Heininger: This is an interview with John Hilley on September 21, 2007. Why don’t we start by telling me when you first met Kennedy.

Hilley: Yikes! When I first met Kennedy. Well, let’s see. I was a lowly staffer on the Budget Committee for a number of years, before rising to be staff director. I dealt with him in the ‘80s, only tangentially as a staffer though, on the Budget Committee. So it would be some time in the late ’80s, when I was staff director for Jim Sasser, when I met him. As I became [George] Mitchell’s Chief of Staff, I dealt with him more so, and then in the White House, quite a bit as well.

Heininger: What were your initial impressions of Kennedy?

Hilley: Well, he’s a very imposing person. His reputation precedes him, so unlike most of the people you meet who are a blank slate as a persona, you’re sort of in awe of him initially. But I found him to be a remarkably nice guy. Easy to deal with, very substantive, always to the point. No wasted energy in terms of lollygagging or off the point. Always business, in all my dealings with him. I’m very impressed. I’d say he’s actually one of the top legislators that I knew in my 14 or 15 years in the Senate. I’d definitely place him in the top three.

Heininger: How was he on budget issues, which is not his major jurisdiction?

Hilley: It’s interesting. On the budget issues, it’s really all about budget committee, appropriations, and the tax-writing committees—is the world of the budget. The authorizers—many things come along but they’re not part of the daily grist of the budget. Then when I became Mitchell’s Chief of Staff, much more so, because every interesting issue came walking through the door, as you know. So much more so in those days, and with a lot of budgetary implications, as some of these issues we’ll talk about.

But a good guy. A very accomplished legislator. That’s the one thing I would absolutely say. Mitchell, [Robert] Byrd, [Joseph] Biden, who is a very accomplished legislator, Sam Nunn, and Kennedy. Those would be my—not in that order maybe, I’d put Kennedy in the top three. But as a person who loved legislation, understood it, knew the committee, knew how to work the
process, knew how to work members, knew how to work with the leadership, most of the time. He was just an excellent legislator. In fact, I would say that’s what most people don’t understand about him, because so much is this public veneer, and Teddy this and Teddy that. But as a truly devoted, hands-on, substantive legislator, who knows the process and works it very well, I’d place him right there near the top.

**Heininger:** Do you see differences in him between when the Democrats were in the minority versus when they were in the majority?

**Hilley:** Not so much. I really don’t. To me, he’s always been a plow ahead and under the same sort of motif, to be honest with you. He’s always been a great Democrat. He’s very liberal. I really like his values and the kind of things he’s fought for and stood for, but that’s been a constant, Republicans or Democrats in the majority. In fact, one of the main things I would say about him is his ability to work across the aisle. I’m sure that’s come up in other conversations. It’s hard to think of another Senator who could work so well across the aisle. Of course, that amplifies the first point about him being a terrific legislator, because in the kinds of majorities, minorities, in the flux in the Senate over the last 20 years, you couldn’t get a lot done without being able to work across the aisle. It’s just that the margins have been so close, and we’ve shifted power, what, three or four times now?

But no, what I liked about him is he’s always been a great liberal and a champion of the working men and women. Honestly, not much of a difference between when we were in power and they were in power. Just always pushing ahead to the best of his ability.

**Heininger:** Who were some of his partners in working across the aisle?

**Hilley:** Lots. That was what was so amazing. From a moderate Republican, Nancy Kassebaum, all the way to an Alan Simpson, and with all matters in between, [Arlen] Specter. Let’s see, who are his main buddies? [Orrin] Hatch, of course, very conservative. Simpson and Hatch, at that end of the spectrum, and then Kassebaum and Specter and [John] McCain, and these other people who sort of range— So an amazing reach, I think, across the aisle.

**Heininger:** He even did the church burnings with Lauch Faircloth.

**Hilley:** Oh, really?

**Heininger:** Which is way on the other side of the aisle.

**Hilley:** Yes. I’d forgotten about him. If I had to say—one phrase that I think applies to him is he’s a bipartisan partisan, which means he knows how to work the process, can be bipartisan, can reach across to the spectrum of Republicans to get things done—sometimes unsuccessully—but always a willingness to reach to the other side. But even with that, there’s this good kind of partisanship. I don’t mean that in a negative way at all, because that’s what Washington is, it’s partisans. To my mind, he’s the epitome of a bipartisan partisan, who can work on both sides of the aisle.
Heininger: How were your relations with his staff?

Hilley: Good, good always. The unforgettable Nick [Bancroft] Littlefield. I always had great relations with Nick. He was a little flighty, hyperenergetic, always excited, but basically a decent guy to deal with.

[BREAK]

Heininger: You were talking about Nick Littlefield?

Hilley: Yes. I like Nick. Personally, I found him easy to work with, very open, would come running in all the time and share his problems and travails with us. This is in the leadership level, when I worked for Mitchell. Nick was a little hyped up, always had a full plate, always had lots of ideas of things to do, whether they made perfect sense or not. But I liked Nick a lot.

Heininger: During the [William] Clinton national health insurance, why did there seem to be a moment of opportunity? There had been 20 years in which nothing had happened. Why did this seem to be a moment of opportunity under Clinton?

Hilley: The attempted ’93 health care?

Heininger: Yes.

Hilley: My opinion is very different. It was never a moment of opportunity, absolutely not.

Heininger: That’s why I said why did it seem.

Hilley: Oh, seem. OK, thanks. Boy, from where I sat, it seemed like hell, to tell you the truth. Two things were happening. The administration was not far enough along to understand how to do this properly—and that’s all part of the public record and I’m sure it will resurface here in 2008—so they were way too green to be able to do this properly. But on the other hand, the Republicans, because of the complexity of the issue and the opportunities that had been created by the White House’s mishandling of it, were just out to kill. There was no way [Robert] Dole and his guys were going to do anything in that year because they saw that it was too important electorally as an issue. So for all that we went through, there was never a real chance. In fact, in the late summer of ’94, when we had this bipartisan group that was trying to revive it after it had melted, that bipartisan group was a sham. There was no way that Dole and the leadership of the Republicans were going to let that take life either. So, on the first, second, or third bounce, it was dead.

The politics weren’t lined up right nationally either. I mean, you had business lined up against it. I don’t have to repeat all that, but there was not an opportunity. Now, Kennedy played a very
constructive role. I would like to have seen him much more involved. In other words, we basically had this thing conjured up and said, “Here it is, here’s this way to do this national health care,” when the proper approach would have been to gather a Kennedy and a Mitchell, people like that, and say, “OK, here’s our goal, what’s the best we can do,” rather than, “Here’s this immaculate conception, do it.” That just doesn’t work.

Heininger: Well, let’s run a couple of scenarios. Judy Feder and the transition team had been putting together a package. Pay or play was certainly in the mixes of what had been worked out before Clinton came into office. That gets junked in favor of the task force. What’s your sense about why that decision was made?

Hilley: No idea. A bad decision. No idea, honestly. Like I said, the problem was it was conjured up over here and then dropped on us, rather than saying let’s try to do this. Now, they may object to that. I liked Judy a lot, and Ira [Magaziner], but you had these people who have virtually no legislative experience coming in. It’s so hard on any new President, with people who don’t know how the system works. It’s like you said, no one can understand the Senate unless they work at it.

So I don’t know how those decisions were made, and I don’t know how Mrs. [Hillary] Clinton decided that that was the right issue for her, to come in out of a small state and think that the most difficult problem, domestic issue, in terms of its complexity, which Kennedy had been laboring over for 20 years already, could be solved whole cloth. And of course, they learned the lesson of that because after that meltdown, our approach to health care, as Chris [Jennings] I’m sure has given you chapter and verse on, was an incremental approach.

Heininger: Right.

Hilley: Anyway, I don’t know why they did it that way. I applaud the ambition, and I also will reemphasize that even though it wasn’t handled in the best possible way, the Republicans were out to stop it, no matter what.

Heininger: Do you think they were out to stop it from the very beginning? Why?

Hilley: Because the legislative beginning was the arrival of this huge—you know, the Dole chart—this huge, complex thing, and it was just—

Heininger: This is not until the fall of ’93.

Hilley: What’s that?

Heininger: Clinton’s plan does not arrive until October or November of ’93.

Hilley: Right, exactly. Well, we had been exhausting ourselves on the budget package in ’93. I mean, that was the dominating thing, of course. As of its arrival, they saw that they didn’t like it on policy grounds. It was a sitting duck on political grounds, and that was that, in my opinion.
Heininger: Well, turn it the other way. If Clinton had come in and presented a health-care plan to be dealt with, changed by Congress, whatever, from day one, and made that first priority, what do you think would have been the response?

Hilley: I don’t know. No one knows. But I guess he could have— There have been very few large-scale bipartisan accomplishments. That’s why I wrote my latest book, too, to go through how the most significant one, the ’97 budget accord, actually happened. There were so many circumstances that didn’t make it right, so I don’t know what would have happened. The key is always to engage the leaders of the other side very early on, and then you get the reading of whether—you know, wrapping your arms around them and trying to make them part of the process is your only hope when they control the vote.

Heininger: Was there no consultation between Clinton and Mitchell?

Hilley: Oh sure, sure. But as I say, the policy apparatus for the formulation of the plan did not occur in Congress in a bipartisan way. It occurred outside and it was delivered unto us, which was fine, but it was a mistake. When that showed up, it was easy pickings for the Republicans. I don’t know, though, if a bipartisan process could have worked. We have no idea. It’s such a difficult issue.

Heininger: What other things interfered with timing at the beginning of Clinton’s administration?

Hilley: The timing of what, please?

Heininger: The timing of getting anything accomplished. Gays in the military.

Hilley: That was bad.

Heininger: Budget.

Hilley: Attorney General.

Heininger: Economic stimulus.

Hilley: Yes, that was a disaster. Economic stimulus was a four-square disaster. Well, Clinton was very fortunate in ’93 and ’94, that he had Mitchell as leader and the very capable Tom Foley and [Richard] Gephardt over there. As you know, there were all the missteps that are well chronicled, about gays and appointments of attorney generals, travel, you know everything’s out there. Remember, the ’93 package was completely partisan. Not a single Republican, in the House or the Senate, voted for the ’93 package. So there was no bipartisanship at all. That was doomed to failure because the package that Clinton sent up was half and half, taxes and spending restraint. There was no way.

So that was a fully partisan thing, and you’re coming off an incredibly partisan year, leading into the most complicated domestic policy issue that there is, and so it’s no surprise. Look, the
Republicans, after ’93, particularly in the House, thought, *Oh, my God, we have a chance to retake the House and the Senate because of the tax increases.* Well then, here comes health care? The toughest domestic political issue, *policy* issue, and served up in a way that allowed them to further amplify their message, and they were successful in ’94. So in that period, given those two major things, there was not room for bipartisanship.

**Heininger:** What was the Hill’s response to Clinton appointing his wife to head the task force?

**Hilley:** I don’t know. You’d have to ask individual members. The appointment may or may not have made sense. The way it turned out was the issue. I mean, the way it was put together, without trying the bipartisan way. I hope I’m not contradicting myself, because on the one hand, I can fault the administration for the way they went at it, i.e., not including the Republicans in Congress early enough up front. Although on the other hand, and I’m saying fairly strongly, that given the experience of ’93, and the desire to take both the House and the Senate, which was number one in their minds, that it’s highly unlikely. Even if it had been sliced up, done to perfection, all the outreach in the world, it probably wouldn’t have worked, both because of the politics, number one, and two, the difficulty of the issue.

**Heininger:** What difference would it have made if [Lloyd] Bentsen hadn’t moved to Treasury?

**Hilley:** Whew. Oh, my God. It was very unfortunate for the Senate that Bentsen left. Look, I don’t blame him. I’m sorry; I’ll put Lloyd Bentsen in my top five legislators. He was this incredibly capable guy, who could control his committee, who was tight with Mitchell, whom we relied on all the time, and then poof, he was gone and we had Daniel Patrick Moynihan, who was, as a legislator, not competent.

**Heininger:** What about the loss of [Daniel] Rostenkowski?

**Hilley:** The House is so different, as you know. There’s not much finesse in the House. Rosty was good at that, but I don’t think we ever missed him.

**Heininger:** Would things have been different in terms of how Clinton’s package was dealt with in the Senate if Bentsen had been there?

**Hilley:** Sure, the Finance Committee has, of all committees in the Senate, prided itself on its bipartisanship historically. So yes, it could have been different. I guess I would rate that pretty far down the ladder in terms of the two dominant factors, which were, once again, the partisanship and the attempt to take the House and the Senate in ’94, and the inherent complexity of the issue combined with just the lack of experience of how to approach it by the Clinton White House at that point. Although I will say, as a member of the Clinton White House later, we’d gotten pretty damn good at doing things legislatively by the later times.

**Heininger:** Experience.

**Hilley:** Experience.
Heininger: Learning from experience.

Hilley: Learning from experience.

Heininger: All right. So once the package comes up, then what happens? What’s the role that Mitchell assigned to Kennedy at that point?

Hilley: You’re going to have to ask him. I’m not much aware of that sort of divvying up. The things I got thrown in my lap were the budget and trust fund issues, and how this thing is ever going to be paid for, what’s on budget, what’s off budget. That was largely what I was delegated to handle, because of my background and such like that. I will say we were not successful, because CBO [Congressional Budget Office], I have to say it rightly, under Bob Reischauer, correctly told us, “Are you guys kidding, off budget, or who are you kidding?” We were just trying to finesse it off budget so we could afford to do it. So I just have to defer to Mitchell and others about what role was assigned to Teddy. I know what my thankless task was.

Heininger: For what you were observing, what were you seeing him doing?

Hilley: Always very involved, again, but I just—

Heininger: But on substance, or was he involved in the process? Was he a cheerleader for it?

Hilley: There wasn’t much process, to be honest with you, because here comes this thing. The bill is introduced, the bill is filibustered, the bill is dead. A bipartisan group comes along, it’s fake; the bill is dead. I mean, the process was fairly abrupt. For all that struggling, there wasn’t much of a process going on. It was dead. Honestly, what Mitchell asked Kennedy—I mean, Kennedy, as you know, is always involved in everything. I’m sure he was relaying, as he did to us about all our issues in the White House, his feelings and everything like that, but I don’t have much information about that.

Heininger: Did Mitchell have any involvement? Did he have any staff dealing with the task force?

Hilley: Yes, sure. Chris Williams, you should talk to Christine Williams. But anyway, yes. Chris Williams was the conduit into the task force. And they would come up—Look, I’m not faulting them, it’s just the way it was. They’d come up and involve the caucus, and Judy and Ira were always up there, trying to work with everybody. But still, from where I sat, it was a partisan undertaking all the way, just like ’93 was. Of course, it couldn’t get through, unlike the tax bill. Here’s the difference. The reconciliation bill: 50 votes. No filibuster of the reconciliation bill, that’s why we could do the ’93 package, with [Albert] Gore supplying the tie-breaking vote. Health care, forget it: 60 votes. We just didn’t have the votes. We had 56 Senators, they had us blocked. There was just no way. It’s like what you see every day up in the Senate these days.

Heininger: There was a desire to put the health-care package on budget reconciliation.

Hilley: Sure.
Heininger: What were the discussions about that?

Hilley: Well, it would have been a pure and simple abuse of the reconciliation process and would have probably fallen under the Byrd rule. I mean, it’s a nice thought but reconciliation is to save money, not to spend money. I’m sure it would have fallen under the Byrd rule. So that’s why they attempted to move everything off budget.

Heininger: Do you recall anybody talking to Byrd about it?

Hilley: I don’t know.

Heininger: From what I’ve heard, he blocked it. He said there was a discussion where he said no way.

Hilley: He’s absolutely right. It would have been an absolute abuse of the reconciliation process. [William] Frist was the one who finally just totally abused reconciliation. They would put anything on it. But no, back in the day, remember, we had killed [George] H. W. Bush’s capital gains by stripping the reconciliation bill under the Byrd rule.

Heininger: Right.

Hilley: Just to throw a little few hundred billion dollar baby on there, that ain’t right. So that wasn’t happening.

Heininger: All right. So the thing comes up. What happens in the committees, anything?

Hilley: Don’t know. I forget, to be honest with you. You’d have to talk to Nick about that. I forget. All I know was, we never even come close to having the votes.

Heininger: Did Mitchell consult Bob Dole on health?

Hilley: Sure, all the time. We had a partisan, but very open, no surprise, constructive relationship with Dole, Mitchell, and we always did. I did with Sheila [Burke]. We knew where the other stood; there were no midnight surprises, and so all these things we talked about. When we stripped the reconciliation bill, we let him know beforehand that we were going to call up the Byrd rule. It was as good a partisan working relationship as you could have hoped for. So yes, we were absolutely open, and he was with us, talking to us about their intentions and what they intended to do.

Heininger: Did you have a sense that there were Republicans who expected there to be some kind of health reform at the beginning?

Hilley: Well, here’s the thing about the Republican caucus, and you see it today. John Warner is a great example. They’ll make public posturing like they’re on to some bipartisan, or really just a stance away from either the President or the party, but at the end of the day, they’re rarely there.
So all of the guys who were lining up for health care, they were the—I don’t want to be unfair. On some of the issues, like appropriations issues, they would split with Dole and the party leadership, but on the big ones that were big politics, these guys never split, never split. Whether it was the reconciliation, you name it, on the big, high-profile issues. I don’t know what they said in their public pronouncements or whatever, but we knew, at the end of the day, when push came to shove on a cloture vote, they would not be there. Just no way.

**Heininger:** Did you get a sense from Sheila, early on, that Dole thought that there might be something that’s going to come out of this process?

**Hilley:** I can’t remember, but I doubt it. Again, three converging factors. Number one, two, and three, actually, is the politics of ’94, and them being very close to taking the House and the Senate. Then the complexity issue, and then the way the handoff was accomplished, which was a nonbipartisan approach to the presentation of the legislation. So I don’t know what Sheila and I might have said those days. It’s all slipped away, but we were under no illusions.

**Heininger:** On the complexities, what made it so complex?

**Hilley:** Everything.

**Heininger:** The 1,400 pages?

**Hilley:** No, it’s just that the issue is so hard. I mean, look at the health plans out there today in this election. Even trying to distill it down for public consumption, it’s a horrendously difficult public policy issue because it’s not only a financing issue, it melds all the most complicated of the public, the private sector, interlaid with major financing issues, major distributional issues, major delivery issues. It is just a huge public policy question of what’s the proper way to go at this? The complication is inherent in the issue. To their credit, Judy and Ira and Mrs. Clinton realized this, and therefore their legislation reflected that. So there you go.

**Heininger:** Did you feel it was dead from day one?

**Hilley:** No, no. We don’t ever blow the whistle at that point.

**Heininger:** I know, but privately, did you?

**Hilley:** No, no.

**Heininger:** When did you feel like this was going to be dead?

**Hilley:** Early. One of the benefits of being in the leader’s office is that you know what’s going on and where the votes are. So, early. I’m sorry, I can’t say a date.

**Heininger:** But before the bill came up?

**Hilley:** No.
Heininger: OK. When do you have a sense that Mitchell felt that it was dead?

Hilley: I don’t know.

Heininger: Later?

Hilley: I wouldn’t pretend to speak for him. I don’t know.

Heininger: When did you leave to go into the White House?

Hilley: I arrived at the White House at the beginning of 1996.

Heininger: So you were still there when Kennedy-Kassebaum was around. Why don’t you tell me about that.

Hilley: Kennedy-Kassebaum, I was in the White House, in ’96, yes.

Heininger: When we get the failure of systemic reform, and a movement to incremental reform, tell me about Kennedy-Kassebaum.

Hilley: OK, well—

Heininger: Why does it go through?

Hilley: Because it is incremental and it is bipartisan, and you have two very able Senators, Kennedy and Kassebaum. Here’s a funny story. When I was at the White House—Bill Thomas of the Ways and Means Committee—we were doing some early outreach with the Republicans. I think it was either the lunch bunch or one group like that, and he was there. I said, “We can work in a bipartisan way.” This must have been at the beginning of ’97 or something. “We can work in a bipartisan way. For instance, the Kennedy-Kassebaum health bill.” He frickin’ exploded. He went nuts. He stands up and starts screaming. Do you know what he was screaming about?

Heininger: The name order.

Hilley: Kassebaum-Kennedy. But anyway, let me just take it back a second. So we have a health-care meltdown in ’94. In ’95 then, they come in, Contract with America. The blitzkrieg of the contract budget. The amazing budget standoff. That was ’95. That was just the hell of the budget standoff, which we won decisively. They shut down the government, unfortunately advertised it months in advance. The impasse, you know, and then just the complete meltdown.

What I’m leading up to is ’96. So you have a huge partisan meltdown going on in ’95, but then what happens in ’96 is everyone is licking their wounds, the Republicans. They realized that they have blundered fairly severely. One of the key political dynamics to realize about ’96 is the Republicans knew they needed to, in some manner, redeem themselves. I’m not talking about health care as an issue. I’m talking about writ large, at the political level. They totally—what’s
the phrase?—screwed up, or something like that. They just screwed up in ’95 horrifically, fearing, now that ’96 is coming along, a Presidential election for a President who’s on an upward swing because he wins the showdown. Then you have Dole leaving the Senate because he finally figures out that he can’t run a Presidential campaign from the Senate. So you have Trent Lott come in. Lott, whom I like and admire tremendously, figures out that, hey, I’ve got to get something done with this administration.

So the key to the five or six significant pieces of legislation that we got done in ’96, the overarching political dynamic, is that the majority of the Republican Party was very much interested in bipartisan accomplishment. That’s the overlay that laid the foundation for the five or six bills that we were able to get done.

**Heininger:** Both House and Senate?

**Hilley:** Oh, yes. The House knew they were in trouble. Of course, they’re not used to compromising or are as adept at it. The truth is, the major pieces were Kennedy-Kassebaum, safe water drinking, increasing the minimum wage, and the business taxes that went with that, welfare—that’s sort of a separate story, the welfare reform bill—some small business bills. All those happened underneath the umbrella of Republican leadership, largely in the Senate, but also in the House, which was interested in a bipartisan accomplishment to hopefully erase the sins of ’95, and some capable legislators willing to reach across the middle, led by Trent Lott. None of this would have happened without him.

And, of course, we had Dick Morris working both sides of the street in ’96. He was the principal adviser to Lott and to Clinton at the same time, in a Presidential election year, which was very helpful, I have to say. He was a very useful conduit to Lott. That’s the overlay of why.... Whereas if Kassebaum would have totally, hypothetically, stuck her head out and said, in ’94, let’s do health-care reform, the leadership would have sat on it. In ’96, they were wanting bipartisan accomplishment, fitting with their political views, sort of the incremental. So that’s what laid the foundation for all these, including the Kennedy-Kassebaum bill.

**Heininger:** So both sides had a vested interest in making something happen.

**Hilley:** Absolutely, exactly, in ’96.

**Heininger:** So why did they choose this one?

**Hilley:** A good issue. It’s just a great issue. You’ve got the portability, which was very resonant at that point. You had the preexisting health conditions, which people understand.

**Heininger:** They do.

**Hilley:** These are just really good issues. So the issues were right, and as I said, there was this political overlay. Of course, not to deemphasize this at all, but you had two—particularly Kennedy—accomplished legislators who could get this done.
Heininger: Now, sitting in the White House, what was your view of Kennedy at this point?

Hilley: Oh very positive. I always liked the guy, I have to say. Now, as we come into ’97, I have a few other stories to tell, but on this bill it was good communication. I’m sure Chris has given you chapter and verse on that, about the substance of it. But the communication was always good, open channel, very positive. We all wanted the same thing, worked together. So perfectly good, I’d say.

Heininger: Good communication between Clinton and Kennedy?

Hilley: I’m assuming. I don’t know. I wasn’t privy to everything.

Heininger: Were you dealing with Kennedy’s staff at all?

Hilley: Sure, sure. David Nexon was a big part of everything, always. I should have mentioned that before. David’s a very substantive, very knowledgeable guy, not abrasive at all, easy to get along with. Christine Williams and everybody, Chris Jennings in the White House; everybody was working with David throughout these years, and I should have mentioned that. The Kennedy-Kassebaum was really a nice, nice piece of legislation that was both bipartisan, but everybody was pulling in the same direction fundamentally.

Heininger: OK. So why does it not work for the Patients’ Bill of Rights?

Hilley: You have to remind me. Why didn’t that work?

Heininger: It goes through a bunch of different iterations, and ultimately it gets—none of which go through. Eventually, Clinton issues an Executive Order that provides the basis for the kind of privacy regulations that we’ve got now, but they were never able to get it legislated.

Hilley: I see. OK, sorry.

Heininger: And it's kind of an anomaly in here.

Hilley: I’d have to look at it. If I went back and looked at—

Heininger: There was even a commission on it, saying that this needed to be done.

Hilley: A commission usually means that you don’t have the votes.

Heininger: You can’t get it passed, right. [laughter]

Hilley: You can’t get it passed. So I’d have to look at the substance to recall why it died. I’m sure there are many, many reasons. But anyway, the Kennedy-Kassebaum was very good. Kennedy was very constructive.

Now, do you want me to tell you some things he did that we didn’t like so much?
Heininger: Yes, absolutely. We need the White House perspective on it.

Hilley: Well, let’s see, ’97. Let me go back to the immigration bill in 1996. He’s one active guy. He and Alan Simpson were cooking up an immigration compromise that the White House didn’t want. He absolutely was running ahead of us and trying to reach an agreement. I don’t want to put a negative slant on it at all, but it was contrary to what the White House decided it could tolerate. So I had to go in there and blow it up. There was a conference going on somewhere on the third floor of the Capitol, and I was the designated person who got to go in there and tell them, “This does not fly. The White House, the President will not sign the legislation in its current form, and you guys need to step back and do X, Y, and Z.” That’s an example of where all sides would have benefited from more consultation than an eleventh-hour blow at the conference. They were doing something that could have led to a veto. So that was one.

Now, on the ’97 balanced budget agreement. Kennedy, as it turned out, played a very constructive role but in a very maddening way because of his and Hatch’s—you remember the tobacco tax for SCHIP [State Children’s Health Insurance Program], as it turned out they called it, the children’s health initiative?

Heininger: Yes.

Hilley: Kennedy, honest to God—and Chris, I’m sure, has told you this. We offered to work with him months before they threw this amendment out on the reconciliation bill. You know, “Let’s get together, let’s work it out, let’s get our policy experts together. Let’s try to integrate it into the process,” yada yada. Absolutely not. He was off on his own, he and Hatch, and a bunch of Finance and Labor compatriots. We had already concluded a $16 billion deal on health care for children. Lott, of course, was hugely opposed to tobacco tax increases. That was the stumbling block. So we did two things. We said, first, “Let’s get involved and see if we can get it into the negotiation.” Then second, we said, “Dammit, if you’ll just hold off, we will, with Lott’s help, do this as a follow-up standalone.” Kennedy said he would absolutely have nothing to do with that.

So there we were. The administration, who was the key proponent of the SCHIP, when Kennedy and Hatch offered their amendment on the floor, which threatened to blow up our wonderful bipartisan agreement, there we were, being forced to lobby votes against the damn Kennedy-Hatch amendment, which we defeated overwhelmingly with Republican votes. But there we were, the President, me, everybody making calls and lobbying Senators to vote against this damn thing, which on policy grounds we were very much in favor of, all because they decided this was their time and they were going to go for it. So it put us in a very difficult position.

Now as it turned out, as you know, Lott got rolled in the Finance Committee. You had Hatch and [John] Chafee and a bunch of Republicans who thought this is a good idea also. So it carried in the markup of the reconciliation bill, it carried decisively—the Kennedy-Hatch amendment we defeated on the budget resolution I’m speaking to. When the amendment first came up, it was part of the budget resolution.
Heininger: Right.

Hilley: But then they got it in committee, and as it turned out, it provided another $8 billion more for the children’s health program, which turned out to be powerfully constructive. It’s been an amazingly successful piece of legislation. So I want to give Kennedy credit for bumping the number, but in a way where he was running outside our process of the bipartisan negotiations at the leadership level, forced us into a very uncomfortable, opposing health care for children, for God’s sake, on the floor of the Senate. Finally, though, when Lott got rolled in the Finance Committee, bumping the numbers on this thing. So it turned out to be really quite good.

Heininger: Was it deliberate, do you think?

Hilley: Oh yes, yes.

Heininger: Or was it inadvertent?

Hilley: Absolutely deliberate, absolutely deliberate. The other thing—I’m not going to implicate Senator Kennedy directly, but someone on his staff—the day of the vote on the Kennedy-Hatch amendment to the budget resolution, they put out the completely false claim in the newspaper, I mean to the press, that Gore was headed to the Hill to lobby on behalf of their amendment, which was absolutely false. In fact, we had him lined up, unfortunately, to go break a tiebreaker. So that was not deeply appreciated, I would say. But it turned out OK, and that’s the important thing. Here we are ten years later and the Congress is on it again.

Heininger: On it again.

Hilley: On it again, and [George W.] Bush is making a huge error this time. But he’s up a creek on this children’s health care thing, the renewal this time, absolutely.

Heininger: So what was the evolution of SCHIP? It started in the administration.

Hilley: Exactly, and was seen to be a very nice thing. The Republican negotiators inside the room: Newt [Gingrich], Lott, even [Richard] Armey, although he was not as central to the negotiation, [Peter] Domenici, even [John] Kasich. These guys were for it. They were for the concept of a Medicaid/state approach to insuring these five million more children, as it turned out. Now, of course, they argued with us about the size, the scope, the rights and responsibilities of states versus the Federal Government; the whole everything that’s involved in any piece of legislation. There was a ton of back and forth about that, but they were for it from the get-go.

The Republicans, in the bipartisan year of 1997, were for the children’s health program, and the arguments were underneath the umbrella of how do we do this? What are the pay fors? What are the benefits? What do the states do? What are the requirements? Just the normal legislative issues that have to be settled on any major new program.

Heininger: But politically, why were they for it? Were they for it because they wanted to build on the success of having done Kennedy-Kassebaum?
Hilley: No.

Heininger: Or because they actually thought this was a good idea? This is antithetical for a traditional Republican position.

Hilley: Yes. Kennedy-Kassebaum, no. A good idea, partially. But the basic dynamic in ’97 was OK, we’re going to balance the budget. That’s the overarching thing, and we can find the money to do it. But underneath that, there’s these—each side had their list of things they needed. OK? Two things were at the top of Clinton’s list: the Hope scholarship and the children’s health. Now, there we are saying this is really important to us as part of the compromise. These are our two top issues, basically. Republicans say OK, well, here are our top issues: capital gains, capital gains, capital gains, and a few others. Estate tax and a few things like that. That was the dynamic, to get a bipartisan agreement, each side had their list of wins and losses—wins they had to have and losses that they couldn’t take.

So that’s what drove it through in terms of the negotiations, that it was a high priority for the President, one we could afford to pay for. Again, I want to go back to what I started with before. The Republicans were good guys and saw that this was a good thing to be doing. It’s hard to argue against this, to be honest. It takes a George Bush to argue against this.

Heininger: Right.

Hilley: I want to credit them with being on board the concept, but the political dynamic was that it had to be part of the deal, because we made that very clear. That was the true, true driver, and of course all the other pieces had to fit into place. Were they for children’s health care? Yes. Could we work out all those other issues I’ve talked about? We ultimately did.

Heininger: So, it was one of the make-or-break issues.

Hilley: For us, yes.

Heininger: But they recognized it as a make-or-break for you.

Hilley: Make-or-break for us, and one that didn’t break them. That was the key too. It always is, of course.

Heininger: And it was actually—what was the cost of that at that point? It was not that large.

Hilley: Oh, yes, it was. It was $24 billion over five years, which is some decent change, and that was Kennedy’s role.

Heininger: Yes, but they hung in there and eventually you’re getting two.

Hilley: But see, again, come back to Kennedy. That was a constructive thing he did, in his maddening way. We were ready to settle for $16 billion, when it was reached, and then thanks to
a whole chain of circumstances, and the Kennedy-Hatch amendment that upped the dollar amount, it bumped up to $24 billion.

Heininger: So what are some of the other things that Kennedy did?

Hilley: That we didn’t like? No, I’m kidding.

Heininger: That you didn’t like.

Hilley: No, that was it basically. The immigration bill of ’96. This is my experience. The immigration bill of ’96, which we finally worked out, and we got a signable bill. So again, I think that’s a very important point about Kennedy. Yes, he’s sort of this force. He’s full of energy, he’s full of knowledge, and he’s always plowing ahead. Not only trying to move Republicans, but Democrats, as you know. He’s a force in the caucus and is always—he’s no shy guy, and a very accomplished legislator. So he always has been a guy who pushed his agenda in whatever venue he could find it in. I’m just trying to think if there’s anything else he did that upset us. But immigration, that worked out right, coming back to that. The Kennedy-Hatch tobacco tax for children’s health, that finally turned out right. I can’t think of anything else really.

I’ll just say this. Listen, he’s a good guy to deal with at the leadership level because he’s fundamentally a team player. Unlike a Moynihan, on whom you absolutely couldn’t count, you could always—at the end of the day, Kennedy would try to make it work for the party and for the leadership. He really would. I mean, he’d go out on these things but you could bring him in, talk it through: can we do this, can we do that, can we work on this? And then when you needed his vote, whatever, 99% of the time, when you need his vote, he’ll be there for you too. He’s not one of these guys who will say, “Well, I’ve got to have this for this.” You know; the holdup artist. He’s never been a holdup artist, even though he’s an appropriator [sic]. No, he would never demand, like some Senators, “I’ve got to have—this has got to go in the farm bill” or “I’ve got to have this project” or whatever. You never really saw that side.

One of the things I always liked about Kennedy is what he was doing was based on principle and trying to do the right thing, policywise, as opposed to, “I’ve got to have this for my state, my district, my whatever,” or “This is my price for this.” I would say that’s one of the things that I really admire about him, that I felt as if all the legislation and things he’s trying to do were driven by principle.

Heininger: Who did you see him closest to in the Senate?

Hilley: I don’t know. I had my suspicions. I know he was very close to Sasser. Sasser’s a guy you should talk to.

Heininger: We have.
Hilley: Good. He’s a good friend of mine. He was close to Sasser and [Christopher] Dodd and [Donald] Riegle. [Paul] Sarbanes, less so. I mean, Sarbanes is a great, great guy. That’s who I saw him hanging out with on our side.

Heininger: He loved Simpson?

Hilley: Yes, sure.

Heininger: They had a great relationship.

Hilley: Sure. Well, Simpson, for disagreeing with 99% of what he believes, he’s a funny, crusty old guy. He used to give us some funny speeches, I have to say. Simpson’s the kind of guy that’s hard to dislike, because you just shake your head. On the Democratic side, those are the ones I would say. And Mitchell too; close to Mitchell. Like I say, an excellent working relationship, excellent. I’m glad you’re going to talk to Mitchell.

Heininger: In the years that you were there, which were many, did you see any change in his standing among his colleagues?

Hilley: Not at all. I mean, what you see is what you get. It’s really true. He’s this indefatigable force really. As I thought about it, leading up to today, looking at his legislative record, I’d say the bottom line is that his major concern, writ large, has been economic justice. You know, the working men and women, of course, but these health-care issues extend across every cut of society, every spectrum, and so much of what he’s done. But in the labor fields, in the health fields, a lot of it is, let’s give everybody a chance and an opportunity.

I think if I had to just sum up his legislative focus, and it’s immense, as you know better than I know, it would be that economic justice is really at the heart of it all.

Heininger: This was exactly what I needed, John. Terrific, thank you.

Hilley: You’re welcome.
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