretation of ’96, ’97 would be that Clinton as a Democrat had discovered how to work with an opposition-party Congress as effectively as any Republican working with a Congress of the opposite party. This carried on through ’97, in my judgment, to the crafting of the State of the Union message in ’98 as a launching of further effective work between a President of one party and a Congress of the other. I suppose what I’m saying is to discuss ’98, ’99, 2000 without Lewinsky.

Stein: What might have been. I’ve often thought about it.

Jones: What was happening, and the effect on the Democratic Party.

Hilley: That’s true, but remember, the key thing was when they removed [Robert] Fiske and put [Kenneth] Starr in. I believe that was 1994.

Riley: It was early.

Hilley: They were two-tracking it. They were being constructive, trying to implement as much of their Contract agenda as possible and let us implement ours. But the whole time they were out to kill, and it came to a head, unfortunately, just as Larry walked through the door. [laughter] I told Larry, “You don’t have to take this job, but I’m not staying.”

Gilmore: One of Clinton’s favorite programs was AmeriCorps. The Republicans were constantly trying to smother it, but it survived. Can you explain how you managed to keep it going despite the efforts to kill it?

Hilley: It was an appropriated thing, and as I say, in every appropriations negotiation, in my years, we had them over a barrel. We said, “Boys, you’re going to do it.” It was just that easy.

Stein: Yes, that was more one of getting a few strong supporters inside. [Barbara] Mikulski helped with that. She beat [Christopher] Bond into doing it. She’s a good horse trader, by the way, very good. And Clinton did some personal work on this. It had a bipartisan heritage, because it was really a Sam Nunn idea. It wasn’t as though this thing just sprang full-blown from Clinton’s head. There was more support for it. Though they’re still trying to kill it.

Hilley: I think they backed off this year.

Stein: Even last year they tried to kill it because of some technical complexities of the program. They’re arguing mismanagement. And there is some mismanagement related to the scholarship side and the availability of funding, which has been misallocated, or was, according to George Allen. Even as of last year, Clinton had to intervene with Bush himself, call him, to get the program adequately funded. While they were passing power, Bush committed to Clinton that he would support AmeriCorps. That was one of the things Clinton asked for.

But can I be blunt about it? Why he would be devoting that much effort to this kind of program has been completely obscure to me. Why this, of all the things to worry about? It would not be
the thing I would have selected to ask my successor as I sat in the car riding up to turn over power. I’ve never quite understood it.

**Gilmore:** It’s one of his monuments, maybe a small one.

**Stein:** I guess so.

**Gilmore:** Maybe he sees it as his legacy. I think that’s one of the reasons Republicans are so hateful about it.

**Stein:** The latter is certainly true. I haven’t seen any polling data on it, but I would guess it’s probably known by less than 15% of the American public. Why would he see it as a legacy? By definition, it’s not a legacy if no one in the world has ever heard of it. But I’m getting old and crotchety.

**Riley:** A couple of other things from ’97. There were efforts to undo some of the more egregious parts of the welfare reform.

**Hilley:** Sure. We did, too. We made a priority and insisted. In fact, we restored about $12-14 billion to the provision that forced Daschle to vote against—

**Riley:** —the immigration part—

**Stein:** Yes. Which he really cared about, by the way.

**Hilley:** He did, and we also put in $3 billion for welfare-to-work grants, which is a discretionary program, to give incentives for longer-term employment.

**Stein:** Actually, this part of the whole budget captured a lot of support from Democratic Senators who cared about it. Along with the CHIP program, this was one of the significant selling points.

**Hilley:** They hated the process, but they loved the final outcome.

**Stein:** They really liked the final outcome, yes. Not the provider cuts, they didn’t like those in the Medicare bill.

**Riley:** But it was something the President placed a high priority on. He pledged he would do this in ’96 when he signed it, and it was clear to you that your marching orders included fixing this.

**Hilley:** It was. I have to say, though, Newt had some crazies with whom we were negotiating all night on this stuff the year before he left. But Newt’s heart was never in this stuff.

**Stein:** Yes. I think they knew they had overshot on this. I think the Pete Wilson experience may have occurred—

**Hilley:** It could have. But he wasn’t fighting as hard on this one.
Stein: A lot of Republicans thought they really had overdone it.

Riley: Also in ’97—and this is apart from any kind of Congressional effort—I’m wondering if you were privy to the discussions that led to the creation of the “One America” initiative.

Stein: I don’t even remember that.

Riley: That was the dialogue on race, the national conversation on race.

Hilley: That was one of these speechifying commission things, and we weren’t tied up in that.

Riley: Any feedback from Capitol Hill on this? Was it something that just didn’t register at all?

Hilley: Didn’t register.

Riley: Nobody cared?

Stein: He tried to resuscitate it periodically. Especially during impeachment, he tried on a couple of occasions to do that.

Riley: It didn’t get a very good launch.

Stein: No, it was a bad launch, and then it didn’t—

Riley: This serves as a good bridge to tomorrow, because it will get us up to ’98 and your tenure. It’s the broader question about investigations. There were investigations going on while you were there.

Hilley: Sure, forever.

Riley: How did you handle that along with everything else you were doing? Was there a scandal team that was entirely responsible for that, including the Congressional relations aspect?

Hilley: Well, during my time it hadn’t bubbled up to the seriousness that Larry unfortunately inherited, but this was ongoing. They showed up from Little Rock, and it was, you name it—

Stein: They started the demand for Whitewater hearings in his first year. George Mitchell, bless his heart, went out there and fought every day, and our guys wouldn’t stand up. The outcome of the investigations now is on the record. But they followed it with the travel investigation. There was something in between.

Riley: Files.

Stein: Oh yes, the files that came out of the Vince Foster death. Out of the election they came up with the China—Gore’s supposed calls, the “no governing legal authority.” There was the Loral
[Loral Space and Communications Ltd.] incident that was really ridiculous, the rocket that had an accident, and Loral and Hughes [Electronics Corp.]. Remember this one?

**Riley:** No, I don’t.

**Stein:** That took a month and a half. Chris Cox investigated that one. I had a subpoena on my desk every Monday, I think.

**Hilley:** The way we handled it—and I think wisely—is that we bifurcated it. It was basically handled out of counsel’s office. He had his own teams of people who handled the legal side of it, and we had our legislative—

**Riley:** The counsel at the time would have been [Abner] Mikva?

**Hilley:** Wasn’t it Jack Quinn—

**Stein:** And then Chuck Ruff.

**Hilley:** They had overall responsibility, and I had a lawyer, Jim Weber.

**Stein:** Yes, Jim, but then [Adam] Goldberg.

**Hilley:** Yes. So I had a lawyer who worked for me assigned exclusively to that, who would bring back anything I needed to do. It made sense because a) I didn’t have to do it, and b) it’s very difficult to be sitting there trying to move a legislative agenda with the Republicans while on the other hand doing all this other stuff. Podesta worked that for Erskine, I know.

**Stein:** Yes, he did most of the scandal work.

**Hilley:** Even Erskine stayed away from it. Podesta handled that and the counsel’s office.

**Stein:** It certainly would have been my strategy to keep that structure, had it stayed the way it was.

**Hilley:** But then it got too tough.

**Stein:** Yes. I had worked on all of the scandals in the Congress.

**Riley:** On the Hill side?

**Stein:** Yes.

**Riley:** How much of this gained traction with the members on the Hill?

**Stein:** There was an element of distrust about Clinton, but I think they genuinely felt that the other side was hounding the hell out of him over minutiae. I think the evidence is they were. All
the more reason, I think, that they were deeply resentful when the Lewinsky thing broke. Their view was *He knew they were out to get him on anything. How could he actually give them something real?* But it was continuous, just from the day he got there.

**Hilley:** I remember the day they replaced Robert Fiske with Ken Starr. We were sitting in Mitchell’s office saying, “What the heck is this?” The District Circuit, for no reason, replaced this guy with a guy who had been active in Republican politics, had attempted to run for office at some primary level, and was being put in there, we believed, at the behest of people like Jesse Helms.

**Stein:** Jesse Helms and through David Sentelle. That was definitely the case. The precipitating thing was the report that said that Vince Foster committed suicide. Fiske basically affirmed what common sense suggested, and the right wing went nuts. At least that was what we thought about why he was replaced, because there was no other reason to replace him.

**Riley:** On the Hill, though, Starr’s reputation was pretty firmly affixed among the partisans as somebody who was—

**Hilley:** A hack working for their side.

**Stein:** In our party, he was hated. That Helms, through Sentelle, had named Starr was a chain that seemed self-evidently political.

**Riley:** You were not at the White House when the decision was made about re-upping the Independent Counsel. That had occurred much earlier.

**Hilley:** The Independent Counsel Act.

**Riley:** The statute.

**Hilley:** That happened when I was in Mitchell’s office.

**Riley:** And the Democratic position on the Hill was supportive of doing that?

**Hilley:** Yes, it had not reached its full culmination of abuse at that time.

**Stein:** Right, and people like Carl Levin, who had written the original statute, believed that it served a fundamental purpose—which he even believed after the disastrous abuse of it by Starr. Even after that, Carl thought that there was a real problem in the event that you ended up with the Justice Department having to prosecute parts of the executive branch.

**Hilley:** I feel better about having an independent counsel these days. [*laughter*]

**Gilmore:** Early in his administration, Clinton had a reputation for not being disciplined in meetings. By the time you got there, was he disciplined, was he able to reach decisions in a fairly expeditious way? Or did you have protracted policy seminars that wound all over the place?
Hilley: Much less so in my time.

Stein: We had a few. The long ones were on China WTO [World Trade Organization] and steel. Those were both extremely difficult for us. But on the ones where he had a lot of experience, he was quite decisive. He knew the issues better than virtually anyone in the room. He made quick decisions. China was tough, and steel was tough.

Riley: But those seminars served a useful purpose for the President. He’s trying to consolidate all the information, the political information as well as the policy information or—?

Stein: Steel was tough because there was a deep division internally. Certainly the political guys were very uncomfortable. Rubin won, and I’m glad he won, because we did the right thing. But it was tough.

Riley: That’s difficult because it doesn’t lend itself to the kind of “split the difference” mentality—

Stein: There was no split the difference. This was a bill that was already moving in the House. It got 380 votes. The question was whether we were going to do a—301? I can’t remember the section of the trade law that allows a rapid case to be brought against—I think it was Russia and Japan for dumping steel. It’s arguable that our ultimate position didn’t help Gore, especially in West Virginia.

Gilmore: Some Presidents don’t like it when their advisors disagree, and they send the advisors away to patch it up themselves. How did Clinton deal with it when his advisors disagreed?

Hilley: He liked it in my time. On the welfare bill, on virtually anything, he’d get everybody in the room and hear the various sides. Often he wouldn’t decide there. Often he’d decide things by memo later or convey it through Erskine. It would just depend. He had various ways of doing it. But he loved the give-and-take on policy.

Stein: He was great. I loved it too. I loved listening. He’d do Socratic exercises. He’d engage it from both sides. He was great. I think, to him, if people weren’t disagreeing about a complex issue, there was probably something wrong.

Riley: Why would you bring it to the President if everybody agrees?

Stein: That’s right. Also, I think he wanted to hear all sides. He was not reluctant to make a decision. I always found him very decisive.

Gilmore: Did you ever find yourselves asked to sell a policy up on the Hill that you knew you couldn’t?

Stein: Yes, a lot of the Gore programs, for example.
Hilley: But it was all so trivial in the scale of things. The line item I disagreed with, but there was no fighting it.

Stein: We made a really, really fundamental error with the CTBT [Comprehensive Test Ban Treaty] because of a lack of homework. It wasn’t so much that it was unsellable. It was that a group of conservatives had gone around and worked that vote for months before we knew anything about it. We ended up losing, the first time since—what?

Riley: Woodrow Wilson?

Stein: Yes. An absolute disaster. Sandy, coupled with Byron Dorgan, thought that Lott could not block it, and they were wrong. That’s not the same kind of thing you’re asking. It was a case where we got out there and we had already been defeated and we didn’t even know it. Kyl was out there working his colleagues—and treaties, of course, take two-thirds.

Gilmore: Something unusual about Clinton (and also about Bush) is that Clinton in his first two years didn’t veto any bills, and Bush hasn’t vetoed any bills yet. In Clinton’s other six years, he didn’t veto very many what you would call “minor” bills. Most Presidents veto lots of really minor bills, and you scratch your head and wonder Why did they ever bother vetoing something like that? Was there some conscious decision in the Clinton administration not to annoy people by vetoing small bills? Do you have any explanation for the disappearance of minor vetoes?

Hilley: In the first two years, of course, we had a Democratic Congress, so that explains that.

Gilmore: No, it doesn’t explain it, because Carter vetoed a lot of bills, a bill to regulate—

[multiple over-talking about rabbits]

Stein: That may say more about Carter than it says about—

Hilley: We took it very seriously. We’d issue a lot of threats, but we’ve never go to Defcon Five—or whatever it is—without it being an important issue, really important issues. That was just the decision. We could usually work these things out.

Stein: I don’t remember discussions of vetoing minor bills. Usually the veto discussions were protracted and many, but they were about major deals.

Hilley: The other thing is that generally most of the very contentious riders and appropriations issues got wrapped into one bill. That’s the trend to consolidate legislation. All the ugly stuff shows up in a big bill.

Stein: I think that’s the right point on this, because the small things ended up being appropriations riders, which was really a result of the change in rules. They started using the appropriations process to get those small embarrassments done.

Hilley: The last night of every appropriation negotiation would be picking out the riders. After you settled all the money, then it’s—
Stein: Martha Foley had read every one of them.

Hilley: “Let’s get this out. It has to come out.” They’d have their damned abortion language in—

Stein: Mexico City, abortion—

Hilley: Anti-environment, all the crap they had layered in, knowing it had to come out.

Stein: All of [Theodore] Stevens’ logging amendments that he’d put in there. Then we’d have, of course, to pay for that. In order to get Stevens to get rid of his ridiculous forestry amendments, we’d have to give him some projects in Alaska.

Gilmore: You said there were intense discussions over vetoes.

Hilley: His big ones, yes.

Gilmore: The partial birth abortion bill that came up. Was there much discussion over that?

Hilley: The discussion was where were we on the votes?

Stein: Yes, that was a vote count there.

Hilley: He was clear on the policy. He was locked in where he had to be on that one by his interest groups. But that was getting tighter and tighter.

Gilmore: So the discussion usually focused on whether you could sustain the veto?

Hilley: Yes, but there are two parts. If it was something new that we hadn’t litigated what our policy was, there’d be that discussion. But that one had been around for years, so there was no need to do that. It was just a matter of did we have the votes, and we managed to hold that one.

Stein: Same true in my time.

Riley: I suppose we ought to close for the day. Thanks. We made good headway.

Hilley: You’re the star tomorrow, Larry.

Riley: Tomorrow we’ll get the outside commentary from John.

May 21, 2004
Riley: One of the first things I usually do for people who stay overnight is to ask if anything occurred to you in the interval from our last conversations that you wish that you had said.

Hilley: About the Clinton Presidency? [laughter]

Riley: Yes. Sometimes, just before you’re about to fall asleep, you think, Oh! I didn’t talk about that. Is there anything of that nature?

Hilley: I had one on the ’97 budget deal. We had gone through the first part of the budget resolution quite smoothly because we were working with Domenici and Kasich and the leadership. This is to reinforce the point about how you can lose control when you try to do big bills out of the regular order. The budget resolution is the instructions to the committee to go out and do the actual legislating that makes up the reconciliation bill. Of necessity, it has to be reported out of committee and through the floors before it gets back into a conference setting where the leadership can get hold of it and finally change it before the last vote comes—the not-amendable vote. Finally, after all these series of votes—it goes to a true up or down vote.

The biggest peril we ran into was when we turned it over to the Finance and Ways and Means Committee. Despite this really good intervention by the Republican leadership to try to get Archer and Roth to do the right thing, by the time the bills were ready to go to the floor, we gave up on these guys and just agreed quietly that we’d fix it in conference. We’d fixed only about half the things that had been agreed to in all the letters and everything that had been in the budget resolution. That was our biggest moment of peril, because Gephardt took that opportunity to whip the Democratic side very hard in an attempt to defeat the House bill coming to the floor. And whereas we got about 150 Democrats on the budget resolution, we got about 50 on the actual bill, which showed you the underlying unhappiness of the Democrats in the House and their ability to try to disrupt the bill.

Finally, we basically carried that with Republican votes. Then we finally were able to get in a conference setting—throw out the conferees, in effect (which was an interesting conference)—and sit down with the leadership and the White House and fix the bill. They were true to their word. We were able to fix the rest of the problems in the bill and then get the overwhelming votes on the conference report. That’s where we got their votes.

But it was interesting that Gephardt and the boys wouldn’t give up the whole way through. They got very close to defeating us as the bill came to the House, because Archer is a very stubborn, parochial guy, basically. That was some of the detail about ’97 that I omitted.

Stein: I was trying to think of something about Gramm-Rudman, but it will either come to me or it won’t.

Young: Let me interject. When you get the transcript to review, feel free to augment, correct—

Stein: I was counting on that.
Riley: You actually had a title change at one point in your years. What was the genesis of that?

Hilley: I was still basically doing the same job, but when Leon left and Erskine came in, and it was clear that I was going to have to lead the team on the budget aspects, he gave me another title. No pay.

Riley: And longer hours.

Hilley: What did we make? $120,000?

Stein: Something like that.

Hilley: If you complain about that to the average American, they’d throttle you, but the captains of industry, if they only knew. I was promoted to Senior—I was actually very proud of that because the only other one was Rahm Emanuel.

Stein: That was a significant promotion.

Riley: But the main implication was that you were more directly involved in budget negotiations from that point forward, which you were expecting to do anyway.

Hilley: Because Leon had left.

Riley: It was a kind of recognition of that role.

Young: You were in the lead on that.

Hilley: Um-hum, because Erskine was new and Frank Raines was new.

Stein: I think there was more to it than just the budget, John. It was a recognition that Erskine—as opposed to Leon—really did not have a lot of straight Hill experience and was relying almost exclusively on you. You know, Leon did some of it on his own.

Hilley: It was nice, it was good of Erskine.

Stein: He’s a great guy.

Hilley: Fabulous guy, a great leader, a very positive kind of leader. Hopefully he’ll be a Senator, and he’ll be great because he can relate to both sides and do a lot of good work.

Riley: When did you decide that you’d had enough?

Hilley: That’s an interesting story, and I may end up deleting this [laughter]. Erskine wanted to leave, and he wanted me to be Chief of Staff. And I wanted to be Chief of Staff. That experience taught me to be very careful what you hope for. The President was aware of all this and I talked to him about it a little bit. But then, at the end of the day, there were events completely unknown
to me—and Erskine was obviously a little bit closer to it. The President prevailed on Erskine—who was desperate to leave—to stay another year. So I said, “Look, that’s great. Erskine is the best, and knowing what everyone soon did, I would have been absolutely the wrong Chief of Staff.”

Stein: Well, this is the perfect transition, because that was certainly what was going on. As you read back over the Starr report (and I had the misfortune of reading it later in the year), all of this was coming to the White House right about the time these decisions were being made. They were starting to figure out what was going on. I did not look back. In fact, I don’t even have my notes anymore. As you look over the chronology—this is the November, December period—you see that they were starting to get indications of what was actually going on inside the [Paula] Jones process.

Hilley: Clearly Clinton was girding for a different kind of—

Stein: Right, and he’s certainly smart enough to know where things were going. At least that’s my inference. I never talked to anybody about it.

Riley: Sure, but just to be clear about this, the sense was that he needed some continuity at that point because there was a fear that something was about to break.

Hilley: Yes, and I would have been the wrong person for that period, absolutely. I was good at legislating, but I’m not a lawyer. Erskine had wisely delegated the scandals to Podesta, basically. Erskine was wise enough to try to insulate himself from it, because he had to do the business of the country also. So it was the right thing for Erskine to stay on, but it was at large personal sacrifice. We were all exhausted, but particularly him, because he was carrying an immensely larger load than any of us. Some days I would look at him and just didn’t know how he went on. At the same time, you have to remember this: the thing that hurt him most was when the Wall Street Journal starting attacking his wife about her textile interest. She’s the CEO of a large—

Stein: The largest, I think—

Hilley: She’s a good corporate professional in her own right. The Wall Street Journal—need I say more?

Multiple: [indecipherable]

Hilley: He was under tremendous strain in that period when they were trying to rip him and his wife personally.

Stein: That he stayed certainly did not help him in his first effort to win a Senate seat.

Hilley: Absolutely.

Riley: You had decided, then, at the point that you didn’t become Chief of Staff that you wanted to move on?
Hilley: I said, “Been here, done this. It’s up or out for me.”

Riley: And that would have been roughly November, December?

Hilley: That’s right. And then Erskine decided to stay on. The President implored him to stay on, which was absolutely the right thing. He agreed to stay on one more year, and then he was able to extricate himself. That’s when Podesta became Chief of Staff. And John was the right guy for that period, too, because that’s what it was all about. Larry’s very capable handling of all this was essential, particularly where the battle was won in the Senate, which I’ll leave to him.

Riley: Let’s move in that direction. My assumption is it was your recommendation of Larry—

Hilley: Absolutely. They all knew Larry, and it was a slam-dunk. People had worked with him, knew his capabilities, and knew he was the right person, without a doubt.

Just to finish my career: In the Monica Lewinsky thing, as I’ve said, Starr is a true political hack. He’s not an independent investigator in any sense of the word. Actually, Monica worked for me, although I never recall actually meeting her, because when I first came in in ’96, the decision had already been made to get her out. My Chief of Staff, Tim Keating, came to me and said, “Look, we have two people in the mail operation who aren’t doing their job. Can I get rid of them?” I said absolutely. So they were moved out, probably in March or April. I came in February, but they were moved out very quickly and were both given jobs in agencies, I think Monica at the Pentagon. The other woman (whose name I can’t recall) went to another agency.

This leads up to the transition. We were at some restaurant up in the Northwest at my going away party. People walked in and said, “Hey, have you heard what’s going across the wires?” This was about 9:30 at night. It must have been January. It hit the wires in January. Larry had already accepted the position, had done his interview.

Stein: I had accepted the position in December.

Hilley: But then you showed up for the hand-off two days after the story broke on the wires and in all the papers. That’s when I said, “Larry, listen, you’re under no obligation to take this damn job under the circumstances, except that I’m not staying.” [laughter] He bravely said, “I’ll do it. I’ve said I’ll do it, and I’ll do it.” And he did a masterful job.

Stein: I wasn’t at the party. My first day was going to be a Saturday, and we were going to work on the State of the Union. So it must have been early January. It was a Friday afternoon. It wasn’t your last day, because you were going to stay for a week after. We were talking about it, and [Raymond] Tripp Donnelly came in and said, “You’ve got to see what’s on the [Matt] Drudge Report.” I don’t remember even knowing for certain what the Drudge Report was at that point. We were in your office, and he took us into Janet Murguia’s office.

This is to affirm what he said about Monica. He pulled the thing up, and if I remember right, there was a picture of Monica. You looked at it and you said, “Who’s that?” [laughter] Virginia
Rustique was standing there and she said, “John! That’s Monica!” She knew her well. All the interns knew her, the younger kids knew her. I knew it was bad, even then.

**Riley:** John, had you gotten any inkling?

**Hilley:** I was told that they were doing a bad job, which was grounds enough. But on the Monica thing, Evelyn Lieberman said, “She wandering around the West Wing, and we can’t have junior staffers—” I took it quite literally. Most of the legislative staff, the not so senior, are over in the East Wing. They go through the Residence and traipe through the West Wing to get up to my office on this end of the West Wing. So I took it literally: She’s walking around the White House. At that time, I had no idea what it was. Clearly, without my knowledge, there was obviously another reason for her to leave.

**Riley:** There was also a question at one point about your having written a letter of recommendation.

**Hilley:** No, actually. This is something that really irritates me. What’s the reporter’s name?

**Stein:** [John] Harris.

**Hilley:** John Harris of the *Washington Post*. I was in Frankfort, Germany, on business, and I got a call in the middle of the night from a reporter—not the *Post*, but another newspaper. He said, “Do you know that the *Post* is about to write that the President asked you to write a recommendation?” And I said, “Absolutely not. He and I have never spoken one syllable about her or any of this, ever, never any conversation or any knowledge about it at all.” Then he said, “Let me read you a wire story.”

He read me the wire story. This idiot John Harris had misread the wire story and invented the fact that the President supposedly had talked to me about this. The wire story that he was writing from said *I did not*, but he misconstrued the wire story to put it on the front page of the *Washington Post*. I was in Germany. It’s just editorial incompetence by this reporter.

The fact is Clinton never, ever acknowledged to me or had a conversation with me about any of this. When we dismissed her, we just wrote a general letter of dismissal that said she was not doing an adequate job. We had it in a file, just the normal practice that she’s been dismissed.

**Riley:** You said that during your transition period out, in retrospect it was evident to you that they were girding for battle.

**Hilley:** I really didn’t know what they were doing. As Larry’s list indicates, there were ten ongoing things the Republicans were trying to shove at Clinton. But it was only because I knew how desperate Erskine was to leave and have me take his place—or anybody take his place, actually—and then when he stayed on, after the fact, I was able to put it together. I didn’t know what was going on in any of the legal maneuverings or what they were girding for. That was a surmise on my part.
Riley: Larry, what kind of conversations did you have with John about the transition?

Stein: We didn’t really have to have that many because we’d been working together for a long time on these issues. I knew Erskine. I’d worked with Erskine during the ’97 budget. I had worked closely with the Clinton team, going back to when they first came to town, especially the economic side. I knew them all. As I mentioned yesterday, Gene had made a couple of efforts to get me to come down and be his deputy, which I at one point was going to do, then at another point I wasn’t going to do it, a little strange. But now I don’t even remember entirely why I didn’t do it.

Riley: This was when he was heading the NEC [National Economic Council]?

Stein: Yes, which was the job he wanted.

Hilley: He got that when Rubin—

Stein: When Rubin moved to Treasury. So I knew all those people. It was a very smooth transition in that regard, and there was almost no transition at all, I would say, for me.

Riley: Were there any other significant personnel changes or alterations in the standard operating procedure you brought?

Stein: There were several people leaving at the time, and I’m not sure I remember the entire turnover. I brought in a couple of people, mainly on the House side. As John observed, relations with Gephardt were pretty bad. He hated the budget, did not want to do it—really, as a general proposition, he didn’t want to do anything. I mentioned that I thought his calculus on that was strange, but that was where it was. So I thought we needed to do something that would heal that over in the form of a personnel move because we weren’t going to be able to heal it over in any other way. We weren’t going to change trajectory in terms of trying to get things done. He was always going to be opposed to us trying to get things done. Thinking about it that way, I knew that relations were not going to get better unless we did something symbolic. Symbolic is the wrong word, but something fairly tangible to him. There were a couple of people they liked a lot; Chuck Brain was one. Chuck also was extremely knowledgeable about the House and had the virtue of having had a lot of experience with the most important committee over there, Ways and Means. So he was ideal.

I remember talking to him and getting him to agree to do it about four days before the incidents just described. I’d agreed to do it in December, and I think he agreed somewhere in early January that he’d come down too. He and I had several conversations after the story broke. Yes, so there was that change.

Did you have Goldberg working exclusively on scandals before I came?

Hilley: Um-hum.
Stein: Okay, it seems to me somehow that we either enhanced that or tried to make it more defined, coupling him maybe with counsel. I don’t recall that very well. But I remember that was something that I was thinking about, because I really wanted the same division John did. I did not want to deal with scandals. I had had to deal with them. I wanted to deal with the economic policies, which was what I cared about. I thought the real opportunity was in Social Security.

Hilley: And Medicare, we had the Commission.

Stein: Yes. But I thought that Social Security was the obvious thing for Clinton. I thought the economics of it made total sense for the premises that he brought to policy. He knew the program very well. I knew that Gene really wanted to do something pretty dramatic. I thought we could do something really pretty important.

Riley: John, was it your sense that this was teed up to be the important initiative of the last two to three years?

Hilley: Absolutely, it was just set up so well, having balanced the budget, to move into these huge structural problems for the baby boomers, both Medicare and Social Security. I think he still had a window to work with the Republican leadership, although I didn’t understand at that time how fractured it was. We’d had the one coup attempt on Newt led by [William] Paxon and Armey and those guys during the negotiations, but he survived it. He just got rid of Paxon and cowed all the rest of them. But ultimately, his power had largely been spent.

Stein: I didn’t think we could do it during the ’98 year, but we might be able to after ’98. I thought that the basic balance of power would stay the same. This was pre-Monica altogether.

Riley: Exactly.

Stein: You and I had talked quite a bit about the numbers. The truth is that the numbers were extremely conducive to doing a ’97 deal—

Riley: Numbers on the Hill?

Stein: No, no, the budget numbers. One of the things that made the ’97 deal possible was that the numbers were improving drastically based on the revenue.

Hilley: And if you looked at the projections in that first year, even though the scandals were going on, we had nicely overshot—

Stein: Oh, it was terrific.

Hilley: There were surpluses. Boy, you could do some entitlement things—

Stein: Absolutely. I remember looking at numbers before I took the job and thinking, *Gee, this is*— Bob Kerrey’s argument at one point (he was on this, as on everything else, on all sides of any issue) about why we shouldn’t do the budget deal was that the numbers were improving so
much that it was going to balance itself, and we therefore could take credit based on ’93. Now that’s ironic on a couple of scores. First of all, I can’t remember him ever looking at a table of numbers. Second, he was the guy who almost killed the ’93 deal.

Hilley: And who would want to say we did it through tax increases rather than good fiscal policy.

Stein: Oh yes, it was crazy on a lot of grounds. But the point is, the foundation was really there—based on what had been accomplished in ’93 and ’97—to do something very significant on what was and probably will be one of the country’s most crucial—well, we really need to address this even now.

Riley: I want to ask you more directly about your sense of what was possible based on the Congressional makeup. Was it both of your opinions at this time that Republican control of the House of Representatives and the Senate was pretty much locked in and a given for the foreseeable future? There doesn’t seem to be much energy here to try to create any kind of political momentum that might reclaim the House or the Senate.

Stein: I really did not think we were going to take back the House. The Senate is always an unpredictable body, as we’ve demonstrated over and over again. Absent control of the House, you have to have a legislative strategy that incorporates that. Let’s face it, everything begins there. They have a Rules Committee, they can determine the outcome of votes, and when they have the kind of discipline they’ve shown—That was another thing that led to Social Security reform. If there were any prospect of a Democratic Senate, Democratic House, one might have gone back to health as a priority.

Hilley: We wouldn’t have done entitlements. Even if we had taken the House in ’98, with Gephardt in charge, looking ahead to 2000, it would have been more of the same.

Stein: The truth of the matter is, at this stage of the game, even if Democrats had taken back either or both bodies, the people we’re winning with now when we have a turnover are almost exclusively moderate Democrats. That’s true in the House and the Senate. That’s the way it’s going, that’s the way it has been going. All of that pointed toward Social Security. The country’s condition points toward Social Security. One should fix it.

Riley: Historically it’s interesting that you have a changeover with a very tight margin in the House of Representatives. People looking back on this period might very well wonder if there was an effort on the part of the Democratic Party centered in the White House to create some kind of political momentum that would alter the basic reality on the ground.

Stein: Well, if Elmendorf were sitting here, he’d point at us and say, “I knew it.” You didn’t ask this question, so I’m answering something you didn’t ask, but I think it’s the next set of questions. I never believed that the way you win back the House is to sit there and act as though the House is all that matters, or that the Congress is all that matters. No one who votes thinks that way. They don’t think of their government that way, at least in my political experience. They
look at who’s accomplishing something. What are you doing? Elections are always about establishing a better future.

Running on how dexterous we were tactically in blocking the Republicans from accomplishing anything is not my idea of a great political strategy. I realize I’m not answering your question, but I never thought about it that way. And I think those who did are thinking about it wrong. When the time comes that we have a real agenda that we take to the American people, we’ll take back the House. But I really did not believe we could, for a variety of reasons.

Just looking at the landscape, there are so few competitive races. Even at that point, Clinton was very strong personally, but it did not appear to me that he was going to have coattails. I also don’t think we’ve done that good a job recruiting in the House races recently. [Jon] Corzine has done some great recruiting in the Senate this year, but I haven’t seen a lot out of the House guys.

Hilley: To reinforce that, the newest, the young members who were most helpful to us were not associated with the Democratic caucus——

Stein: They were the new dogs.

Hilley: What’s his name, [Calvin] Dooley?

Stein: Cal is leaving, unfortunately.

Hilley: Those guys who ran from the center in districts that were truly up for grabs didn’t want anything to do with the old ways. It’s a funny thing. It’s not only in the caucus, but a huge problem for the House is the seniority rules and the nature of the safe districts. Look at the committee ranking now in the House. It’s far more liberal than where they want to be. You have Charlie Rangel, and you can just go right down the list.

Stein: This is so clear, and I’ve never understood Gephardt’s logic on this. When you look at the electoral map, yes, we have some solid liberal seats and they’re going to be there for a long time. But the only way to get back to the majority is to win the swing districts, and you win them with a legislative strategy that addresses the swing voter. You don’t win the swing districts by being resolutely partisan on resonant issues. I never understood his strategy on this score.

Young: Something about your organization of your own activities and the tasks or responsibilities as they were assigned. You asked a question about Goldberg, did you have him working scandals. Since scandals were there from day one, was that a special——

Stein: He had Jim Weber. There was somebody there, but I couldn’t remember whether Goldberg was his scandal guy before I got there, or whether I made him the scandal guy. I knew he became it, but I couldn’t remember which of us did it.

Hilley: Truly, they left pretty quickly, too.

Young: Large turnover?
Hilley: Large turnover. Jim is a very good personal friend of mine. We’d known each other in Mitchell’s office. I think he still likes me [laughter] after all we’ve been through. I said, “Jim, look out for this, watch this. Only tell me what I need to know. In other words, do not feel obligated to come in here and brief me. Work with Quinn, work with those guys, do what you have to do. If there’s a train coming down the track, let me know. Otherwise, good luck and God bless.”

Stein: See, I didn’t have that luxury.

Young: Eyes and ears mostly?

Stein: I did scandals up with Daschle. I did the Chinagate hearings. We worked very intensely on John Glenn and his relationship with Fred Thompson. I worked with Jim a lot on that. Of course, I’ve known Jim. I worked with Jim on the first and second Whitewater hearings, both disasters. I had always wanted to escape scandal work. One of my reasons for going to the White House I mentioned yesterday. My assessment was that the scandals were done, because I thought Chinagate was the last one. I thought they had shifted to Gore. I thought they were delighted to get to Gore, and I thought the focus would be on him. Reason dictated that that was what they should do.

I thought, Well, the guy is in his last three years. He has one year before he’s a lame duck. This is going to end, it has to end. I thought there was one shot to get Social Security because it would have been good for the Republicans too. On the same principle that he got the ’97 budget, I thought we could get Social Security, over a two-year period. That was my reasoning, and that was my real reason for taking the job.

Young: This is something new in the history of the office, isn’t it? To have a scandal manager appointed somewhere on the Congressional side?

Hilley: We thought of it as a liaison. The staff handling the scandal was far, far larger. What, forty, fifty people?

Young: Absolutely, the legal team and all that.

Hilley: Our guy was the liaison, and it was basically to inform, in my time, me, if there was a big old train coming down the track that we’d have to push out of the way or manage.

Stein: I really don’t know whether that’s a new thing in legislative affairs operation. As John says, it was the person who connected us to the counsel’s office. But I thought of it as a scandals person.

Hilley: I agree with that.

Stein: I think that was Goldberg’s background too. He ultimately has done quite well in this area, because there are always scandals.
Young: I’m just wondering if this was a growth stock.

Stein: I think it is, but not necessarily inside the White House.

Riley: You show up for work the first day, you’ve got your White House pass. What’s it like?

Stein: Let’s see, the first day was the day after that little meeting where we noted Monica’s picture. At that point, since it was only the Drudge Report—

Riley: So you were on board before it hit the Washington Post.

Stein: Yes, I had accepted the job in—it seems to me it was December. I’d been filling out all my papers. When I saw that, I thought, This is a story. And knowing Clinton’s past, it certainly seemed like one that would have some legs. It didn’t occur to me, as I remember it, that it was going to do what it did. So I went down to work on the State of the Union address in the Roosevelt Room, where the meeting was supposed to be held. I was there early; some thirty people were ultimately there. I walked by Podesta’s office, and he was sitting there slumped in a chair talking to Sosnik. Sosnik was going like this—

Riley: Pointing his finger.

Stein: Some of these things are dim memories, so I may get this wrong. I’ve known both of them for a long time. Doug turns to me and says, “You know, you might want to find another room because you don’t want to hire a lawyer.” [laughter] There was a lot of truth to that.

Riley: You said with the scandal person, you wanted to know only what you needed to know. Was that partly because of the question of legal cover, or it was just entirely your—

Hilley: Mostly I didn’t think of it. I knew nothing. Although, as you know, I had to testify before the Grand Jury as a witness when they were on their witch-hunt. But I was unconnected, no legal background to all of this.

Stein: I was certainly—nervous is the wrong word. I was apprehensive about that kind of thing because—and I want to keep alluding to this because it’s very important—from day one of this Presidency, they were trying to undermine its legitimacy. My entire experience with them, other than the budget work we did, had somehow to do with various efforts to take him out. So the notion that some new story would come out about something that he had done that they were trying to blow into something was totally credible to me, even though the fact pattern was not clear yet.

Riley: So you’re heading to the Roosevelt Room.

Stein: So I went to the Roosevelt Room. We worked on the State of the Union, which was “save Social Security first.” That was the line. I should add that one of the reasons I thought Social Security was also possible was I knew Sperling and Rubin and Summers wanted to do it. I’d
been in some meetings with Gene when we were concocting a theory about save Social Security. It was a pun in a lot of ways because by “save Social Security first,” Clinton meant, “Go out there and do reform.”

But below the surface, or at the public surface, it was save the Social Security trust fund against other competing initiatives, notably tax cuts. Because we knew, even at that point, we were heading toward surpluses, and if you’re heading towards surpluses, the obvious argument from the other side is going to be, “Let’s give people back their money,” which of course it was. We can see right now what a brilliant strategy that was. So that was what the speech was about, that was its refrain. It was hugely successful, even in the environment that ultimately was generated.

It was right before Martin Luther King’s birthday, it seems to me. We worked that day and we worked on Monday, which was Martin Luther King’s birthday. That Tuesday morning, the Monica story broke on top of the *Washington Post*. She [Lisa Zinninger] was in Texas, I remember, in meetings, didn’t know what was going on. Called me that night, I think about 10 o’clock or something. I was deeply depressed.

Zinninger: You were.

Stein: I said, “This is really bad.” She didn’t know what was happening. I said, “You hadn’t heard this?” And you hadn’t.

Hilley: That’s good.

Stein: Right, I wish I hadn’t heard it, personal stuff aside.

Hilley: But this was after they’d said he gave his testimony.

Stein: He gave his testimony right at that time.

Riley: Lewinsky signs an affidavit denying a relationship with Clinton, January 7.

Stein: Paula Jones—what do you have, 12 through 21?

Riley: Twelve through 21, Linda Tripp meets with Independent Counsel Ken Starr.

Hilley: The Paula Jones deposition where they said he—

Riley: Clinton is deposed and Paula Jones—

Stein: This is it. So it’s somewhere in this—

Hilley: This was all happening at the same time.

Stein: I guess they were leaking it to Drudge and to Bill Kristol. It was on [David] Brinkley.
Hilley: William Kristol?

Stein: Yes, he talked about it on Brinkley. And then the Post story appeared. I think everyone knew at that point that this was extraordinary. Some people probably suspected it was going to go as it went at that point.

Riley: Was there concern that he wouldn’t survive the short term? Were you worried it was resignation material?

Stein: I was, as soon as I saw it. I don’t know about others. I think Rahm was agonizing. I could tell on his face.

Young: A general question about this. As you put it, this becomes resignation material. As that recognition spread throughout the West Wing and elsewhere, can you characterize the general reaction of people—not necessarily to the specifics of the news, whatever the facts were, but how it affected their work? Did they work harder? Did they work less?

Stein: Oh no, not at all. This is something we need to talk about quite a bit because I didn’t go through the West Wing and talk with the various people. At meetings we just went forward. They had set up a disciplined and focused structure that integrated all the necessary elements to aim at the policy objectives. It had its own momentum, and it continued.

John and Erskine were very clear about this in our private quiet discussions. One of the things we knew instantly was we could not stop the policy machine. We couldn’t let anyone think we were letting it stop. We couldn’t even let anyone think we were thinking about letting it stop, or worried about it. We had to keep going with the country’s business. That was absolutely primary. We didn’t even have to articulate it inside the building.

Hilley: Did he not say publicly one time, “I’m just going to keep doing the people’s business”?

Stein: Ultimately he did do that. But in the early stages, before there was any public confrontation of him with this, there had to be through Erskine—and you, because you were there for two weeks before—the dynamism had to be essentially what ultimately got called “compartmentalization.” The West Wing had to function as it had functioned, and the group that was responsible for dealing with this—basically Erskine wanted a wall, and there was one.

Young: Yes, yes.

Stein: There absolutely was one. I was one of the few people who went to both, as I recollect. I mean obviously Podesta. Lockhart had to. McCurry was there at the time, but was pretty much clearly on his way out. That was a primary thing that carried through the entire period.

Young: That being?

Stein: The discipline to go forward with the policy objectives.
Young: Keep at your work. Keep it moving, and the compartmentalization of the other.

Stein: Yes. Fortunately, we were an administration of wonks, people who did this. Left to their own devices, this is the kind of thing they would do, policy, go in there and come up with ideas. Go out of there and pitch them. That’s what they would do. Most of them did that after they left the White House. So it wasn’t as hard as it might have been otherwise.

The other thing I recollect that’s interesting is there were various stages of anxiety that people would, in fact, express if you sat down with them separately and were having a cup of coffee or whatever. But the old Clinton hands—and you may have gotten this from Bruce—he said this to me, and I would periodically go in and say mughhhh [sound effect].

I’d say, “I don’t know, I don’t know how this—” and Bruce would say, “Believe me. I’ve been through every conceivable thing with this guy. He’s going to make it. He’s just going to.” The truth is that they had gone after him so many different ways, and he had survived so many different things, that most of the people who were closest to him just believed that he was going to come out of it.

Hilley: You’re talking about Bruce Lindsey.

Stein: No, Bruce Reed. I didn’t have this conversation with Bruce Lindsey.

Young: It’s very important for the record to get those two names straight.

Riley: How important was it for people at the time to have a conception about whether they thought the President was being straightforward on this?

Stein: I think it depended on the individual. It did not matter to me. I did not believe that he was being straight, and it didn’t matter. There may have been those who in those early stages did not think anything happened, but I doubt that there were too many.

Riley: How long would you say—everyone is smiling at me—

Stein: No, no, this is a very difficult thing to talk about.

Young: Yes, there are a lot of statements being unsaid but being expressed. Earlier, in one of the cases, the Supreme Court said nothing at all that would deter the President. He can handle, what was it, the Gennifer Flowers—?

Stein: An absurd ruling. And it was nine/nothing, which is incredible.

Young: That’s what is out there. Here’s the Supreme Court saying it makes no difference. What I’m trying to get is what kind of a difference did it make, as far as the staff work goes, the policy machine goes? The Cabinet may have been a somewhat different—
Stein: Very different probably, and for that you’d have to talk to each individual. I think the following. There was a very clear recognition of how grave this was, not articulated in so many words by anyone that I ever heard. I think, the two factors I’ve just alluded to: One, that people really wanted to accomplish things and we knew we had to keep seeking to accomplish things.

Two, one of the things that affects this whole environment is that most everyone who’d been there had been through continuous scandal efforts by the other side for five years. In that environment your initial impulse is to be dismissive about them because you believe they’ve been generated, as this was. This was a generated thing. I don’t know that the public, even now, understands that. We knew it. It didn’t come out through Matt Drudge for nothing.

So I think the attitude inside was that it was part of the continuing war, because most of us knew we were at war with the other side. That doesn’t mean a lot of people thought he would make it through anyway. Regardless, the fundamental thing was to keep doing the country’s business.

Young: There was no siege mentality?

Stein: There was no new siege mentality. The siege mentality had been internalized into a way of dealing with what had been almost continuous attack.

Young: And not being diverted.

Stein: Not diverted at all.

Riley: It’s almost a clinical response. You’re talking about people who were very well practiced at this particular kind of—

Hilley: I think it’s easier when you understand that all of this stuff is part of the political exercise of the opposition. As Larry said, they didn’t recognize him as a legitimate President anyway, had very strong personal animosity toward him, and felt that anything is fair, *ad hominem*. Everything is fair, and anything that can weaken him or remove him from power, whatever, there’s no limit. This is just part of a concerted, ongoing political strategy. And when you realize that, it fits—it’s not like, “Oh, gee. This one thing pops up.”

As Larry is saying, you see this as a multiyear strategy to pick at anything they can. I’m not holding him blameless, of course, for some of these things.

Young: Behind my questions is another. There were the [Richard] Nixon scandals and the Iran-Contra scandals, just to mention some of the more recent ones. Here’s another scandal, not all of the same type. But it’s important for the historical record to get an accurate picture from the people who were there about the impact. This “Do your work, you policy wonk. You have to continue doing the work, keep the machine going” seems to me to be distinctive.

Stein: We really believed that. To be completely straight about it, I thought his survival was contingent on us being that way. I thought we had to deliver some things. We had to demonstrate
that we had an agenda. The solution to this was to do things that were constructive because the country basically liked this guy.

**Hilley:** Didn’t you keep his approval rating, throughout this whole thing, in the high fifties—

**Stein:** It went to the seventies. It was high, absolutely. It got down to 62 once—

**Young:** —inside the beltway. It didn’t filter out to the country.

**Stein:** Not at all. He hit 62 once, the lowest he went.

**Young:** When [Dwight] Eisenhower had his heart attack, there was in fact no President for a while, even though the appearances were the contrary. The machine kept running, but the President was not essential to it. In the case of the Clinton, during these worst moments, could it run without him? Did he disappear?

**Stein:** He never disappeared.

**Young:** He kept at it himself?

**Stein:** Absolutely. He was always there when you needed him. I can’t speak to what he was going through in his private moments.

**Young:** I’m not asking that.

**Stein:** And I can’t really do a comparison. We had to make some discriminations about how often to use him because there were so many delicate circumstances. We had run into one earlier on when he—I can’t remember what day it was—when he was with a group of Senators. He pointed at the camera and said, “I did not have sexual relations with that woman.”

Dianne Feinstein was there, and she was infuriated by that. We had to deal with that repeatedly in subsequent weeks and months. That was the kind of event that we had to keep in mind, that we just couldn’t walk into anymore. We had to be careful about the circumstances in which we’d invite people down because the press was going to jump on them. We could be dealing with Social Security or Kosovo or anything else, and they would ask about Monica Lewinsky. We knew that.

It did not cause him to reduce his almost miraculous passion for policy work. The guy is just absolutely devoted to it. It didn’t cause him, to my eye, to change the way he conducted himself, which always astonished us.

**Young:** It’s hard, though, from the outside, to understand how you’re coping with this and a team of lawyers, and otherwise acting as though it’s business as usual.

**Stein:** I never was in the exchanges with him and his lawyers.
**Young:** No, I don’t mean that. We don’t know what’s going on there, but we do know it’s taking some of the President’s attention and time. And there’s a full time other job that he has to do. I’m just trying to press you on whether he was as valuable to you in making calls to Congress.

**Stein:** If he was less valuable, it’s not because of any diminution in him, either his energy or his focus, because he was amazing in that way. It may have been less valuable to the hearer, yes.

**Riley:** That tracks me in an area that I’d like to probe you a bit about. You get this major body blow that you have to absorb and then get back up on your feet and continue. We talked a little bit about the focus in the White House. Tell us about what you were encountering on the Hill. Your job was there as much as it was in the White House. What’s happening when you go over there?

**Stein:** Ugh. To be honest, everyone you deal with on the Hill is pretty much political. (Well, that’s not true, but a lot.) The people I dealt with were political professionals who understood the weight of this. There was an inherent and instinctive appreciation that this was probably of a different dimension than some of the other things. It resulted in extremely complex emotions about this stuff. It’s hard to generalize. It certainly affected me in virtually everything I did, I will acknowledge that.

The first meeting I had was with the Senate staff directors, a meeting I’d been to a thousand times. It was a group of people who I think of as my friends, or certainly my peers, those I’ve known a long time. I think Marty [Paone] introduced me. I thought, *This is extremely embarrassing, I’m not precisely sure how to deal with this.* This is not my nature, I’m usually not good at jokes, but I thought, *I’m going to have to take some of the pressure out of the room somehow.*

So I thought of the old Sasser joke about the drunk who was brought before a judge for setting a house on fire because he had been smoking in bed. He stands up before the judge and says, “It’s true I was drunk, your Honor, but that bed was on fire before I got into it.” [laughter]

I said, “Look, it’s true. I’m doing it, but the bed was on fire before I got into it.” Unfortunately, that jackass Al Kamen put it in the “In the Loop” column. Someone immediately called him, again, very bizarre. I refused to talk to him for a while. I felt one needed to pierce a little hole into the pressurized container, because after that kind of thing, you get back to business and just do your job.

**Riley:** Are the people on the Hill sticking to business? You said they’re political professionals. Are they making inquiries about what’s going on? Are they asking you factual questions about what happened?

**Stein:** No, not really. But I’m certain that there was a lot of speculation about is this the coup de grâce. Even as early as this, our communications with the Republican side got a little bit more formalized because I’m certain they saw it as the end of him. I’m absolutely certain of that.

**Riley:** The Republicans?
Stein: Oh, I think so.

Young: That was in the newspapers—ten reasons why the President would have to resign. Predictions.

Stein: Oh, yes, yes. Democrats were speculating is it true? Is it not true? Certainly the predominance of opinion would probably have been that it was. At least that’s my sense of it.

Young: Some smelled blood.

Stein: On the Republican side or the Democratic side?

Young: On the Hill.

Stein: Yes, I think that’s right.

Young: You talk about the perpetual campaign.

Stein: Yes, I am very certain that inside Tom DeLay’s councils, they were trying to figure out how they were going to take out Gore, because they were assuming he was going to move up. I’m confident that that’s the kind of thing they were doing.

Young: Forward planning.

Stein: Planning, yes.

Riley: You’re working on the State of the Union address at this point, right?

Stein: He’d get continuous drafts on it and look at them and they’d bounce back. I was not in meetings with him at that time on the State of the Union. I was in other meetings with him that were conducted only about the subject. Very early on, the principle of partition was established, and no one challenged that.

It was going with the grain of everybody, because people wanted to do their policy work, they want to do their political work, they wanted to do their communications work. They did not want to deal with this. This was for the lawyers and for the President. I never heard it enunciated, and I never saw the partition breached. I think that speaks pretty highly for the discipline.

But obviously it affected everything we were doing below the surface. We all were conscious of some of the limitations it put on us from early on. More than the way it affected us internally, we knew quite well that it was going to affect everything externally, particularly on the Hill. I knew immediately that we could count on less cooperation from Republicans because they weren’t going to want to give us policy accomplishments to divert attention from his inherent weakness. I knew that Democrats who were unhappy with him because of what he’d done and because of the ’97 budget deal were going to be more unhappy.
Hilley: But didn’t the House Democrats, though, more than the center, rally around him because they felt this was a great way to beat up the Republican opposition? Did that not happen?

Stein: That was much, much later when the polling data started to affirm that the Republicans were committing ritual suicide, which was a bizarre outcome of this. Ultimately that became clear. The Democrats then started to think that it was a great thing. It wasn’t that they had a winning thing. They had the Republicans on a kind of self-propelled mission of destruction—which is true, by the way. But that was by no means clear at this stage.

It was a very strange pattern. Those first months—January, February—were extremely brutal and difficult, the most difficult period, I think, because, as we’ve agreed, there was speculation: Did he do it? Didn’t he do it? This was an intern. No one had seen Monica, or knew who she was.

Hilley: Her résumé?

Stein: Yes. There had been, going back to Gennifer Flowers and everything else, a foundation laid for the probability of this, which made it difficult for realistic people to dismiss it. John has alluded to the viciousness of the other side. It was an assumed fact that, given the opportunity to destroy him, they would take it. All of these things were floating around, and there was no clarity about anything.

But in the meantime, he went up and delivered, in my judgment, the most effective State of the Union of his Presidency up until then. (I think he did another really good one the next year.) He did a magnificent job. He did the Social Security line, he laid out the initiatives that you guys had put together—I wasn’t involved in those. He laid out the objectives—a hundred thousand teachers, more cops on the street. He laid out his objectives with regard to the tobacco settlement. He pushed again for Fast Track. We had as clear a set of policy objectives as he had had for the previous two years.

Again, I didn’t do any research for this, so you’ll forgive the vagueness. In all honesty, I don’t want to remember this period that clearly. But, if I remember right, the popularity of that speech was immense. I remember walking back to Daschle’s office, and Daschle just looked at me and said, “It’s incredible, that was a home run.” And it was, it was. Just a masterful speech.

Riley: There’s an element, in retrospect, of good fortune in having that event scheduled as it was on the calendar, just following all this. Maybe I’m over interpreting it, because it could have gone in the other direction.

Stein: We should be careful about this. Believe me, in the abstract, absent his unique capabilities, I would not have wanted to do a State of the Union following a story like that. If our President had been Nixon or even Reagan, I wouldn’t have wanted to do it. Certainly, from my perspective, I didn’t think it was a matter of good fortune that he was going to have to go before the nation with a suggestion that he’d had an affair with a 21-year-old intern hanging over his head. He’s a remarkable person to be able to do that. How many people could have done that?
Young: I don’t know, but if he hadn’t done it, he would have been much worse—good, bad, or indifferent. It really means he’s no longer President.

Stein: Sure, obviously he had to go and do the State of the Union. I don’t mean how many could simply have done that. I mean how many could have gone out there and delivered—with that kind of pressure on them—one of the best speeches of his career, and one that uniformly hit all the right chords? It’s a remarkable talent. It’s the talent, I think, that got him through.

Young: Maybe he was able in doing that to see beyond the beltway.

Stein: I think he was always able to do that. You’ve hit on something that is definitely true. He was always able to do that.

Young: It might help explain the magic.

Stein: It does, and you have hit on something here that I think is really brilliant. Throughout this period, every time he went out to the public, it strengthened him. It strengthened him with them, and it strengthened him internally. Any time he went out with the crowd, boy, he loved it, and they loved him.

Riley: You found, after the speech, a different kind of reception on the Hill.

Stein: It certainly relieved a lot of the pressure. And then we were fortunate that right after the speech we got to present our budget. It helped us in our strategy, which was stick with business, keep doing business, keep focused. Then we took up our budget. It had a lot of initiatives in it. I think this was a tactical error, to be honest with you—just going to non-impeachment things—that the backbone of it was really the tobacco settlement.

We had employed the revenue from the tobacco settlement to fund a number of initiatives. This didn’t come out that early in the process, but ultimately—as the budgeteers figured out that we were assuming success on tobacco to get a lot of his main priorities—that, in my judgment, is what killed the tobacco deal. They weren’t going to give us that kind of revenue to use to get accomplishments.

Hilley: Of course, I wasn’t there, but Gore has always been a big anti-tobacco guy. Was he instrumental in driving that tactical decision?

Stein: Those were made before I got there, but I think in part it was Frank Raines. Here’s what really dictated it. We had Save Social Security First, which cordoned off the Social Security trust fund, so we were left with only the on-budget surpluses. Those were not large at that point. In order to keep our Save Social Security First commitment—which was central to the State of the Union and central to the policy of the year—we had to find revenue elsewhere. As you describe it, the Dick Morris targeted initiatives, and there were a lot of them. I think there were about twenty major initiatives in that speech. Many of them, though, were funded with the tobacco money. I think it took them about a month to figure that all out. But when they did, I think they knew they weren’t going to let us have tobacco.
Hilley: Interesting.

Young: Let’s have a break.

[BREAK]

Riley: Larry, if we can, let’s track the Lewinsky thing through to its conclusion. We talked about the very earliest stages, and you characterized what you were finding on the Hill and the picture inside the White House. The external perception, which I think is consistent with what you just said, is that there’s a leveling off there.

Stein: There’s a dormancy period for a while, which, looking back on it, lasted from the time Starr started to try to get her to cooperate to about the point where she changed lawyers. I don’t remember the dates, but when she changed lawyers, that was the crucial moment in a lot of ways. Her new lawyers were more intent on cutting a deal for her. I can’t interpret why that happened, but when it did happen—and my recollection is it was somewhere in the summer, maybe in July. And when she did agree to cooperate, somewhere not long after that, my suspicion (though I never engaged in this debate) is that for a long, long time there had been discussions of ways that the President could go to the country. There were multiple expressions of sorrow, but there had been discussions of when and how he should go out and really make a national apology. And that, I guess, happened in August.

Riley: Were you at all involved in the—

Stein: The lead up, yes; the delivery, no. There were some discussions about it.

Riley: This coincided with his testimony.

Stein: Yes, the Grand Jury testimony, which was conducted in the Map Room. By and large, this was among the speechwriters, and the lawyers. Those were the involved parties. I went away on a pre-planned vacation. I was down at Duck. My impression had been that it was going to be his typically eloquent—and, I think, effective, and I actually believed it would be pretty heartfelt—an apology to the nation that would in some ways cleanse this thing.

As it turned out, the last four minutes were not that. I can’t say how that happened. It was certainly not what I understood it was going to be when I left. I remember watching it, and from then on I was on the phone continuously for about five days. I didn’t come back because it was unnecessary. There weren’t any Senators in Washington anyhow. So I was calling a bunch of Senators trying to make sure they weren’t going to get angry at the way that happened.

At the same time, superimposed on this—and I knew nothing about this—we bombed the pharmaceutical plant in the Sudan and bin Laden’s training grounds in Afghanistan. I remember watching that between calls to Senators. It was very surreal. The national speech was, I think, on
the 17th, which, by the way, was the day the ruble collapsed. Do you remember this? That’s an interesting little subtext.

Riley: Yes, on the 17th.

Stein: Superimposed on this whole period was the Asian monetary crisis, which was really a domino effect leading to a collapse of the ruble. Rubin and Summers were busily trying to protect the world’s economic system while the country was transfixed with this nonsense.

Riley: In your calls to the Senators, were you finding that they were concerned about the tone of the speech?

Stein: Yes, they thought that it should have been 100% contrition. I don’t remember the exact language he used, but he had taken the opportunity to criticize Starr. You may have the transcript of that. I don’t even remember what it was. I remember leaving the room when he went into that. I don’t know how that got there, but yes, there was concern. I don’t remember which Senators I called. I think I had seventeen and Erskine had seventeen or something like that. We were much more focused on the Senate.

Riley: Why was that?

Stein: I don’t know whether Erskine felt this way too. The analogy in my mind was that Hugh Scott had taken a delegation down and asked Nixon to resign. I never thought that something like that could come out of the House. And I had personal familiarity with the obstreperousness of the Democratic leadership in the Senate. Those are very tough-minded people.

Hilley: Not the leaders, not Daschle but—

Young: Byrd?

Stein: Not so much Byrd, because he’s not in the leadership. This is not a criticism of them. I thought that there would be disappointment among people like Byron Dorgan, John Kerry, and Harry Reid that he had missed an opportunity, which, as we just agreed, is really not like him. What carried him through was an incredible ability to hit the right note. That’s what saved him over the longer haul. When I was driving down to Duck, I thought, This thing is going to be pretty well over after he does this. I thought that he would cleanse the environment. From everything I’d seen of him before, he was totally capable of that.

Riley: Can I ask, were you thinking ahead about the possibility of impeachment at this point?

Stein: From day one I thought the Republicans would try to carry it to impeachment, largely because I think they knew no bounds. But that wasn’t on my mind, no. It was an election year. There were Democrats who were in a difficult position. Many of them were likely to interpret their problems as things created by him, whether they were or not. The argument had been made rather frequently by good people that he was hurting the party, despite the poll numbers. Democrats didn’t always believe the poll numbers.
We were still going to the Wednesday night sessions. I believed the poll numbers implicitly. They were absolutely unmistakable. They were detailed, the cross tabs were clear. It wasn’t as though it was a bubble or superficial. It was quite real. People understood. This was not an issue that people had trouble understanding. It wasn’t like when they got the next dimension of this and delved down below the surface they were suddenly going to come to the conclusion that he was in fact guilty and that he ought to be removed. They understood it. They knew it, they banked it. Many of them had understood this stuff about him before, I think.

But many Democrats were unable to accept it because they thought it affected them. Maybe they thought that with his charisma he was able to escape his own culpability, but they couldn’t. I should say this, because this is the truth. Some of the more thoughtful among them thought that the recklessness of it was just breath taking. I’m quoting a Senator whom I won’t name. That was what troubled many of the ones for whom I have the most respect. It wasn’t so much the morality of the situation itself; it was that he had done something like this knowing the forces that were out there trying to get him, knowing how strange it was to have put his fortunes in the hands of a 21-year-old, totally irresponsible, child is what it amounts to.

As you read back over the Starr report, you see how much he was trying to extricate himself. But I think that was the thing underlying all this. So when he made the speech and didn’t hit a home run as he had in the State of the Union (and I think he’d acknowledge that himself)—yes, I was worried. We were all worried.

Riley: These thoughtful members you’re talking about were truly conflicted, then, at this stage about how they ought to respond? Was there ever any possibility that he was going to lose these members if things went to impeachment?

Stein: I really, in my gut, did not think so. In my head, I was concerned. I thought he didn’t have the reservoir of affection that one would have liked. Everyone respected him, they admired his political skills, they were jealous, to some degree. I thought the circumstances were complex enough that I was unwilling to predict with confidence what was going to happen. But I don’t think I ever felt that if it came down to the Republicans pushing impeachment over this, they would get the votes for it. I always thought there would be Republicans who would not vote for it because—and we made the case over and over again, too much perhaps—it was a constitutional absurdity. I devoutly believe that to this day. I think a lot of Republicans were embarrassed about it.

Jumping ahead, I don’t think at the end of the day when the Republican managers from the House came to the floor that they were treated with respect by the Republicans because I think the Republicans thought they were nuts. And they were nuts. I’m talking about thoughtful people like John Warner and Ted Stevens, who I know thought that the charges were ridiculous. Stevens thought that one of them at least should have been dismissed on the face of it.

Riley: [Joseph] Lieberman gave a speech that got a lot of attention in September. Did you talk with him?
Stein: Yes, and with his people, and so had virtually everybody else talked with him. I like him; he’s a very straight guy most of the time. I was angry with him then. I never saw the evidence for this, but it was our understanding that he’d had a lot of drafts of this speech and that some of them were pretty much worse than the one he ultimately delivered. I never saw the drafts, never got evidence that there were drafts, but I tend to believe there were. We conjectured that there might be a call for resignation, but I don’t believe there was, even in the worst draft.

Riley: That would have been hard to—

Stein: That would have collapsed it, in my view, and I think my judgment about this is probably right. Moynihan was hanging out there looking for an opportunity. Bob Kerrey—

Young: To what?

Stein: Among some people, the opportunity to become the moral emblem of the country is almost irresistible. That’s certainly something that was working on Lieberman, not because he wanted to do it, but because I think he knew that he had that character, that he had worked very hard to establish that, that it’s true of him that he really is—well, some people even think of him as a little self-righteous, but I don’t, precisely. In fact, when you sit and talk to him, he’s a decidedly normal person, and a good person.

But I think he grappled with this, and he was grappling with it at a different level than a lot of other people. He’d gone through this stuff with the entertainment industry, had been attacking sex and violence in films and on CDs and everywhere else. I think he felt that if he said nothing, it would be damaging to him because of the positions he had staked out and the importance he’d attached to this kind of thing. And I guess he was probably repulsed by it as a personal matter.

Riley: Were there others you’re aware of whom you were able to talk back from the—

Stein: I’m not sure we talked him back.

Riley: I didn’t mean to imply that. I meant were there others you felt you had moved in your direction a bit?

Stein: We knew the people who were most likely to jump on board if there was someone who broke. Lieberman was one, [Russell] Feingold was one, Byrd, Bob Kerrey, Moynihan, potentially Feinstein. I talked a lot to her, and I think she was going to be okay. She’s another thoughtful person in these respects, about these kinds of things, who was just really angry—more that he had misdirected her, she thought. I’m trying to think if there was anyone else. I don’t think so.

Riley: Are you dealing with any Republicans?

Stein: Yes, we were dealing with a lot of Republicans, but not precisely about this. Later on, we had to have procedural meetings with Republicans—Domenici, and Thompson and Stevens, whom Lott had deputized. I talked a lot to Lott, who, if I’m remembering right, consistently
expressed some sorrow that this was going on. He did not think that it was good for the country. He did not think it was appropriate to be convulsed with all this.

I don’t remember anyone ever addressing this set of issues straight up. They were uncomfortable with it too. But we worked with McCain on tobacco, on campaign finance reform. We worked with Frist on tobacco, with Connie Mack on tobacco and on nominations. I remember having a little discussion with John Warner about this, and he just shook his head. For the most part, they didn’t want to talk about this, and I didn’t either.

**Riley:** Sure. You get to the point in October where impeachment hearings begin. You’re working those hearings?

**Stein:** I should say that we kept the rigorous division we discussed earlier through tobacco, through the highway bill, through NATO [North Atlantic Treaty Organization] expansion, through Mexico certifications. There were a lot of issues that we dealt with all the way through to the summer months. But just subsequent to her reaching an agreement with Starr and him going to the public and the testimony, that’s when legislative affairs had actively to get involved, and we did.

Now, prior to that, a team was established to deal with this. They were an adjunct of counsel rather than of legislative affairs. Greg Craig was brought in, Lanny Breuer, the whole team under David Kendall that was the legal team from Williams & Connolly. Greg Craig was associated with Williams & Connolly as well, but Greg Craig had worked for Ted Kennedy and was a friend of Hillary’s. You talked to Greg?

**Young:** We’ve talked to Williams & Connolly, not in this connection, in another project.

**Stein:** He’s someone you probably want to sit down with. He’s a great guy. He was exclusively focused on this, and therefore his recollections will be much more reliable than mine. He will be able to give you a lot more circumstantial stuff than I am.

**Riley:** Although the counsels are often—

**Stein:** Reluctant. And he probably will be, too.

**Hilley:** Who was the deputy counsel, the woman?

**Hilley:** Cheryl Mills. She did a fine job.

**Stein:** She did a great job. And, bless his heart, Chuck Ruff was amazing during this period. I can’t express my admiration for him. There were a lot of fights between the political guys and the legal team, which is endemic. That just happens.

**Riley:** You merged, then.
Stein: At that point we were merging, and we had regular morning and afternoon meetings that were extremely lengthy and extremely involved.

Young: Strategizing?

Stein: Yes, and largely preparing for what we then knew was inevitable. When the Starr report came out, it became even more inevitable.

Riley: September 9.

Stein: From August on, we knew where we were heading.

Riley: You knew the impeachment was going to happen at that point.

Stein: I knew who Ken Starr was. I knew the story behind how he got named. The term “vast right-wing conspiracy” is a bit of a misnomer. It was a small right-wing conspiracy, but a very real one. There were many of us—and I still hold to this—who felt it was a coup. To be honest with you, I bitterly resent it as a citizen, but that’s just an editorial remark.

In any case, those of us who’d been through scandal after scandal were quite pessimistic about it. I did not see any of these guys exercising restraint. I actually thought that it would be hugely self-destructive for them. I didn’t think it would be a good. You know, looked at after the fact, it wiped out Newt Gingrich, and it wiped out [Robert] Livingston, two of their premier people. It destroyed their objectives in the ‘98 midterm elections, one of the rare times a President’s party picked up seats in the House. It was hugely destructive to them, what they were doing, but I didn’t think they could stop themselves.

Riley: Can you tell us a bit about the development of this strategy?

Young: On both sides.

Stein: On the other side, you mean the Republican side?

Riley: House versus Senate.

Stein: Oh, House versus Senate. They were distinguished exclusively by the constitutional terms of the process.

Riley: My question was whether you had completely given up on beating this thing in the House.

Stein: No we hadn’t, though I was one of the less optimistic about it, maybe even the least optimistic about it. Chuck Brain was probably more optimistic. He kept telling me he thought we could stop it. I think he thought so because he had good relations with some of the moderate Republicans. We had two strategies, and they’re a little bit contradictory, but that’s not why it didn’t succeed.
One strategy was to assure on the Judiciary Committee that it remained a very partisan outcome. We took it to have its genesis in partisanship. We did not believe that an impeachment effort that was exclusively partisan could ever succeed. And we wanted the public to perceive it for what we thought it was: a partisan effort to remove a duly elected President of the United States. So we wanted that graphically displayed, certainly in the vote. But, at the same time, we thought through most of the summer months and before the election that we had a good shot at getting a few thoughtful Republicans who would vote no on these articles.

We never thought we could stop it in committee. It was a tough committee, a very polarized committee, and we assumed the worst—I know Greg did, and Greg was really handling that. Greg had worked for Kennedy on Judiciary Committee. He employed Chuck a lot, he employed us a lot, but he was directing that side of it. I ended up directing the Senate side.

So we had a public strategy of attempting over and over again to show that this was a partisan witch hunt, that the charges against him certainly didn’t rise to the level of impeachable offenses, that Starr was hugely, hugely partisan, that he had abused his office, and that the counsel for the committee was a rabid dog, which he was—I think almost borderline nuts.

**Hilley:** Who was that then?

**Stein:** I’ve forgotten his name. He was from Chicago. [Henry] Hyde selected him. I’ve forgotten his name, I apologize.

**Riley:** That’s easy to check in the record. [David P. Schippers]

**Stein:** The report that he wrote was crazy. The report that Starr wrote was like this semi-salacious—well, it’s not semi, it was salacious.

**Riley:** Pornographic?

**Stein:** Antiseptic pornography. It was odd. So the idea was to go after people like Quinn and—

**Hilley:** Peter King?

**Stein:** King, [Constance] Connie Morella. We had a list (the number 17 sticks in my mind) of moderate Republicans we hoped to dissuade. By the way, all through the period there was hope of getting a censure resolution that would take all the poison out, which, in truth, is what the system would normally have produced and should have produced—a censure resolution with perhaps even a fine. That was the appropriate punishment for it and would have saved the country quite a bit. So that effort had been going on.

I think we probably made some mistakes. Some of our friends made some mistakes. John Breaux, I think, was too public about that. It would be like selecting your own punishment. Something was wrong with that process; that was the way it was perceived. That was the way the Republicans wanted to characterize it. I think most of the legal community, most of the
thoughtful academic community—at least in my own experience—believed that that was the appropriate course for the Congress.

But DeLay was running the operation. I subsequently, in an odd aftermath, worked in a company whose sister company was Tom DeLay people. So I got to know the guy who was running it from the other side, Tony Rudy. They were running this show. DeLay had decided, early on, that this was removal and there was no other course. He believed that he was the scourge of God and he was going to rectify all immorality.

**Riley:** Did the midterm election results do anything to the dynamic?

**Stein:** It removed Newt Gingrich. It removed probably the most effective and powerful Speaker of the House since—I don’t know how far you’d have to go back to find one. As John alluded to, there had been a couple of coup attempts, but I don’t think they were very close to effective. The one thing that was superimposed on this was a massive success for us on the budget. We cleaned their clock, we got everything we wanted. Their circumstances were incredible. They were counting on impeachment to be their political weapon. They were, therefore, giving in on the policy side.

The truth of the matter is that both judgments were completely wrong. Impeachment was hurting them in the polls, and when they gave in on the policy side at the end, it helped Clinton immensely. We got enormous coverage for killing them. We got our teachers, we got our cops, we got our school testing, we got all of our environmental initiatives, we wiped out all their riders. We killed them. And Gingrich cut the deal with us. We spent the usual—in the dinosaur room, Gingrich’s office, his conference room. There was me and Erskine, and Jack Lew and Podesta.

**Hilley:** As an outsider, the sweet irony of this, in retrospect, here these guys are, banging away on the President for his indiscretions, and all the while here they are out cheating. It’s just sweet.

**Stein:** There was Newt on the verge of announcing his relationship with a staffer. There was Bob Livingston, who was about to get run out of town for no one ever knew how many affairs. He was literally run out, probably by Gingrich, though that has never been proved.

**Hilley:** I think so. Payback.

**Stein:** I’m almost certain that’s what happened. And there was DeLay lying in the weeds, waiting to elevate Hastert, because he knew if he elevated himself he would destroy his party. He would become the face of his party, and he couldn’t have that. Extremely strange. The other thing that happened with Gingrich, I think he ran some ads using impeachment. Do you remember this?

**Riley:** I don’t.

**Stein:** You might research this. This is interesting. He authorized running some ads, and they completely backfired on him, completely. That was one of the two or three things that caused
him to be removed. Livingston turned against him, that was the straw that broke, but what killed him was that he had conducted the impeachment policy and then did the ads at a really lousy time, and he had cut a deal with us on the budget and given us too many of our priorities. The result was that they lost seats. Most of them were thinking that they were going to get landslide reinforcement from the public for this. It killed them. But DeLay went forward anyway.

So there was a hiatus. I think you should get the workings of the House Judiciary Committee from a mix—if you could get David to talk, that would be best. Chuck Brain can help you. I thought that was foreordained. The actual vote in the House, where they voted out two articles, I think was a great disappointment to the President. He really did not expect that to happen. We knew it was going to happen by the time we got to the vote.

I tell this story because I think this affected Gore. The day they voted out impeachment articles was an amazing day. It was the day Livingston resigned. To start that morning, we went up with Mrs. Clinton to address the Democratic caucus, which seems a little odd, but we did. She was great. She was absolutely great, they loved her. She called it a coup. I can’t remember the speech, but it was extremely good. It was extemporaneous. It was beautifully done, so much so that Charlie Rangel insisted—I resisted this, but we ultimately capitulated—that we get buses and bus people down to the White House after the vote, as support for the President. Part of his reason for insisting on it was that CBS, I think, had run a phony poll at the time of the vote that showed something about numbers of people wanting the President to resign. It was wrong. It was flat wrong. There was nothing even approaching that.

Charlie got very worked up about it. I should make another observation: The real backbone of Clinton’s support in the House was the African-American caucus. They were adamant. There were times when we wondered whether Gephardt was really there emotionally, but we didn’t worry about it because John Lewis went in and told him where he was going to be. But Charlie, who is a hilarious person, just insisted on this, and he’s very close to Chuck. He grabbed Chuck and he said, “I want to do it.” Chuck said umm, umm, umm. He said, “No, you’ve got to do this. Otherwise people are going to think there’s not sufficient support for the President. There’s got to be a visible showing.”

I thought it was not good, but on balance, it was them wanting to come. There were well over 100 of them who wanted to come. I guess I concluded in my own mind—and John Podesta I think concluded the same thing—that we couldn’t tell them, “You can’t come.” So they came down, and everyone delivered rousing speeches up on the second floor, on the state floor where we used to have the press conferences. I have to say, one had cognitive dissonance when we were having a kind of rally on the day that the man had been impeached. And certainly that was the way it struck people from the outside who didn’t know the rhythm of the day, because it was incredibly emotional.

When Livingston resigned, we knew nothing of that as Democrats. This was circulating inside the closed rooms, and the Republicans are good at keeping their doors closed. This stuff was circulating around. There apparently had been rumors for a while, mainly that day, because I’d heard nothing about this preceding it. Livingston gets out on the floor and resigns. It was
stunning. Apparently Gingrich was leaning against the wall smiling—I’ve gotten this from several people—as Livingston delivered his resignation.

Then they went through convulsions. Was it going to be Hastert? Was it going to be DeLay? And in the meantime, the votes are taking place, and we’re mobilizing our people to come down for a rally on the state floor. It was really strange. So they did that, and this is interesting. I think Gore got caught up in the emotion of it. He felt, as all of us did, that this was an outrageous abuse. Gephardt delivered one of his best speeches, inside, closed off from the press, saying, “Mr. President, you cannot—I know you’re not going to resign—but you could not resign even if you wanted to, because it would be a validation of what was a criminal process.”

We go outside, and do a press conference, and I think Gore was just lifted beyond reason. Well, what had happened inside in private was still influencing him as he got outside in public. Gephardt gets up and delivers a pretty restrained thing about, “We’ve urged the President to continue with the policies that he’s conducted on behalf of the country because the country needs him.” Gore got up and said something to the effect that, “This is the best President the country has ever had.”

I was standing there in the press group, I don’t know why. In fact, was Jack Lew in there? And boy, just looking around, the press was just stunned that he’d said that. They were just visibly stunned. They hadn’t seen what had gone on inside, they hadn’t been in the caucus, they couldn’t put all that together and understand why. They just heard the statement, and to them it was outrageous to be saying something like that on the day the man had been impeached. I really think that that hurt him badly with press people. He had been hurt for a lot of reasons related to this, but I think it hurt him very badly going forward.

**Riley:** So you get impeached.

**Stein:** We get impeached.

**Riley:** You said that you always felt that the Senate was going to—

**Stein:** I should amend that. I think Byrd could have burned down the House. Listen. Tom Daschle saved this Presidency, and that’s the truth. I’m not sure how many people know it. I’m not sure how many people acknowledge it even if they do know it. But he knew from day one what he could do it, and that is Byrd going down to the floor and delivering a thing that he does extraordinarily well, and that he is looked to for—an institutional speech. If he had validated this process, it would have meant a lot.

Daschle just went to him over and over again and talked to him. They observed his sensitivities when it came to conducting the process, which was quite difficult because, as you know, there aren’t precedents for this. We spent many, many hours working out how this was going to be done. In fact, remember, there were huge debates about whether we were going to have witnesses, meaning whether Monica was going to stand down in the well of the Senate and be questioned. That was a fundamental issue.
I’m not so sure we truly thought that it would determine the vote if she did. But we all thought that it would be absolutely horrible, and ultimately Byrd was persuaded of that. He thought it would be such a travesty for the institution if it got to that, that he just refused. I think probably—putting that in the context of what the charges were—that affirmed that it was a circus. It wasn’t a legitimate proceeding. He just refused to allow the Senate to be turned into a circus—with Daschle’s persuasive help.

I think there was an underestimate of the threat for people who don’t know the institution. I think that among the Republican managers, there was an overestimate of their case and a complete overestimate of what they thought was the country’s reaction to the President. But people like Daschle understood every nuance of it.

Riley: There seemed to be an extraordinary division between the House and the Senate here on the fundamental question of the propriety of bringing this to the Senate floor. The institutional conflict here is something you could talk a little bit more about.

Stein: I wouldn’t say it was a division between the House and the Senate, because I think thoughtful House members all thought that the process was ridiculous.

Let me tell you a little story about that. We knew the votes were supposed to be Thursday or Friday. And that Wednesday night, I remember Podesta coming up to my office and saying, “We’re going to have to attack Iraq.” I remember just sitting down. I couldn’t believe it. He said, “Cohen and Sandy and Tenet say we have to do this.” I said the obvious thing: the wag-the-dog scenario is going to be inescapable. To be honest with you, that was probably the worst moment among many bad ones that I had at the White House. I said, “We can’t do that. We have to figure out a way.” John made the obvious rejoinder, “We can’t sacrifice international policy because these guys were insisting on going on—”

I don’t remember all the things that went on between the time that that was decided. It had already been decided, I guess, between the President and Sandy. John came up to talk to me right after that. I said, “All right, I know, we need to inform some people. We need to inform the leadership.” So I started calling. Was it still Arne? Yes, it still was Arne because Palmer hadn’t started yet. In fact, it would have been Livingston’s guys, but they hadn’t started yet. Arne said, “Look, we understand. We kind of accept this, but you have to bring your people up and speak to the House.”

That had certainly not happened in my experience. It was about 10 o’clock at night. They convened the House for a meeting with Cohen, Shelton, and Tenet. I remember sitting down with Cohen’s people beforehand—he was not back yet—saying, “We have to present a very sound case.” We went through it, and it was an extremely sound case. Shelton started and presented the military situation, Cohen followed up and said, “I’m a Republican, you know I’m a Republican. I’m proud of my Republican credentials, and I’m standing here telling you that this is a necessary act. You’re all going to think that somehow it’s a diversion. It is necessary, we have to do it”—which carried tremendous weight.
Then Tenet did the explanation on the ground. This had to do with the inspectors and with weapons and multiple other issues that have now gotten a lot more current. So they went through it, and there was general furrowed brow, nodding, okay, we understand. They had set up microphones for questions. Tom DeLay stands up and says to Cohen, “Mr. Secretary, can you think of any reason why we can’t go forward with the impeachment vote while the troops are in the field?” At least on the Democratic side, they booed, outright booed him, spontaneously. Cohen said, “Well, yes, I can think of a reason. You have young people going into battle, and to have their President being challenged with potential removal from office, yes, that’s a bit of a problem.”

We heard the next day DeLay was going ahead on Saturday. I tell that for anyone who believed that they weren’t hell bent to do this. They were doing it, they were working the votes, and they were going to break the elbows of anyone who was going to oppose it. I knew that. I think Arne told me—and I always assumed—that they would do it. In all honesty, I think they’re nuts. I think they were proved to be nuts.

Riley: Get back to the Senate.

Stein: A little digression.

Riley: That’s quite all right. It’s very illuminating. We haven’t gotten that picture from anybody.

Stein: It was a surreal night, I will tell you that, absolutely surreal.

Riley: The Senate proceeding pretty much went as you had expected it to?

Young: You’re driving ahead with your questions. I see all these images and memories going through your mind.

Stein: Things that I’ve suppressed. We should dwell a moment on this whole witness thing because this was where the House managers lost significant credibility with Republicans because of their demands. They were insisting on a long trial, a lot of witnesses. Keep in mind, the Republicans had just lost ground in the elections. And among political people, there is only one clear registration of reality: at the ballot box. They had lost at the ballot box, and it didn’t deter them.

I think that people like Stevens, people like Domenici, people like [Arlen] Specter, [Fred] Thompson, thought We’re dealing with something a little extraordinary here, and we don’t like it. So Chuck Ruff and Steve Ricchetti and I went up and met with Stevens. We had several meetings, and David Hoppe was extremely helpful in this. At that point, the process got much better in terms of the country. Lott insisted. This goes to some of what John was saying. Lott gets hammered a lot, but he watched what happened in the House and absolutely refused to let that happen in the Senate. I think he said to himself, “I am not going to allow the institution to go completely to hell on my watch.”
David came down to the White House multiple times, and we sat there and constructed rules, because they’re not there, they’re not in any document anywhere—how each side was going to get its time, how the Chief Justice was going to manage the process, what the terms were. I think we did a good job of that. The debate ended up being civil, the two sides had their chances to present their cases, we did not allow it to degenerate into a circus. That’s why I bring up witnesses. If that had happened, and each side was calling its witnesses, it would have been disastrous. It would have looked horrible.

Then, going on behind the scenes, we knew that Tom Daschle had persuaded Byrd of what the outcome ought to be, and Byrd had arrived at it on his own, and we had helped. Lieberman had not done what we were worried that he might do, and therefore, the ones who—out of some measure of spite—might have wanted to harm Clinton (those being Moynihan and maybe Bob Kerrey)—once we reached a certain stage and knew that the whole witness thing was not going to happen, and I knew that Byrd was all right, I knew we would win rather handily. As it turned out, it was a huge embarrassment to the House managers. They didn’t even get a majority, on either article.

Hilley: How many Republicans did you get at the end of the day?

Stein: I don’t remember. On the first article, I think they got only 44 votes. The second was 50/50, with Specter doing that bizarre thing with Scottish rule of law, not proved, which was extremely funny. Our one instruction to ourselves was Do not show any sign of satisfaction.

Riley: All right, did you take a vacation or rest?

Stein: No, there was no vacation that I remember. It was January. The budget was about to come out. We had another successful year, I thought.

Riley: You were there for all of ’99?

Stein: All of ’99. But my own hope for what I wanted to do was pretty much gone. We did make a couple of tries at Social Security. Gene was unrelenting, and actually, John, we worked with Ken Kies a little bit because we knew the people you needed to put together in order to get something done. Ken came up with a brilliant construction, but after that, there was no possibility for anything like this. Clinton still wanted to do it, though.

Riley: I’m looking back over the timeline. You didn’t leave until 2000, was it January of 2000?

Stein: Yes. There was much that happened after that, but it all seemed somewhat anticlimactic. We worked very heavily on Social Security, which proved fruitless. We worked hard on the Medicare Prescription Drug Benefit, which proved fruitless. This is an important thing to observe. By that time, the kind of legislative construction that could work—to rely on a thoughtful majority of Republicans coupled with some moderate Democrats to push a thing through and then force it to a vote and make them come out and vote the way they have to vote—was no longer available to us. The people on whom we’d relied during impeachment were essentially the left. They thought they were owed something. For us to have then proceeded to
cut a deal on middle-of-the-road policies—which is where Clinton is philosophically—would have been an act of ingratitude at least—and probably punishable pretty substantially at worst.

Young: Does that include Charlie Rangel and the black caucus?

Stein: Sure. Charlie never wanted us to do deals, but that’s all right, I understand. But we did work very hard on Africa free trade. One thing we haven’t talked about. Clinton’s basic philosophy—and I think history will record it—was fiscal prudence coupled with enlightened international engagement, both on the economic front, on the trade front, and diplomatically. That’s what he was, it was that simple. And that’s what Rubin was, too, and Rubin was central—a difficult person in a lot of ways, but central.

It wasn’t difficult for me, by the way. I had great relations with Bob. The point I’m making is that Clinton still devoted the remainder of his term to those principles. So he got Africa free trade, which we worked on intensively. He got China WTO, which was extremely important. In the aftermath, you’ve seen a repudiation of enlightened internationalism that I think the country’s paying a huge price for right now. So I think it’s important to know that even after impeachment, Clinton continued to stick to his course.

Young: Were there any forecasts ahead of the next election after the expiration of his term? Gore?

Stein: I left before that process really started heavily. I think a lot of us knew that Gore was going to have a tough time. It’s funny because everyone thinks Gore should have won. I never viewed it that way. I think that he carried—and I know he feels this way—tremendous burdens that were never on the shoulders of Clinton because he didn’t have to run again. But Gore had to deal with a hugely hostile press corps, a press corps that thought—it wasn’t that they thought he should have been removed, it’s that they loved the story so much that they just wanted some results from it. Their mindlessness is almost difficult to express, how they blew that story out of proportion. It’s almost difficult to say.

I wanted to raise one last thing that I have thought about myself, but I haven’t seen anyone else think about it. The country spent two years on this, both the stuff itself and the aftermath, and then even to the end of his term. The chronology is interesting, because as you read through it, you see woven through, different terrorist things that were happening, different Iraqi things that were happening, none of which, I think, got any attention.

Hilley: Press attention.

Stein: I think it was getting attention inside our White House, believe it or not. Dick Clarke was very close to Clinton and talked to him constantly about al Qaeda. Clinton cared a lot about al Qaeda.

Young: There are a huge number of documents.
Stein: Of course, they used to come across my desk. What’s amazing to me is that no one—in all the looking backward about 9/11, why did it happen?—no one has observed that for one and a half years, the country was transfixed over fellatio. My theory about why no one has observed it is that the press generated it, they know they’re guilty of it, and they don’t want to talk about it. But I wonder if you guys will think about it.

Riley: I’m sure there will be a lot of analysis about why.

Stein: Has anyone in the room read a single observation about that? That the country spent, during al Qaeda’s formative period, as bin Laden was getting stronger and stronger and taking some of his first steps, there was almost no coverage of it for a year and a half.

Riley: In fact, what I’ve seen has been mostly the conservative press publishing industry creating documents about why Clinton wasn’t.

Stein: I know. It doesn’t occur to them that they preoccupied his time by impeaching him.

Young: Pretty good awareness. The issue that the press was over here and terrorism was bubbling—

Stein: Events were over there.

Young: Certainly a lot is evident and is becoming evident in the 9/11 Commission that a great deal of thinking and efforts were going on—

Stein: Oh, definitely.

Young: The history of the whole government effort to deal with this as it came up—going back even before Clinton—is now being examined pretty closely. Thousands of documents came from Little Rock, from the boxes there, and were reviewed by the Commission. You may remember there was an issue about that.

Stein: Oh yes. Bruce Lindsey was insisting on letting the documents loose.

Young: He discovered that a very small percentage had been let out and he publicly complained.

Stein: Yes. Good for Bruce.

Young: That was one of the first things that I learned independently. After 9/11, there was a visitation to the Clinton materials project to see their records, but nobody could say that they were there or learning anything, though they were.

Riley: We talked briefly about the Comprehensive Test Ban Treaty yesterday. Should we amplify that a bit?

Stein: That was a very big one that we bobbled pretty badly. As I mentioned, we mis-assessed it. We tried desperately to rescue it, and Clinton held two dinners in the Residence dining room
with all the Republicans to try to save it. Domenici and Warner tried to help us a little bit, but ultimately couldn’t get there. That was a tragedy.

**Young:** This has already been covered, not here, but on the general subject of national security issues, foreign policy—leaving trade aside, out of that for the moment—was it the National Security Advisor’s Congressional relations or Congressional operations doing most of the work here?

**Stein:** Sometimes I joined in.

**Young:** But selectively?

**Stein:** We did a lot with Kosovo. During the impeachment year, the President didn’t do as many meetings with Congress, probably, certainly as you guys did. But then, in the subsequent year, with Kosovo, we did a ton of them. We had them down—actually, we used the Yellow Oval consistently. Bill Danvers had gone, but Sandy had a great staff. He had Mara Rudman, who had worked for Sam Gejdenson, and Miles Lackey, who had worked for David Bonior. Miles was fabulous. Miles ultimately went on to be [John] Edwards’ Chief of Staff. Yes, we had a great working relationship. Sandy was always good—he would go up the Hill any time. And we had to go up a lot.

**Young:** There was good working together of those two staffs?

**Stein:** Oh yes, I would go with him. Sandy determined the policies. I never had anything to do with that. But when it came to going, he’d always talk to me about what he was going to do when I’d go with him. I would fan out and do some of the presentations myself after watching him do them.

**Hilley:** Yes, we had good relations with Sandy, and Bill Danvers was terrific. As Larry says, they’d do the policy. I had a quieter period, of course. We’d go up together when the issue arose, but there weren’t the number of issues.

**Young:** Actually, the first Congressional relations person on the National Security Advisor’s staff was Madeleine Albright, under Zbig [Zbigniew Brzezinski]. It was a little bit rocky as to who was handling what on the Congressional side. Another thing happened then (and I wonder if you ever had this occasion) on the Panama Canal treaty, which was a very rocky issue. The White House brought in Bob Beckel of the State Department to be the point man on the Panama Canal when Carter himself wasn’t. Did you ever have occasion to bring in some policy experts outside your own area?

**Stein:** We did it on NATO expansion. Jeremy Rosner was his name.

**Young:** Detailed from somewhere else?

**Stein:** Yes, we did some special project things. It seems to me you had someone on Fast Track at one point, didn’t you?
Hilley: Yes. I forget who it was. He was an outside lobbyist—

Stein: Frequently it doesn’t work.

Hilley: It just didn’t work. They didn’t understand how Congress worked. Fast Track was one that we didn’t mention. The whole of what I called the A-Team had been totally focused on the budget, and by the time September came around, we said, “What about Fast Track?” The President still wanted it. Gephardt, who had done such a good job of marshaling the forces, and we had really driven the Democrats in the House to the edge on the budget deal. So we really didn’t have much of a stomach—but Erskine took it on as a personal crusade. We were trying to get at the end forty to forty-five Democrats in the House. That’s how bad it was.

We knew the Republicans had their votes. They maxed out, but they lost a few. We were being asked to produce only about forty, forty-five votes. Poor Erskine, he offered everything, every bridge, highway. It was an extraordinary effort, good old-fashioned politics, and we still couldn’t get there because they were exhausted for the year. It had played out. We had to roll a lot of them on the budget deal, and it just wasn’t in the cards at all.

Riley: There are a couple of general questions that we like to pose in conclusion. I’m curious about your perceptions of President Clinton’s enduring legacy for the Democratic Party. Do you perceive that there is one, and what that might be?

Young: Could I add a second question: legacy not only for the Party, but legacy for the Presidency and the country, both of those. They’re not one and the same.

Hilley: For me, particularly as I’ve been out a few years, I’ve become more disappointed with how things wound up. When we were in the Senate before President Clinton was around, we had an expression: The Republicans are always out to hang you, and the issue is, are you stupid enough to give them enough rope? That was just conventional wisdom, because you understood that they were always out to get you and their partisans were much tougher and hardball because they’re not the party of government. They really don’t believe in many of the things we view as the common good to be accomplished through government. So we carried an extra burden knowing that was always out there. They’d resort to things we wouldn’t. The thing that is most unfortunate about Clinton—he didn’t understand this. It’s also a blindness, frankly.

What I hold him culpable for is, with so much at stake in terms, obviously, of being the President, he didn’t understand that fundamental political fact, the conventional wisdom, and he gave them enough rope to hang him and to basically disrupt so much that could have been accomplished in his Presidency. That’s my great regret, because after he got his sea legs under him and the Republicans messed it up and he had the upper hand in ’96 and ’97, as Larry said, when he came in, if this hadn’t happened, there’s so much more we could have driven. He did well to balance the budget, but Bush has undone that. He could have done so much more on Larry’s watch if he hadn’t been disrupted by this.
Stein: You can quantify this. Whereas we are now probably in a ditch fiscally that we won’t be able to get out of, facing the retirement of the baby boom (which is going to be tremendously damaging to the social fabric because we’re in a fiscal ditch), if he hadn’t walked into this, we might have used those surpluses to repair Social Security. That would have put us in the diametric opposite position from the one we’re in right now. And instead of looking toward—when does it start going bankrupt? 2017?—disaster over the next ten years, we would be where we needed to be, and he could have taken credit for putting us there. But nope.

Hilley: I feel such regret over so much of the legacy that could have been and never was. I know there were some rough times. You can talk to people like George Stephanopoulos, where, in the dark days at the beginning and when he was trying for relevance, it got pretty bad inside there. But I have to say, as a person, in every instance when I was there, in my years, man, did this guy want to do the right thing. He was engaged, he wanted to move the party to the center. That was one of the legacies he actually hoped to do, to find a firmer footing for the Democratic Party in the center. But that was disrupted, as Larry said, by the fact that, his skin was relying on the left wing of the party to do that. So it’s a lot of lost opportunity. Tremendous potential coupled with some flaws and lack of understanding about how Washington works, in some ways. That’s a pretty blunt assessment. It short-circuited his potential.

Stein: I agree with all of that. Having lived through it, I really agree. But I’ve thought a lot more about the general historical horizon than the specifics, which I have not wanted to think about. I really talked about them here more than I’ve talked about them. But, in retrospect, his will have been a really interesting eight years after the fall of the wall, after the end of the Cold War, and before the beginning of what now, I think, is probably a new war.

I wasn’t buying the war metaphor until Bush made it so. My view of his legacy is reasoned fiscal prudence with a social conscience and enlightened internationalism, with a view of the global economy and a vision for what technology could do. Those eight years may be a very glimmering interregnum between two really dark periods. I don’t think it had to be that way. Again, to some degree, it’s his fault that it was only eight years, because he could possibly have built a sufficient foundation in his last three to make it possible for Gore to go forward.

Hilley: Oh, absolutely.

Stein: That’s the way I would think about it from the party’s angle. From the country’s side, which you added, I think he had the right philosophy. He had especially the right philosophy for the post-Cold War period. I’m not sure the country ever understood what his philosophy was, but he did. At the current moment, internationalism is the reverse of where we are, in both parties. Whereas the Republicans have gone to a kind of brazen unilateral militarism, the Democrats have gone to isolationist economics—which I think is foolish—so on both sides you’ve lost this. I think it’s awful.

Hilley: On the Gore thing, just to follow up. As part of our polling or testing of everything, we always monitored the Vice President’s performance, favorables, everything like that, approval. And if we had just stayed where we were in ’96 and ’97, this guy was a shoo-in. It would have
been an obvious continuation of Clinton. If Clinton could have kept up what he was accomplishing and not been disrupted and so short-sighted about his responsibility—

**Young:** Then Gore couldn’t run as his Vice President, as someone who had been associated—if he had, it might be a different story.

**Riley:** You said before that you think that people underestimate the number of burdens, or the weight of the burdens, on Gore’s shoulders going into 2000. Is it your general sense that he ran a competent campaign? Should he have made more use of President Clinton?

**Stein:** Having done a lot of political campaign work, I’m a little softer judge of people and people’s outcomes than others. I thought it was a very difficult disentangling job that he had. It’s easily stated. He had to disassociate himself from Clinton’s morality and associate himself with Clinton’s economics. You can say it pretty simply. If you look back on the way he ran the race, he figured out a reasonably good way to disassociate himself from Clinton’s morality when he named Lieberman. He never figured out a good way to capture the economics, partly because it wasn’t in him to want to, and I know a lot—

**Riley:** Meaning?

**Stein:** People don’t understand Al Gore’s roots very well, partly because he doesn’t understand his own very well, which is an odd thing. But I think it’s true. His center is really in populist Democratic politics going back to his dad and to a tradition in Tennessee that most people don’t understand. I understand it, I grew up in it politically, and I’ve known him—known him well—since he was writing editorials at the *Nashville Tennessean*. The problem for Gore was that he really constructed a very careful political persona that was always actually New Democrat. He was a techno guy, he was one of the first Atari Democrats, one of the original new Dems. And he did that because Tennessee is a fundamentally conservative state. He watched his dad get beaten by a complete loser, Bill Brock, and he hated that. He wasn’t going to allow it to happen to him.

But the truth is, his dad’s rhetoric was still his own upbringing. And when he got free, when he thought he got free, he resorted to it. Now his pollsters were telling him that that was the right thing to do, but it was downhill—it was easy to get him to do it. That’s what he did. For a while there, I watched him and I thought for the first time he was comfortable with himself. But it was bad political strategy.

**Hilley:** Given the circumstances, I think they ran a very good campaign. After all, he won the election.

**Stein:** He did win the election, people forget that.

**Hilley:** Against all odds, given where he came from.

**Stein:** Absolutely, and punditry has been much more brutal on him than they should be. He doesn’t deserve it. Also, his guys and he cherry-picked the right states and won them. That is political art to do that, and he’s getting no credit for it. You don’t just win Pennsylvania,
Michigan, and all of those states—not to mention that he really won Florida anyway. Does anyone in this room believe that George Bush won that election? He didn’t win the election. It’s a flat fact.

Hilley: The mistake Gore made—and this was just the easiest politics—was not asking for an entire recount, but trying to cherry-pick the recount.

Stein: The Jewish voters in West Palm who voted for Pat Buchanan will tell you that Bush didn’t win the election.

Riley: There were a lot of them, weren’t there?

Stein: Three thousand of them. And when the press did the recounts, how they came out with those conclusions is a complete mystery to me. I don’t believe them.

Riley: The Buchanan votes weren’t recounted.

Stein: I understand. But even on the recount basis, excluding the three thousand votes, I still don’t believe Bush won the election.

Hilley: When I saw old Jim Baker show up, that demonstrated once again the hardball capacity of the Republicans. They know how to do it. Unfortunately, our guys were outfoxed post-election. It was their own stupidity not to take the high ground and get the entire state recount.

Stein: That’s true. That was a bad call.

Hilley: I have no idea where that came from.

Stein: I don’t know either.

Riley: What are we missing?

Stein: Probably a ton, but—

Hilley: I have fond memories of Clinton as a guy who really did want to do right, and who, as a public policy President, as Larry described it perfectly, had the right sentiments both domestically and internationally.

Stein: I really enjoyed working for him. Despite what I’ve just described at gruesome length, I really liked him. I’d like to get that on the record.

Hilley: The other thing, having been in business afterwards—you’ll get to meet all these people, and I think you’ll reach the same conclusion—the quality of the people in that White House, the absolute lack of backbiting. You always have egos, but, man, was there a cooperative, can-do, let’s-get-it-done spirit of the finest quality people.
The other thing is the amount of planning, organization, and discipline coming out of that White House in terms of when we set something, we knew what we were doing across the spectrum. We knew how to move the legislation. The discipline and the organization in that White House went completely against the common conception.

**Stein:** Government is bureaucratic and business is efficient.

**Hilley:** These were some of the finest, best people I’ve ever been associated with—

**Stein:** Me too.

**Hilley:** Head and shoulders above what you find out there in other parts of the real world. The discipline, planning, and ability to execute far outshine what exists in the American business world.

**Young:** You can’t do, unfortunately, a comparative oral history with Enron.

**Hilley:** But it’s in the paper every day. The values are so different from what you’re there for.

**Young:** Yes, and the purpose is different.

**Hilley:** That’s what I mean.

**Young:** I think in general—and particularly in this day and age where there’s so much parody of people in political life, in public life, and such readiness to see cynicism (not that some part of it isn’t fully deserved)—it leads to a stereotype that makes it very difficult to understand the quality of mind and dedication of a person who can step in and be a public servant, even if only for a few years. That’s the universal impression you get in all our colleagues who go interviewing to try to learn about their subject or write their book and talk with people. There’s a universal respect for the high-level professionalism and quality of most of the people they talk to, and a good deal of respect for even the elected politicians. But it’s very hard to communicate that. They don’t own a press.

**Hilley:** The other piece of it is—and Larry has threaded this through a lot of his statement—you don’t get there with people coming off the street. My first three years in the Senate, I had absolutely no idea what was going on. It is such a complex institution, just to learn it. What made it work was you were dealing with professionals who had been at it at least a decade, if not fifteen years or more, by the time they got to this. It’s a professionalism and an art gained, not through intuition, but through experience. It’s the most complex setting in the world, making the government move forward.

**Stein:** Extremely difficult place.

**Riley:** In that sense there is some value to the nation, quite apart from any partisan considerations, of having another Democratic Presidency at some point in the fairly near future,
in order to sustain that kind of professional community within the party that really didn’t exist so much—at least in the executive branch—when President Clinton took over.

**Stein:** Yes, it’s a huge problem, because when we were out of power for twelve years—and I think Clinton’s first two years show this—there was not a deep bench. We didn’t have the experience. There were efforts to reach back even to Carter, and I don’t think that was too useful.

**Hilley:** There were one or two good ones, though, the guy who did a lot of our international—Stu Eizenstat? Stu was the one guy who could really bridge the—

**Stein:** He was very good.

**Hilley:** The other thing, though, that the current President reminds us all about, is eternal vigilance. In a democracy, everything is up for grabs every day, and your good works can be undone just like that [snaps fingers]. This guy has screwed things up about as well as you can screw them up in a three-year period.

**Stein:** In a mere three years, stunning.

**Hilley:** On the international and domestic front, it just shows you, it always takes exertion and good effort just to hold things together. Nothing is forever.

**Young:** Would it have been this way without 9/11?

**Stein:** No, I think he would be on the verge of being removed without 9/11, without much question. His numbers were in a horrible position before 9/11. His policies would have done nothing to change that. He would be in a really bad position—not that he isn’t now anyway. Who knows what will change?

But if you watch his numbers, his has been one of the most bizarre of Presidencies. He starts off here, right about 47-48%, and he goes up to the 70s for an event, then he slowly drops back down to his natural level. They have used 9/11 mercilessly to levitate him. I don’t think he’d be re-electable without it. It’s hard to even talk about this because you’re saying that absent the most central event of the last three years, what would he be?

**Hilley:** I don’t even fault him so much for the Iraq thing, other than the incredible amount of incompetence. There was misjudgment about the intelligence. He was told there are weapons, it’s there, and Saddam is a bad guy. So I can actually understand it. What I really resent him for is that under the umbrella of 9/11, he has done so many abysmal things on the domestic front, whether it be fiscal policy or the environment—This goes to Larry’s point. Without 9/11, that would have all been laid bare. That would have been the debate, and this guy could not possibly sustain his Presidency on his domestic policies.

**Stein:** I also think he has contrived a vocabulary of chosen-ness about us, a war vocabulary, a “them versus us” vocabulary that has just been poisonous around the world.
Hilley: You know, when you do the Bush Presidency, we’d love to talk about that.

Young: We have a rule that we never tell anybody at one interview what people at another interview said, and I’m reminded of the wisdom of that rule.

Stein: Well, we’ll excise this.

Riley: No, by all means leave it in.

Young: We don’t excise anything.

Riley: This is important datum about where we are.

Stein: Well, it’s not relevant to what we’re supposed to be—

Hilley: It is in the way that not only did Clinton short-circuit his own potential accomplishments, but it shows you how quickly much can be lost.

Stein: That’s true.

Young: And if you compare the two, Clinton comes out pretty good.

Hilley: Let’s hope the electorate has such good sense.

Stein: One wonders whether the electorate will figure it out.

Young: In terms of accomplishment, not everything that could have been done perhaps was, but—

Hilley: It was a great decade.

Stein: Yes.

Riley: I want to thank both of you very much, you’ve been—

Stein: I can’t tell you the last three hours have been pleasant, but I’ve enjoyed it.

Hilley: I found it very enlightening. [laughter]

Riley: We did, too. For everybody there are often difficult periods to discuss, but you’ve done us a great service here. More importantly, there are going to be people decades from now who come back to these materials to get a sense of understanding of what happened, and there will be implications for that that we don’t foresee. It’s just so important to have this kind of stuff on the record when there aren’t going to be written records.

Hilley: I’m leaving my Bush comments in.
Riley: Please do that. We’re deeply grateful. Having both of you at the same session was an especially good idea.

Young: People will hear various people of a Presidency speaking in that Presidency’s own voice. It’s not always the same voice, but that’s very important because this is real, even though it’s retrospective. I was partly trained in anthropology, and I see these as fieldwork with my tribes. You come through very authentically.

Riley: Thank you very much.