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JOHNSON, HAYNES AND
DAVID, BRODER

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THE WHITE HOUSE

Office of the Press Secretary

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INTERVIEW OF THE FIRST LADY
CONDUCTED BY HAYNES JOHNSON AND DAVID BRODER

Q I thought we might just go back, to put you in how you became at the center of the role you played in the Administration in health care, during the campaign was it, or when did it first come up, the conversations you had, the decision to take this? Just start at that point.

MRS. CLINTON: Well, we have to go back before the campaign. This may not be relevant to you, but it helps me, kind of, put it into context. The very first thing that my husband ever asked me to do for him when he was a first-term governor back 100 years ago was to chair something called the Rural Health Care Task Force, and it was designed to try to come up with ways that we could extend health care access and coverage to people in rural areas in Arkansas.

I had a task force that consisted of all different kinds of people. We came out with a report. We proceeded to implement it, and it was very tough sledding because, you know, the doctors were against us. Some of the other people were against us on what we were trying to do.

One of the minor but still important issues against Bill in that losing '80 campaign was Frank White's promise that he would repeal what we had done in rural health care access, and, in fact, the very first bill he introduced was to do that, but because we had worked quickly -- we had gotten the legislation and the executive orders through -- we had built up a constituency.

I'll never forget the hearing room the day that White's bill was being discussed was stacked with people who were there to prevent it from being repealed. So, you had the doctors and a lot of the other big interests fighting to get the repeal, and you had a lot of local people and other people who were being benefitted, and White lost, and we were able to sustain and then build on it over time, and I became involved about that same time with Our Children's Hospital.

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I spent a lot of time, and I went on its board, and I raised a lot of money. In fact, when I was very, very pregnant with Chelsea, like, seven and a half months pregnant, I flew to New York to make the case to the bonding authorities to give us a good rating so we could build a neonatal intensive care unit and all that stuff.

I was very interested in health care. I was committed, especially on children's health, to try and expand it. So, it was something that, especially through the Children's Hospital and the medical school I stayed involved, you know, in a way over the years.

Then, when Bill was asked to chair the National Governor's Association task force on health care, we talked about it a lot, because he had by that time done welfare reform work. He had done a lot of the education, economic development work, and he kept saying over and over, "This is the hardest, most complex issue I have ever even thought about."

So, we would talk about it a lot, and it was something that he became deeply committed to, both because of the human and morale dimension but primarily because of the economic issues that arose out of his role as a governor, and the more he studied it the more convinced he became that it was one of the issues that, in the absence of a plan to deal with, would always undermine our economic well-being.

So, then, you fast forward to the campaign, and from the very beginning in the campaign he linked the economy and economic recovery with health care, and we had just a lot of intense discussions with people who brought in lots of people. Everybody, you know, was willing to come in and give him their ideas and all, and I was involved in those discussions to some extent, but they were driven principally by his absolute fixation on how -- you couldn't talk about "It's the economy, stupid," if you didn't talk about health care.

In the course of this, he became convinced that both the minimalists, kind of, insurance reform folks and the single-payer folks were offering an insufficient analysis and solution. So, he began working intensely with a lot of people, including Ira Magaziner back in the campaign. Ira had done, which nobody, apparently, either knows about or thinks is important, had done one of the very few actual

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time, motion, cost-effective analyses of health care anywhere in the country.

He literally had people following key figures in health care around. So, he'd sign, you know, some smart Brown student to shadow a nurse or shadow an X ray technician, and by that time his report had been completed, and he literally could show you how much money just in one little system that was a part of the Rhode Island health care system was being wasted.

So, he and the President, you know, believed absolutely that you could both increase quality, extend coverage to be universal and contain costs, if you did it right, but doing it right, in their view, meant doing something that nobody had ever tried to do and even had ever tried to explain, because you couldn't get an adequate model from the single-payer people, and there wasn't anywhere in America that had all the pieces put together. Although the pieces were all there, they just had not been actually put into one place.

So, then, probably, I don't know, maybe in December or January, probably in -- I really don't --

Q Can I interrupt?

MRS. CLINTON: Yeah, any time.

Q How much were you brought -- how much did you get into that, sort of, the intellectual work of framing the campaign period health care position?

MRS. CLINTON: Not a lot. I mean, some. I mean, I was in a number of the meetings, but very often, you know, the President would be able to get together with five or six people while he was, say, in Michigan or New Jersey, and I would be in California. So, we would talk about it, but I wasn't involved --

Q In fact, one of the key meetings was in New Jersey.

MRS. CLINTON: That's right, but -- and I was involved in a lot of the discussions about it, but I was not part of the real working group.

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Q And another one down at Ann Waster's office here. I don't think you were --

MRS. CLINTON: No, but Bruce was one of the advisors that the President had talked with over time.

Q Excuse me for interrupting.

MRS. CLINTON: No, no, no. Any time. Interrupt me any time, because this is just stream of consciousness. I haven't really thought about this stuff. So, I wasn't one of the people who was actually planning it, but there were a number of people who, over the course of the campaign, stayed consistent.

That's why one of the reasons why, in New Hampshire, the President wanted to make health care an issue but also to take on Senator Kerry, because he thought that Senator Kerry's proposal, which was, basically, a single-payer proposal, would not change the incentives in the existing system sufficient so that we could ever get costs contained but instead would extend universal coverage but without the additional elements that he thought needed to be in the system.

So, my husband wanted to make health care a major issue, but he wanted to begin to educate people about what the real tradeoffs were, and so, you know, we took on Bob Kerry, which I think he's never yet forgiven us for.

Q (Inaudible)

MRS. CLINTON: Yeah. Well, it does. I mean, beating him at those, and that particular issue echoes big time. So, I think that, you know, those things were all going on. I was involved to an extent but not deeply, and we all kept on the economic message, and that was the primary message, but health care was one of the important subsets of that.

Then, probably in December or January, and I just don't remember when, I just don't -- I know that the President started his economic meetings, and just as an aside, I mean, I think that vigorous discussions, even arguments that were had over that were very healthy.

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I mean, I was on the board of a company like Wal-Mart where people screamed at each other, including Sam Walton, and they would make fun of each other because they knew that was the only way you could ever rake out of the kind of conventional thinking.

So, get a bad rap because you argue about really important issues like, you know, what you're going to do with a gas tax or a deficit reduction or what you can afford to do now in middle class tax relief and all that stuff, I mean, to us, that's what you're supposed to be dealing with, because that's what the country is looking for.

Well, the health issue was a subset, but it wasn't a primary focus of the economic team, and the economic team, you know, was just intent upon coming up with some combination of stimulus, deficit reduction, tax relief for working people, raising taxes, 1 and a half percent, all of that, and those were all of the pieces on the table.

From the very beginning, the President said, and Ira, who was in a number of those meetings said you have to deal with health care, because even if we are successful with our economic package, which we turned out to be, you cannot sustain it. So, that was always a constant theme, but it wasn't the primary.

During the transition, there was a team of people working on health care up here very ably led by Judy Faber, who is terrific, and Bruce and other people who were involved in that. The President's belief was that they were, frankly, too conventional in their thinking about how to deal with this.

They were, kind of, moving back toward pay for (inaudible). The President never believed you could pass a big tax increase even though it would replace premium costs in order to fund coverage, quality, containment. So, although they did a lot of very good work, he was not satisfied he would get what he wanted out of the conventional approach to health care.

So, then he decided he wanted Ira to work primarily for him out of the White House because he also didn't want to have to deal with one agency fighting with another agency fighting with another agency, and pieces of health care were

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lodged in different departments of HHS, in Treasury, in VA, in DOD and then, you know, some other places as well.

He wanted to try -- instead of having to referee fights between an agency and then somebody thinking their turf had been taken, if he said, "HHS, you do it," or he said to Lloyd Bentsen, "You do it," or whatever, he wanted to try to set up a system so that everybody had to participate but that it would be run out of the White House.

He wanted Ira to do, basically, the detail policy work, but then he also was trying to figure out who could, sort of, front it, and, again, he didn't want anybody who had an already existing institutional identity running it. So I think that, you know, he probably thought about other people.

I remember one time Bob Rubin and Carol Rasco and I were talking after one of the economic meetings and, you know, Bob was saying, "Somebody's got to do this health care thing, but we got to do this other stuff." I mean, everybody was, sort of, just -- and Carol Rasco was saying, "I've got to put together a domestic policy council staff," and we also were cutting the White House staff by 25 percent, which was a huge burden for an activist president to take on.

I mean, we were doing all of these things, some of which were undermining other of our objectives. So, at some point the President said to me, he said, "Would you work on and pretty much sort of lead his health care effort inside the White House?" And I said, "Well, it's probably like the education idea in 1983. When you asked me to do that, our friends thought it was a terrible idea, and our enemies thought it was a terrible idea.

I remember going into his office, in the Governor's office in 1983, when he had asked me the day before if I would chair the Quality Education Standards Committee, and I said, "I don't know. I'll do it if you want me to do it," and then I went in to him before he was going to make the announcement. I said, "I don't think it's a good idea. I'm really nervous about this. I don't think it's a good idea."

He said, "Well, look on the bright side." He said, "If you do something, our friends will say it wasn't enough, and our enemies will say it was too much, and if you do nothing, our friends will say, you shouldn't have her do it,

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and our enemies will say, see, she couldn't get anything done."

I said, "Well, this is very comforting," and he said, "Oh, come on. It will be a lot of fun." So, he goes out there and says I'm going to chair this committee, and all that stuff happened. So, it was sort of the same thing here. I said, "I don't know." He said, "Well, look," he said, "I want you involved in --" you know, he said, "I don't want you coming up here and sitting around not doing anything." I said, "Well, thanks a lot." He said, "I want you involved. I want you to work. I want you to be part of this."

Q What were you thinking about doing before this came up?

MRS. CLINTON: We, since these conversations had started about health care sometime in December or January, it wasn't a total surprise at the end of January that the announcement was made. I mean, the decision had been made at some point. I didn't have any particular agenda. I mean, this was all very new to me.

I've always been actively involved in Bill's political campaigns and actively involved on issues, health care, education, children's issues, things like that, but I'd also always worked. So, I mean, in a sense, when I did the '83 Education Standards, it was another one of those years where I just, basically, took a big hit on my income, and I just didn't care because I thought this was much more important, but I always stayed with my law firm, and I always tried to do as much as I could to pull my weight.

So, here I wasn't going to be working. I mean, I couldn't figure out how to do that. So, I was -- you know, I just wanted to be contributing. I wanted to be helpful in whatever way I could be helpful, and this is what he wanted me to do. So I said this is what I'll do. I mean, I don't know if Lisa or Melanne I don't think, when they came to work for me, I said we were going to do health care.

I mean, we didn't really know. I mean, it was, sort of, in the works, and I think there was a lot of people who even internally thought that maybe the President would change his mind. I mean, I don't think I said anything to anybody. I don't think I said anything to my staff, because

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I didn't know for sure whether, when he got up here, he thought it would be a good idea, whether people would say --

Q Did you indeed talk about the political risks, some of it in Arkansas, how they're going to say she's co-President and X and Y? You know the specific opposition questions. Some of your friends I know were concerned about that.

MRS. CLINTON: Yeah, and we did talk about it, and I think other people talked to him about it, and certainly people talked to me about it, and I think probably, to a certain extent, we did not realize, and I don't mean this as a criticism, but we did not realize how much more status quo conscious Washington was than even Arkansas was.

I mean, in Arkansas and in most of the states during the '80s, there was a much more open mood about getting things done and trying new things and experimenting in state government, and so many gubernatorial spouses were involved in significant projects, I mean, taking the ball and going further than had ever been gone before.

Even women who worked full-time, which, when I first started as a First Lady in Arkansas, was considered really weird, by the end of Bill's last term was very commonplace among many of the women of my generation, certainly. So, I think we heard all that, but we'd heard it before, and we had survived it, and we had been able to produce something.

So, I think even though we'd heard it and he evaluated it and analyzed it, I think his perspective this is a very important. You are somebody who has some experience, even though limited, doing some of these things. So, look, you're not going to be doing the work. You're not going to be running the numbers. You're not an actuary, but you can put the human face on it.

So, that seemed like it would be a good idea. You know, I remember a friend of mine sending me, you know, some of the coverage of Eleanor Roosevelt. I mean, she took -- you know, she testified before Congress. She called up and harass Cabinet members. I've never done anything like some of the things she did.

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So, I thought, well, there would be a way to, kind of, walk this line, and I really did not fully appreciate what a firestorm this decision would create and how it would be read in so many ways that weren't intended. I mean, I really thought I had -- he had asked me to do something. That was my job for this Administration. That's what I was going to do.

Q How big a job did you think you were taking on?

MRS. CLINTON: I thought it was a big job, David, but I don't think that I fully appreciated the incredible personal investment that people had in health care as an issue that touched everybody. I mean, you know, when I did the work on education or even when I did national work on education training or things like that, there were many constituencies that felt a personal stake, but all of a sudden there were 250,000,000 experts on this issue.

So that just the very nature of the issue meant that it was bigger than anything that had been taken on for a very long time. I also never saw myself as the only person taking it on. I mean, I thought I had a very discreet task, basically. It was to put the human face on it. It was to be the visual symbol of the President's commitment to health care while he was doing a lot of other things, so that, when I would travel somewhere, people would know that President Clinton hadn't forgotten that health care was important.

When I would go to the Senate in the middle of the budget debates, people would know the President was still thinking about health care even though he was fighting over an economic package. So, I saw it as symbolic, I mean, a huge amount of work, and I understood the upsides and the downsides of the symbols and I also understood, as many people never tired of telling me, that, you know, this is could be a disaster, that I could get blamed.

I have to be -- you know, I can only be true to myself. That didn't bother me. My feeling was that this was so important. He wanted me to do it. I cared deeply about it. He comes with anything. I mean, if I had done nothing, nothing, I would have gotten heat. I have now concluded that there is no way to avoid getting heat.

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So, better to get heat trying to do something important to people that could really help people than to get heat for doing something you don't care about.

Q At that point, before you actually start the process, how did you see the political landscape, I mean, the opposition and so forth. I know you've talked about Truman and Eisenhower and gone back and done the research on that, but where did you see it? I mean, I had a conversation yesterday with somebody that you like and admire, too, and I was thinking, in my life there had been three great governmental enterprises. There's the Manhattan Project. There was the Marshall Plan and going to the moon, and each of these were enormous undertakings that -- you know, but they all took a lot of time.

MRS. CLINTON: Yes.

Q And this person said it might have been better if, like the moon launch, it had been a Clinton launching pad, and we're going to get there down here. That's just a -- that's not a criticism, just --

MRS. CLINTON: No, no.

Q -- background. How did you see that?

MRS. CLINTON: Well, we saw it in a slightly different way. Our first political assessment was that no matter what we did it was going to be hard to do, and given the recent history, don't even go back as far as Truman, but given the recent history of the difficulties, well-meaning people in good faith had reaching consensus, it was not going to be easy to achieve under any circumstances.

We also believed that our best hope was to do it as soon as possible instead of waiting, because the history of a lot of these reforms is they do take a long time, but there hadn't been a real serious national proposal since Nixon. So, you had, you know, 20-odd years where there had been a lot of stuff happening on the margins, which, in many ways, had made the problem worse without any consensus arising but that it was absolutely clear we knew what all the choices were.

We knew what the choices were. It was a question whether we would have the political will to put the choices

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together in any kind of package that could garner a consensus. So, in looking at it from a political perspective, our first hope was actually to get health care reform into budget reconciliation, and that was the very strong advice of the democratic congressional leadership.

The first meeting I had with Dick Gephardt, which was, like, early February, we had lunch together. He came in, and he said, "We have to move this as quickly as possible and try to get it into budget reconciliation," because he said, "Based on my experience, I don't care --" this is proved prophetic. He said, "I don't care what you do, how many concessions you make, you will never get more than 51 votes."

That was the first meeting I had with Gephardt in the Senate. We then had a consequent meeting with George Mitchell, who similarly said, "You've got to try to get it into budget reconciliation," because he said, "I don't think we can ever put anything together that will work that can get 60 votes in the current Senate."

That was the general -- I mean, that was the general consensus of a lot of the -- the leadership on the outside. Now, we, then, began -- part of our problem that is now looked at in retrospect without the context at the time is we started in late January with the idea we could be done by May 1st because we hoped to be able to get it into budget reconciliation.

Now, there was some disagreement within the White House whether that was doable, whether it was a good idea, whether we should even try it, whether we would weight down the Congress, you know, all that stuff, but the argument was decided in favor of at least trying to get it into budget reconciliation.

So, part of what poor Ira and everybody working with him was doing was working under this horrific time pressure to try to produce something that would at least be credible enough to that you could stick it into the budget.

Q Could we pause for a moment --

MRS. CLINTON: Yes

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Q On "poor Ira"? We have the impression that he didn't exactly volunteer for this duty, that there were other things, including job training and programs and so on that he had spent a lot more time working on than health care, and that you really said, "I want you. I need you on this." Is that --

MRS. CLINTON: There were three things he was interested in. He was interested in health care, job training and apprenticeship, and during the campaign he had done some analysis of the Defense Department budget, and he thought there was a tremendous amount of misspent money. So, he was interested in, you know, procurement reform, and things like that. Those were the three things he was interested in.

Really, it was the President who said, "If those are three things you're interested in, I need you on health care now." Ira would have any of it or all of it, you know. He would have tried to do all three at the same time if he thought that's what the President wanted him to do, but I also worked with Ira.

So, if he was somebody that, if that was one of the candidates that the President was comfortable with, he was certainly somebody that I had worked with, had a great deal of respect with --

Q You worked with him where?

MRS. CLINTON: We were on the National Council on the Education and the Economy. We had done the apprenticeship. We had done, you know, America's Choice, you know, Low Skills or High Wages. Then, I had been hired by the council, with all appropriate conflicts of interest check to draft the legislation which we presented to Kennedy's committee.

So, we had worked closely together over about three or four years, and I'd known Ira ever since we were in college together. So he was somebody that although had been an acquaintance of mine had also been a friend of the President's and had done this health work.

See, you can go back -- I mean, I pulled out a memo that Ira wrote December 28 to Bob Rubin. So, this is before the decisions were made and, you know, "I feel strongly we

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cannot accept the status quo when it comes to health care reform. We must make a full assessment of this issue. I don't believe the President-elect can fulfill his commitment to increased real living standards for most Americans unless he acts quickly and decisively to control the growth of health care costs." So, I mean, Ira was deep into this in December.

Q That's great. This is very good to have this.

MRS. CLINTON: Yeah. I mean, if you read Ira's memo -- I mean, lots of time Ira and I would talk, and he would draft a memo putting it into, you know, documentary form to give to the President or Bob Rubin or somebody else. Ira predicted everything that would happen along the way. I mean, the rap he gets about not being not political is so unfair.

Q That's interesting, because that's the deal with -- I think it's fair to say he feels that, too.

MRS. CLINTON: Well, but, I mean, I've got the documentary evidence, you know. I mean, he -- anyway. So, we all bought off on the budget reconciliation strategy, because it's what the leadership wanted us to do, basically. So, that's one of the reasons we got working so hard.

Now, we made what turned out to be a tactical error because, again, I think due to our Washington inexperience, we had no idea that creating a task force would run afoul of some law. I mean, I was astonished when somebody from the legal counsel's office walked in and said, you know, "You've been sued by this right wing group that, as far as we can tell, consists of a man and a wife in their kitchen calling themselves the American College of Physicians and Surgeons," or something like that.

I said, "Sued for what?" They said, "For violating this law, you know (inaudible), and, I mean, it was just astonishing. So, you know, we saw it, as I think it was, a right-wing device to suck up a lot of our time, get us off course. At the time we didn't know who knew about our strategy to try to get it into budget reconciliation.

So, we thought this was another one of their very clever ways of trying to make it impossible for us to meet the internal deadline, which, you know, forced Ira and

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everybody to work even harder to be, you know, even more focused than they had been.

There was another mistake made along that line, which, again, I think is perfectly understandable within the context of the time, and that was we didn't want to talk another about getting this into budget reconciliation. We also didn't want to talk a lot about all of the options that were being looked at because the economic team wanted everybody's attention focused on the economic package.

Q That's interesting.

MRS. CLINTON: So, I mean, Ira was, basically, told to give no interviews. Don't even return phone calls. I mean, just, basically, don't talk, and I was told to talk in generalities, because part of what we didn't want is to upset the delicate balance as we went through the weeks on the economic package.

Q Excuse me. You were told by whom?

MRS. CLINTON: By, you know, the powers that be in the White House. I'll give you a couple of examples. I mean, I don't remember the exact timing on these. I can find them if it were important to you, but at some point Treasury ran a list of possible revenue sources, which, of course, we'd asked them to do. Among the possible revenue sources were some kind of excise tax on wine and beer.

Immediately, it got leaked. Immediately, the White House got a letter signed by every California member of Congress saying, "Don't you dare tax wine," and the subtext was, "We're not going to vote for economic package, if we think you're going to tax wine in the health care package."

I can't remember the exact timing on that, but that was one of the reasons why we were, basically, told to work as hard as we could, try to get it ready, but don't talk, and I think, in retrospect, that was a mistake because, you know, at the time it was the right decision because we couldn't have kept all these balls in the air publicly.

Then, we got a bad rap of saying we were secret, and we weren't talking to everybody, and what we were trying to do was to help the Administration stay focused on health

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care. So, we pushed that reconciliation strategy as hard as we could until we ran into the immovable Senator Byrd.

Everybody went to see him on this. Jay Rockefeller probably prostrated himself. I mean, everybody tried. I mean, Sasser, Sarbanes. You know, apparently, Byrd and Mitchell are real close, but, you know, Mitchell, everybody tried, and he would not budge.

I don't remember the exact date when it became clear he would not budge, but at that point we had to regroup. So, the regrouping was to try to figure out how soon we could get it done to get it introduced so that people could see the relationship between health care cost containment and universal coverage with the economic package.

So, a lot of the decisions had been preliminarily made during -- you know, they were made very preliminarily during February, March and April based on what the President outlined. I mean, we looked at everything. We looked at single-payer. We looked at the, you know, pure Jackson Hole stuff. We looked at everything, but we began to really focus in on what the President saw as this kind of hybrid of managed competition with price caps with all the other features.

Well, during May, the leadership again got nervous about our talking about or sharing any paper about health care reform with anybody, because they were afraid anything could be misinterpreted and could spook people on the economic vote, which put us again in another difficult position, because we were briefing members. We were briefing staff members, but we couldn't give them any paper, and we had millions of pieces of paper.

Then, we had that goofy lawsuit going on, which was trying to get paper, which the leadership said they didn't want anybody to have until the economic vote was over. So, I mean, these issues were all converging on us, and it was creating resentments among some of the members who wanted paper.

Q Sure. Sure. In this frustration that you were experiencing then at that time, what would you and the President -- you talked about it, obviously. I'm just trying to understand the --

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MRS. CLINTON: Well, I mean --

Q -- sharing each other's thoughts.

MRS. CLINTON: His focus was on the economic package, and so he did not want anything to divert from that. I fully appreciated that. So, I viewed our job as making sure it did not interfere with or divert from the economic package but keeping it alive so that, when the time was right, we would be ready.

We had enumerable conversations with leaders on both sides who, basically, were saying, you know, you just have to keep working and refining and not going public. So, then we went on to the next stage of our discussions with him, and we said, "Do you want an outline? Do you want principals? Do you want a mark, or do you legislative language?"

With very few exceptions, and these include all the relevant committee and subcommittee chairs as well as the leadership, they wanted legislative language. Rostenkowski came in to see me, and he said, "If you don't give me legislative language, nobody will think it's really, and nobody will think you've really done your job."

I said, "But if I do give you legislative language, everybody in the world will be able to pick it apart." He said, "That gets the process started. We've never had anything that has gotten the process started. So, give us legislative language."

So, at the same time we then set up a legislative drafting operation, which was run out of the Cannon Building, which used all of the legislative drafters, and Congress was deeply involved in this. I mean, members were on the task -- I mean, staff members were on the task force. Legislative drafting was drafting.

So, anybody who was really in a position of responsibility knew what we were doing, even though we couldn't go public about it at the time. So that was all, kind of rolling on.

Q And, in fact, the drafters were drafting at Gephardt's behest.

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MRS. CLINTON: Right.

Q Could use (inaudible) for that task?

MRS. CLINTON: But we had people from the White House up in the legislative drafting because, you know, I mean, there were constant questions all the time about how we were going to do something. In that same conversation with Roste, here's what he says. This was probably, when, May? He says, "Here, I'll tell you what's going to happen."

He said, "The Senate's going to pass some piece of grievance. It's not going to go very much. We're going to do a little bit better, and then we're going to draft it in conference." That is one of the many unfortunate external circumstances that he was no longer able to play that role, but that's how he saw what was happening at the time.

Q Let's hang on the task question, because we've gotten a kind of -- we've talked with Ira, obviously, but we've also talked about a number of the mid-level people and some of the people who were just brought in temporarily, and the picture that you get from them is that they were very busy turning out paper, meeting deadlines, toll gates and so on, but that the decision-making was happening someplace up above them where they really didn't know a hell of a lot from day to day as to what was going on.

In fact, a couple of people have said, in effect, "We spent a lot of our time trying to guess what they were doing up there."

MRS. CLINTON: I think that's a fair statement for the following reasons. First of all, when we were under this very strong demand, really, from both the Hill and internally here not to let very many people know what was going on because of the impact on the economic program, there were divisions of responsibility.

Most of the people who worked on this task force had discreet responsibilities. I mean, they were on a subcommittee dealing with medical ethics, or something like that. So, they were never intended to be part of the decision-making apparatus.

The decision-making apparatus consisted of senior White House people, Lloyd Bentsen and his senior people,

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Donna Shalala and her senior people, and then, as issues demanded, you might get a, you know, Jessie Brown or, you know, somebody else brought into the mix, but the primary decisions were being made by the President.

I mean, the President, every time -- and, you know, Ira would set up meetings where a lot of these people would come to brief, even to present opposing points of view, but then they would be asked to leave the room, because the few times where we left everybody in the room we would then read about it, and then the phones would ring off the hook from the Hill, and people would start screaming at me --

Q I wanted to ask you about that, because it's come up a number of times in very small groups, take the pledge we're not going to talk about this thing and everything, and bang, the next day it's in the Washington Post or X and Y. Talk about that a little bit, because we've heard this from --

MRS. CLINTON: Yeah. I think there were several things going on, and I think they are all understandable. I mean, the first is we didn't and really couldn't have a press strategy for the health care task force because of these other things, but we also didn't have any kind of off-the-record bring people along strategy either, and that was a mistake, and I take responsibility for that. I didn't understand it at the time.

So, we didn't have a cadre of reporters who we were, basically, working with, even though they on the record with us because we were scared to death to do anything that, you know -- I mean, we were in a meeting with Tom Foley about this period of time, and there were only leaders there, and I passed out paper for leaders.

He through a fit. He said, "You pick up that paper right now."

A PARTICIPANT: He said, "What are you planning to do with these?" And she said, "Mr. Speaker, they're for the members." "Oh, no. You pick them up and take them back to the White House."

Q Fascinating.

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MRS. CLINTON: Okay. So, I was getting it coming and going. Here I am trying to run what I have always tried to do in everything I've ever done, which truly is an open process, I mean, we had more consultation, we had thousands of people in and out of here, an open process that will produce a good product but also one that I was being hammered about because every little word that came out they were scared to death was going to upset the economic package.

So, that's where I was -- now, there was another reason, though, that this is important is that in this decision-making process that I'm sure was frustrating to many of the people who were add mid-level within this, we always thought what we were doing was compiling the best analyses we could get of every single aspect of the health care system.

We might decide to go a different way than the analysis when it came to drafting, and the President made a lot of decisions where literally we were split right down the middle, and he made the decision, but we would then have the backup, because what I always thought is that we would get into a legitimate legislative negotiating process so that somebody would say, "Well, did you consider this?"

We could, then, pull off the shelf all the computer runs, the actuarial estimates, and we'd say, "Yes, we considered it, and here's what the consequences of that would be." So, the work they were doing, even though it didn't always lead directly to a decision, we always viewed as essential to the decision-making process all the way through.

So, it was very important what everybody was doing, and I think when the toll books and other things are revealed, it was a huge undertaking, and it really was first-rate work. I mean, the quality of the work and the commitment of the people doing it was really unparalleled. So, there's through in it.

Q Did you enjoy this phase of the thing

MRS. CLINTON: Oh, yeah.

Q I mean, as the President said at the outset, this is the biggest, toughest bear of a subject, but did you like getting into it in all of the nitty-gritty?

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MRS. CLINTON: I didn't get into all of the nitty-gritty, but I really immersed myself in it. I mean, I spent countless hours studying, reading, talking, quizzing, because whatever the President came out with I wanted to feel was totally defensible and that I understood. So, I enjoyed that.

I mean, it was, as he had told me, the most intellectually demanding issue that I had ever even thought about. So, for me, it was exciting, and as my level of competent increased and I could begin to separate out the rhetoric from the reality, I mean, I began to really understand why this was such a tough issue, because you had so many people who only took a slice of it and no more and could not understand all the other ramifications.

The one thing that we were trying to do was to lay out a broad enough analysis so that literally we could say, "That's a very good point. Now, here's the way we looked at it and the people we consulted about it who are the experts on this, and here is their analysis. Now, where do you disagree with that?"

We were trying to set up enough intellectual discipline around it even though it was huge that we could deal with it so that we would, then, have a freer feel for the politics, but that was the idea behind it, and I guess the other thing that I would add to that is that as we began going through this process with, you know, the toll gates and all of that, it really clarified a lot of people's thinking because there had been so much reason about health care, and there had even been legislation drafted, but most people still didn't understand the consequences of what they had drafted.

So that, for example, when we began to draft, we took concepts out of other people's bills. Where did the mandatory alliance come from? Was that my big government idea? That came out of Jim Cooper's bill. Jim Cooper had first mandatory alliance.

Now, he didn't know what he meant, apparently, but he used it in his first bill, and he had the cutoff of 1,000. So, what we did, then, was to really analyze what it meant, how you could make it work. We set the cutoff at 5,000 deliberately so we could bargain down.

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I mean, that was why -- I mean, this who bill was constructed to be deconstructed, but it was his idea. Where did we get the idea of premium caps? From Nancy Kassebaum and Jack Danforth. We took it right out of their legislation because it was a darn good idea.

So, at every step along the way what we were doing, which had never been done before, was taking what often were theoretical concepts that sounded good at Jackson Hole or sounded good at the Republic caucus and really figuring out how to operationalize them.

Now, some people, then, move away from their own ideas, as we later saw, but they were their ideas, and they were good ideas, and then, for political, they jettisoned them. The other thing we did which had never been done before was he got into one process, every actuary from government.

I was stunned when I realized that the 1990 budget deal fell apart, in large measure, because of inaccurate health care cost forecasting. Well, how could it have been any way other? They never talked to each other. So, one of the things that I just absolutely insisted on and which Ira brought to pass after, you know, really a lot of effort was really making the HCFA and you know, SSI and the, you know, VA, every actuary had to work off the same basic level.

That is why our bill, even though there were slight differences with Reischauer was, basically, a clean bill because it was done right, because we had really pushed the actuaries, which was why I was so disappointed when some members, without understanding the costing, understanding the actuarial analysis, said it was fantasy or whatever.

It was very unfair, because the work that had been done was so disciplined and really carefully done, and the first time ever in this government that we had decent numbers. So, the problem was -- I can't say that they were 100 percent accurate. You can't do that, but they were the very best numbers that anybody had ever put together on health care costing.

So, all of this was going on. Now, I don't think I met most of the actuaries who were literally locked in the basement over there 24 hours a day, but I saw a lot of their paper. They may not feel like they were part of the

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decision-making. Their work was critical to making any of this work.

Q Could you go back to -- you had to educate yourself, too, about the history of this, Truman and Eisenhower. You brought that up. Did you call in people from those administrations, the Bob Balls or whatever? I'm just curious.

MRS. CLINTON: No. I mostly read, you know, political science accounts, and I read some primary source documents. The people I talked to were the people I talked about the Medicare situation with, and there were a lot of people around who had remember that. There weren't very many I knew who remembered Truman, but there was enough documentary stuff around about Truman.

Q It's the same slogan --

MRS. CLINTON: Exactly the same, yes. See, I thought the -- I thought the landscape had changed. I mean, if you go back and look at -- the Truman thing is, actually, very instructive. He tried three times. There's a lot of interesting primary source material.

The AMA assessed its membership. I mean every AMA member had to pay for the lobbying campaign against Truman, and for their time they were as sophisticated as the opponents now are. They had comic books about how this was going to take over and destroy the medical system in every doctor's waiting room. I mean, they really were smart about how they did it.

You see, back in January, February, March, April, May the AMA was for employer mandate. The AMA could live with some kind of cost containment. They weren't sure exactly what, but that's what they were telling us. The AMA had long been on record for universal coverage. So, we saw the AMA as not a, you know, full, embracing ally but at least friendly to our goals.

Q The landscape had changed more than the climate?

MRS. CLINTON: Right, because we thought if we could get the providers -- we did, kind of, a political grid about who we knew we could never get on certain issues and who we thought we could get, and we have a lot of letters and

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memos from a lot of these organizations, I mean, you know, the Chamber wrote and said they'd be with us. NAM wrote and said they'd be with us.

We had every reason to believe that what we were piecing together would work for these groups. As I said earlier --

(End of tape.)

MRS. CLINTON: -- we were learning from the budget process and what the leadership was telling us was not to come with something which were tablets from on high but to come with something that was defensible but could be pulled apart that members could feel some ownership over.

So, that's why, from the very beginning, the President, "We have no pride of authorship. Here's our bottom line," and universal coverage didn't just mean universal coverage. It meant cost containment because, based on our analysis, you can't get one without the other. So, that's why we used that.

Q John Rother told us that the first time that you met, you and the President, that you pumped him for what happened with catastrophic --

MRS. CLINTON: Right.

Q That's the education --

MRS. CLINTON: That's right.

A PARTICIPANT: Well, and it was clear that that experience (inaudible).

Q It comes up in the political discussions on the Hill to this day.

A PARTICIPANT: -- and had so much to do with their participation.

MRS. CLINTON: That's right. And part of what we learned from that, and that's why we find some of these latest efforts like the so-called mainstream to be such political starters is you're not going to take \$260- to \$300 billion out of Medicare and not give those guys something. I mean, you're not going to do it.

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Now, you can get away with -- I mean, in fact, during the budget debate I got pulled into it. Moynihan called me one day because he was in a huge argument with Rockefeller, and this was probably, I don't know, June, maybe --

A PARTICIPANT: Yeah, because you went up and talked to a number of senators after that.

MRS. CLINTON: Well, and, you know, Moynihan was just upset because he had his -- you know, I mean, he's got a terrible committee, face it. I mean, trying to piece something together for him is very difficult. So, he had a lot of the republicans and some of the deficit democrats wanting to take 60- 70 billion out of Medicare and then not so much out of the gas tax or whatever else they were looking at.

You had Rockefeller saying, "You cannot do that to Medicare. We need the Medicare savings for health care reform, and you can't go above -- I think Jay said 19 billion. So, you know, Moynihan calls me and said, "How far can you go?" And I said, "Well, we can't go to 60 or 70 and expect to have a bill that is going to work, because we won't have anything left to give."

So, we worked out whatever we ended up with -- I don't remember what it was -- over a period of time, and we changed the formula for how it was going to be allocated and all of that, but all those discussions were going on simultaneously, and what we thought we were learning as we went along what was the real political hot buttons were.

We knew from the -- I mean, I had a meeting with John Motley back in March, probably, I don't remember, in John Lafalsa's office. I mean, I knew John Motley and Jack Ferris would be against us no matter what.

Q You knew that from Arkansas, right?

MRS. CLINTON: Well, we knew it from Arkansas, but we also knew it because -- I mean, Jack Ferris, shortly after this effort started, was in the newspaper saying, you know, there's no constitutional right to health care, and these people don't deserve anything. I mean, it was a real hard line ideology, and it was also fueled by how much insurance

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they sell and how many of their members are insurance agents.

So we knew they'd never be with us, but that was one of the very few groups that we totally wrote off, and we really thought we could put together enough support, you know, in the middle to counter-balance that. So, the bill was primarily put together because we thought it would work; it would save us money; it would get the deficit under control, but it was also put together with an eye toward the politics of what would happen when it started --

Q Let's talk about some of those political tradeoffs, yeah, that were made, how they were made and, sort of, what you got in return. You mentioned AARP, for example. They got the two big --

MRS. CLINTON: Right.

Q -- big things, but one of the things we wanted to, in this book, is to try, if we are successful, to give people who are outside the system a better understanding of, sort of, how people who are trying to do something big, how they really deal with each other and so on.

Now, you are sitting there thinking, "We're going to need AARP on this thing," and AARP's people, in one sense, are already taken care of. They've got Medicare. So, "What are we going to do to give them a reason to invest in this?"

MRS. CLINTON: Right.

Q Could you just, sort of, walk us through how that concept goes?

MRS. CLINTON: But, see, before we got to that point, there was an analysis that substantively let us to conclude two things -- that providing some basic prescription drug support and some basic long-term care support would save us money. I mean, you know, if you look at the admissions of elderly Americans at the hospitals, last I looked it was, like, 23 percent are related to prescription problems, either failure to get it, they got the wrong ones, whatever.

So, we knew that Medicare, as currently constituted, was not as cost-effective as it needed to be because you were paying for hospitalizations when, for less money, you could pay for prescription drugs. So, we first

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reached the level of believing that this was a good thing for the entire system, and it was also a good thing for the Medicare recipient, and then it also had political benefits.

So, it really was a rolling kind of analysis, and we had a number of meetings with Rother and with Horris and with Dietz and with other people.

A PARTICIPANT: But this is an important point, because there are those who say that, you know, this is just an attempt to buy off the senior lobby. They figured they need prescription drugs. They need long-term care; ergo, they go in the plan, but it was really --

MRS. CLINTON: That's right.

A PARTICIPANT: You know, the cart came before the horse. It was the other way around, or was proven, and the President felt very strongly about prescription drugs, I remember, in all of the discussions.

MRS. CLINTON: Well, when he had -- you know, you remember that time in New Hampshire when he literally met that couple who went without food.

Q Yes. Right.

MRS. CLINTON: I mean, and so then he had people start looking into it, and everything came back was how penny wise and pound foolish can you get? I mean, you deprive people of prescription drugs. I had a personal experience when I was in the hospital with my father, and I had lots of hours on my hand.

People would drift up and talk to me. Everyone wanted to talk about health care, and, you know, one time I was talking to the hospital pharmacist. I said, "Let me ask you something." I said, "Do you have problems with people not getting their prescriptions filled?" And he just launched into this tale about how every day people are discharged from the hospital. Every day they come and they take the prescription, they lay it down, and they say, "How much will this cost?" He tells them. They go without.

Then he said, "And I can guarantee you," he said, "I can go into our records, because then they're back, you know, like in a month or two or three." So, what I believed

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based on the evidence was, for me, reenforced by the conversation I had during my dad's illness.

So, we came back with that proposal, but it was a proposal that we thought was the right thing to do and that we knew AARP going to be a player in this no matter what happened because one of the President's goals was to slow the growth of Medicare, and you could not slow the growth of Medicare if you didn't get underneath the expenditures and start trying to figure out how you could exchange high-cost expenditures for lower cost expenditures. So, that's one of the examples.

Q Could I -- I was going to ask you this anyhow, in this conversation, but the death of your father, can you talk about that, how you were affected by that process and the timing of it? I've lost my parents. David's lost his. We know something about --

MRS. CLINTON: We, it was very difficult. I mean, it was difficult in many ways, obviously, but it also just took me out of the whole process for a month, and then I was only really -- I mean, I was back in and I was working, but I was pretty much out of it for a while after that, too.

Nobody in my family had ever been really sick until my father in his early '70s had to have a bypass. So, we didn't have a lot of experience with hospitals. I just kept thinking when we were there and the doctors would come in and say, "We're going to try a new drug," nobody said, "How much does that cost?" Nobody said, "Don't do it."

I mean, you just had a totally different take on it, and then, when my father, when they took him off life support and they said, "He's going to be dead by tomorrow," and he didn't die, and, you know, he really just kept on going, which I thought was very characteristic of him, then, you know, they said, "Well, we're going to have to do a feeding tube, and we'll have to transfer him to a nursing home. So, once we can get him stabilized and we do the feeding tube, and then, within about 48 hours, he has to be transferred out."

Well, so then we began to look for nursing homes, and then I realized if my father had stayed on life support my mother would have no financial worries, but because we made the tough decision to take him off life support because

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we really believed that would lead to the end, but thank God he was still alive, she was going to have to pay, and we were going to have to pay for nursing home care, because he wasn't eligible for Medicaid, and he was going to need 24-hour care with a feeding tube, and Medicare wasn't going to pay for it, and then he died.

I knew many people who were in exactly that situation. In fact, I had a friend during this time there in Arkansas who I was talking to about nursing homes, because I knew her mother had been taken off of life support, and four years later was still there in the nursing home. The family had sold the family home. They had sold everything.

So, the long-term care piece of it I also could see what would happen in the absence of some kind of support. Again, as I said early on, we had -- I mean, there was nothing that we proposed which was made up. There were examples everywhere in America.

If you looked at Wisconsin under Russ Feingold, when he was a state senator, they put in a long-term care system, and they stopped building nursing homes, and their long-term care system ended up saving the state money, taking care of more people than could have been taken care of under the old Medicare-Medicaid rules, and I went and visited a lot of their facilities and came away a true believer.

I'll give you one example. Remember the place we went in Milwaukee, which was in a kind of modest neighborhood, still predominant white ethnic? The people there were largely debilitated, but they had pooled all the resources these guys got from SSI, Medicare, Medicaid, everything else, and they were able to provide a continuum of care because they had a waiver of an experience.

They were able to do things that saved money, saved lives that were just remarkable that you couldn't go next door to Minnesota get done. So, we had a lot of examples about what would work if we could get them into the law.

Q Did you -- when you came back from your father's death -- this seems sort of silly, but did it change you? Did it make you -- I'm trying to understand when you came back into the health process --

MRS. CLINTON: Oh, I think it probably --

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Q -- what you thought about that.

MRS. CLINTON: I think it upped my morale commitment even more than it was. I mean, I felt -- you know, I felt, like, what had -- you know, my father had gotten excellent care, and we were very lucky, but I just had too many personal experiences even during that time with dealing with, you know, my father and thinking about my mother and all of that, not to realize what a totally devastating experience health care problems are for people and how everybody suffers in silence on their own.

I mean, it's like what we hear about so many other issues that -- you know, people think it's their fault, you know. Somehow it's their fault that they can't afford prescription drugs. It's their fault that they can't get their parent into a good nursing home because they can only afford one that everybody says is terrible.

These are systemic problems, and we are being so shortsighted in not resolving them to our benefit. It's not like we are doing the only thing available to us. We are turning our backs on all of these solutions. I remember one time when we were at St. Vincent's, and my wonderful press secretary was there much of the time, and Sister Margaret Vincent, who had been a CEO of the hospital and one of these nuns that, you know, just -- why doesn't this woman just run the world and solve the problems for the rest of us?

She came to see me when we had made the decision to take my father off life support, and we were walking up and down the hall, and she was talking to me. I said, "Sister, what do you think about all this health care debate and everything that we've got ourselves into?"

She just looked at me, and she said, "You know, what you're trying to do is the right thing, and it's going to be very difficult, but I'm going to pray for you, and don't give up, and I'm going to be there for you, because," she said, "I've been in this business for 50 years," and she said, "In every year I see how we just don't treat people right."

So, for me, I guess I came back even more convinced that this was not only the economically, politically smart thing for us to take on, but it was the right thing to do. I know sometimes people say that I sound, you know, moralistic

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and all that, and I really try not to, but some of this is so obvious to me.

I mean, I find it very hard to accept members of Congress who are well-insured looking me in the eye telling me people don't need what they have. So, I think, if anything, you know, any father's experience, even though for us it was a relatively easy one, as those things go, because we didn't like so many families do, really reinforced what this was truly about, that it was some policy, long abstract discussion that people could have because, you know, they were well taken care of and forget the consequences.

Q When you come back to Washington, can I ask you a different kind of question about dealing with political people here? What about the republicans? Did you ever reach out to Dole, bring him over here?

MRS. CLINTON: I did everything I knew to do. Maybe there were things I could have done in addition to what I did, and it wasn't just me. Others were doing it as well. I mean, I have lists of the meetings that I had. I mean, I had countless meetings. I mean, like I said, we took the Kassebaum-Danforth premium cap.

I remember when they came over and met with me in the OEOB with Conrad Burns and Goodman, and I remember saying, "Well, you know, we've looked at all of the devices people have proposed, some that are very regulatory, and reject those. We don't think that's the right way to go, but we also don't believe managed competition will necessarily work to lower costs, but we think your idea will."

What I always found, and I don't mean this critically, because I think, from their perspective, it was in the middle of a stimulus defeat where they close ranks. It was in the middle of the budget battle where they closed ranks. They were not sure what their marching orders were going to be.

So that every time we reached out they moved away, and the President has said that publicly, but it's really what happened. In May of last year when we weren't going to go into budget reconciliation, but we were going to produce a bill, Senator Chafee came to see me, and I said, "Well," I said, you know, "your bill has a lot of things in it."

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He didn't have a bill, but you know his general concepts, he had some concept papers that were going around. I said, "You know, you have a lot of things in it that we can live with and we have to work out the mechanics of it. Do you want to work together. I said, "We would be happy to turn over OMB. We will run any numbers you want. We'll do anything you want to try to move this forward."

He said, "No, no, you go with your bill, and I'll write my bill, and then immediately thereafter we will sit down." It never happened, and I did it on the House side too. You know, I met with the Wednesday group, the Thursday group, I met with all these groups. I had about 20 republicans who I thought were like me, moderate (inaudible) on this.

All during -- even with the budget battle -- we kept talking. And we just basically tried to ignore the -- I mean, I went to Dole's office when he was being followed by 60 Minutes. I went on and on about how wonderful it was to work with Senator Dole. I mean I was doing everything I could think of that would be -- you know, brick building because I knew eventually we'd have differences, but I wanted to narrow the differences. I wanted to sign off on as much stuff as we could sign off on.

Well, on the House side, we continued to work with a lot of the republicans, and I'll never forget during the days leading up to the budget battle several republican House members called me to tell me how sorry they were they couldn't go for the budget. I mean, I had one member whispering, like, you know, the Gestapo was around the corner saying, you know, "I can't say this out loud. I can't tell you what -- I think your husband really has presented a responsible budget and I'm sorry I can't vote for it."

I mean, there was weird stuff going on. So anyway, I just said, "Fine." They've taken their stand on the budget battle, I'm going to keep talking to them and try to reenlist them. Well, starting then, in September, I started calling all of the republican moderates that I had been working with, some of whom had told me they'd be on the bill, some of whom said, "I won't be on the bill but I'll be there in the end."

They had told me that they weren't bothered by the employer mandate as long as it was reasonable and we had good support and subsidies for small business. Then, I started to

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call them, and I got -- and I don't remember when Michael announced his retirement, but it was, you know, in the air, and there was an abrupt change in the atmosphere so that, during September and October, as I talked to republican House members, they would say things to me like, "Well yeah, I do still support the basic outlines of what you're doing, but I can be more use to you behind the scenes. I can't be publicly identified with what you're doing because I'll lose all of my clout in the caucus."

I had somebody say, you know, "Our ranking member has been told if he cooperates with you he loses his ranking position." So, you know, -- you know so we kept working with them. I mean, -- we kept -- I mean we had meetings as late as November, December, January with House republicans. We opened all of our books to them. We let them look at every bit of the actuarial data.

A PARTICIPANT: You went to districts, you know, at their invitation. You went everywhere there. I asked you to go, you went.

A PARTICIPANT: I remember when you came back from Providence one night, we had Mr. Ferguson on the plane with us. (Inaudible) of activity that (inaudible) and we were trying to find out when they would get their product done because they were working on it. They didn't know where it was headed because we had been told, not until we get ours done would we get the (inaudible) processed in a way where we can perhaps get together. So it was frustrating. We were trying to get them to get their piece done.

MRS. CLINTON: Well, I remember when the funniest things could happen. I don't remember when this was, you might -- is John Breaux always wanted to be a deal-maker in this. He had no idea what the substance was. Right?

Q He was born that way -- he was born that way.

MRS. CLINTON: I mean he had not a clue. He wouldn't know a premium cap from a polar cap. I mean, it was totally beyond him, but he knew there was a deal, and he was going to get to it. Well, so John was on me all the time about where's the deal? Where's the deal? And I kept saying, "John, we don't know where the deal is. You've got five committees working on it. We got to let the process unfold. I don't know where the deal is."

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He said, "But there's a deal. There's a deal," you know. And I went to Florida with him and he harassed me all the way down there about, "Where's the deal? Where's the deal?" So, finally, I said, "Well John, why don't you go start trying to talk to some of these people? If you need me, you can figure out where the deal is," because I figured, how could it hurt, you know. We might be able to uncover something of use.

So he goes in and he tells Chafee he wants to sit down and start working with Chafee to figure out where the deal is, and Chafee hadn't even drafted his bill, which it turns out he never drafted, okay. But anyway, so John is in there with Chafee, and John has this sweet young boy who's his health guy, who knows nothing and sets this poor guy in a room with Christy, who knows a lot. Well, the word we get back from Christy is, he said, "John Breau doesn't realize we are to the left of John Breau."

I mean, you know -- so the whole thing was just like a comedy of errors. Every time --

A PARTICIPANT: Well they also said we can't deal with him because he doesn't know anything.

A PARTICIPANT: (Inaudible) of the time. Actually he had a very expressive (inaudible).

MRS. CLINTON: But that was our problem. We did everything we knew to do to work with the republicans in good faith and, you know, they'll say things to me like, or not to me but about me they'll say, "Well, you know, she -- she listened but she wouldn't consult or agree."

We kept saying, "Put your ideas into legislative language, and let's get it costed." I mean, you know, I must have told John Chafee and Christy Ferguson 100 times, "We might be able to live with an individual mandate at some level, if you would put it into legislative language and let's get it costed. I said -- because every speech I made was -- "There are three ways to get to universal coverage, a tax, an employer mandate, an individual mandate" -- and I went to Kansas City --

A PARTICIPANT: (Inaudible) Senator Chafee has one.

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MRS. CLINTON: I had Kassebaum, Dole, Kit Bond and Danforth.

A PARTICIPANT: And a health care center.

MRS. CLINTON: At Kansas City every one of them take the pledge on universal coverage. Every single one of them. I've been saying, "Well, you know, there are only three ways to get there," and the republican senators favor the individual mandate, and we are looking forward to working with them. They would never go the extra step, never.

Q Could we go -- we're going to begin this book with the September 22nd speech.

Q I got to --

Q I'm sorry.

Q Because I want to understand how you -- I mean -- this was terrific on --

Q You see the (inaudible) of collaboration --

Q But I want to understand about the dealings with your allies or people who would have been expected to be allies.

MRS. CLINTON: Right.

Q I mentioned our -- let me go back to that for just one second. I want to get the seed. I mean, you've decided good policy --

MRS. CLINTON: Right.

Q Have -- good prescription benefit, good policy that's moved toward long-term care. No, this is obviously going to be good news to Rother and his people. So what happened? You called him and said, "John, we got news for you"?

MRS. CLINTON: Well, here's what happened. And I think it was -- I think it was a result of a number of factors. We worked with Rother and his staff all along in this process. They were fully aware of what we were doing on those two issues. We also worked with the other senior

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groups, The National Council of Senior Citizens and even McSweeney's group -- what is it called -- Roosevelt --

Q Yeah.

MRS. CLINTON: And everybody was on board. What happened to Art -- and then Art came to us, and they were very excited, and they said, "We're going to commit \$10 million to this effort, and then I --

Q They told that to you and the President?

MRS. CLINTON: Yeah. Yeah.

Q And that was it, right?

MRS. CLINTON: And -- no.

A PARTICIPANT: No.

MRS. CLINTON: Here's what happened. So then, they had me come and speak to their executive board -- like 40 or 50 people from around the country -- to explain everything that we were doing. Then, Rother became one of the prime movers in the health reform project that Jay Rockefeller got set up.

A PARTICIPANT: He was the leak.

MRS. CLINTON: Yeah. I mean, in fact, he was the leak. I don't know everything that happened, but among the things that happened were that they made the decision that a lot of our allies made, which we did not anticipate, and that was that they didn't get everything they wanted in our bill, so they were going to get the rest of what they wanted from the Congress. And I think that AARP wanted -- I don't remember what it was, Melanne -- more long-term care coverage or something. They had some other things they wanted that we didn't give, basically.

A PARTICIPANT: Then, Warner was an issue that developed that somehow the people on Medicare were going to be worse off than the people who became part of the new system.

MRS. CLINTON: The benefits package, yeah. There were some technical deals that AARP was getting concerned

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about that they -- and they rightly should have been concerned about, but here's what the problem was. When AARP went in to see a senator or a member of Congress, they would say, "We're for the President's bill on universal coverage, but we really came to talk to you about --" fill in the blank, X, Y and Z. So, the impact of their being strongly in favor of the bill was diminished by their bickering and arguing within the congressional process over the additional things they wanted.

Q What about with the big companies that were interested in the early retirement provision?

MRS. CLINTON: Right. Well, I think several things --

Q Now that was a real --

MRS. CLINTON: Gift.

Q -- gift.

MRS. CLINTON: Yeah. But it was also again, we thought, the right thing to do, and the President thought it was the right thing to do for several reasons. If you look at how our health care system has been financed, it's largely been financed by the government and big business over the last 40 years.

I was sitting next to Red Polling one night during this time, and we were talking about this, and we were talking about how much money Florida spent all these years on health care. He said, "You know Hillary," he said, "it's such a tough thing for me to take. I go to these meetings like the business round table, whatever," he said, "and you know guys who were CEOs at financial service companies or big retail companies, they come up and make fun of me. They come up and they say, 'Well, why should we bail you out? You signed the contract where you're spending 15, 16 percent of payroll. Too bad. You weren't smart like us.'"

He said, "You know, I sit there and I think, yeah, right. We built the hospitals you guys use. We employ the spouses that your people then go on the policy of," and he went through this litany.

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And so what happened was that, yeah -- I mean, the big business, the old manufacturing line business that the President really believes, whether people like it or not, are still an integral part of the economy. I mean, you know, because you followed him during the NGA, he always wanted to rebuild a manufacturing base.

I mean, one of his proudest accomplishments as Governor of Arkansas is that the manufacturing base in Arkansas was going up while the rest of the country was going down because he put in incentives and all of that stuff. Well, he saw this as part of the competitiveness strategy. Well, what happened is that you had a lot of these other guys who were like a Red Polling's peer, who, you know, basically said, "I'm not going to bail you out." So there was narrow but deep support for the retiree.

But the bigger question to me is what happened to all of the business support?

Q Yeah. That's (inaudible).

MRS. CLINTON: I mean, we had letters from NAM, we had -- I'll tell you, this is -- we had the CFO from GE come down to look at numbers and go over stuff. This was sometime in mid-process, maybe summertime, and, basically, he said, "This plan's going to save us money." I mean, he did the figures for GE, and I can't remember -- Ira might remember the numbers, but, you know, it was like in the hundreds of millions of dollars.

And he said, "And I will never publicly say this," he said, "but your pricing constraint mechanism is really important," but he said, "We will never say it because we don't want to be on record as (inaudible) price controls.

That happened to us a lot where the financial people from these businesses would come. They would look at it. They would run the numbers, and then they would say, "This makes a lot of sense for us," but there were three things working against us -- the ideological and political beliefs of the CEOs, like Jack Welch, who really believes he is a -- you know, an island, and there ought to be a way he can protect himself, and nobody else should have to help him, and that there's probably some other way he can cut a hundred million expenses, and so let's not worry about that.

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The benefits people in these large corporations went to work on us to beat the drum, because there would be no more benefits departments if you had a standard benefits package and you had people competing on price and quality instead of coverage and deals and discounts.

This is one of the untold stories. I mean, I'd go to these meetings with CEOs. I was at this meeting in -- where was I, in Cleveland? LTV maybe?

A PARTICIPANT: Yes.

MRS. CLINTON: And I'm sitting there, and a man asked me a question just totally off the wall, and I said, "Who told you that?" He said, "Well, my benefits people." Then, I had Bob Ray, the former Governor of Iowa, who is the head of Blue Cross, who has tried to help us a lot, he sat in that chair and he said, "You know what happened to us in Iowa? We put together a nonpartisan plan. We had every business person sign off on it.

"Then, we took it to the Governor, and immediately the benefits people in all these departments began saying that we didn't know what we were talking about. It wouldn't do this. It wouldn't do that," and completely undermined the confidence of their CEOs in the product.

This was one of the hidden lobbying efforts that -- you know -- no ads about it. They were -- you know -- they were just beating us like a drum. I mean some of these corporations have three or four hundred people in their benefits department. They have -- you know -- medium sized companies in their benefits department.

And the third thing that happened is that the insurance company executive and, to a lesser extent, the drug company executives who sit on the boards of these companies really began to work on them. So that you'd have a company with a guy from Prudential or some other place, and they would start to say, "It's not going to work that way," and, you know, most of these CEOs are not health experts. They know it's a pain in the neck. They want to, kind of, get it off their back.

Their CFOs would largely have run numbers saying we could save money. But then their peer, their friend who is the head of the insurance company would say, "But that's not

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what's going to happen. Here's what's going to happen." So you have all this doubt being sewn all the time, and I think that it was a -- also, then, that was kind of added to by the vigorous lobbying by the sort of Jackson Hole types, who were, basically, saying, you know, you can't do anything to upset the market, and what we propose will really help the market.

Most of the people -- I had a drug company executive again in this room say to me that he decided he was going to support Cooper because we had too much regulation on drugs, and I said to him in front of his staff, I said, "Really? Have you read the latest Cooper draft?" He said, "No," and I said, "Well, have any of you read it?" "No." I said, "Do you know how much regulation there is of drug pricing in the Cooper draft?" "No."

I said, "Don't you think you might want to read that before you endorse it? Because, if you read it, it is more onerous than what we are proposing." I mean, so there was so much, kind of, scare tactics. You know, this won't work. That won't work. So that the level of support that existed in the business community, which was very high and which we worked with all year along and have lots of contact with and lots of support and promises of support, really began to get shaky in the face of a very sophisticated kind of lobbying campaign, which, you know, they did a good job.

Q Put in the organized labor piece, which they, obviously, were a big part of --

MRS. CLINTON: Right.

Q -- the strategy.

MRS. CLINTON: Well, but we had big problems with organized labor, because they, by and large, had better benefits packages than we were going to propose. They also did not want -- particularly any unions which organized any work force that was associated with the government. So, the teachers unions asked me, SCIU, even Teamsters, other people who organized any public employees at all did not want us to say that they could not opt out of the system, because we had an opt-out for plans above a certain level, but we insisted that public employees be in the public plans.

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We had huge fights with them, I mean, just unbelievable fights with them, and we made some concessions to them, but we, basically, held firm on the principles. So, they, too -- I mean, they would say, "We're 100 percent for you, but by the way, we want to get exempted." So, I mean, they were constantly working their angle, but everybody did this, I mean, all the providers.

We spent two months arguing with the pediatricians, whom I love. They would not come out 100 percent in favor of the plan because we did not have enough visits for adolescents. I said to the -- I said, "We are achieving universal coverage for children. We've got free prenatal health care, free child immunizations. Every insurance policy has to cover children, and you're telling me you're not going to support it because our period of (inaudible) is not high enough for adolescents?" So, those were the kinds of arguments we had.

Q But the decision that you would not tax the so-called Cadillac plans --

MRS. CLINTON: Right.

Q -- that was something that was negotiated with the labor people --

MRS. CLINTON: No.

Q -- or it's something that you --

MRS. CLINTON: No. Here was our assessment of that. First of all, it wasn't just labor. When I would go to the Wednesday, Thursday group, Marge Roukema would beat up on me every time I went over taxing care benefits, because she kept saying to me, "I cannot support a plan that taxes my people's benefits," and she was a moderate republican and somebody we --

A PARTICIPANT: (Inaudible) lost in the last few weeks.

Q Yes.

MRS. CLINTON: No. It hasn't been lost. Then, we'll never pass it. They will never pass, but that's fine, if they want to live with that illusion. Our belief was that

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you could not say to workers who had given up wages in return for benefits that we were going to, in effect, tax their wages until everybody was in the system.

So, our plan began to tax benefit packages above the benefits at the end of the phase-in period, which we thought was the fairest thing to do, and we didn't need the money. I mean, we had the money elsewhere. It was an article of faith with Jackson Hole managed competition people that you had to tax the benefits packages, but, again, their attitude about that was not, we thought, mixed with reality, because whenever I would go to meetings of members, and I would say, "Now, how many of you will support taxing the existing benefits if they're above our moderate benefits package?" I couldn't get one person to raise my hand except maybe Jim Cooper, if he would come to the meetings. I mean, there was no political support for that except theoretical.

Q Dave asked you much earlier if you enjoyed the process of the early -- getting involved. Now you're describing a whole series of one frustration after another. How did that -- just walk us through your own feelings as you go through this.

MRS. CLINTON: But I thought it was all part of the process. It never really -- I mean, there were frustrations, and there were problems along the way, but everything we've been talking about I saw as a natural result. I mean, this idea that somehow we drafted this bill in secret, I mean, people don't draft bills in open.

There's never been a more open process to draft a bill. As a result, we had a lot of people in on the front end who usually only get in on the back end. I saw that as a good thing, because we were trying to invest these people with some sense of ownership in the product, even though they didn't get everything they wanted.

So, I was -- I would be frustrated, but look at what AARP did. I view this as their mistake, and I think it was very well-meaning. They did end up spending money. They ran an ad which said, "Be sure prescription drugs and long-term care are in any health care package that Congress passes."

Now, when we saw the ad, we said to AARP, "We done think that's helpful, because it leaves the impression that

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the President's plan doesn't include those." They said, "You're crazy." They said, "What we're doing is laying down a marker. We told you we'd spend money; we're spending money."

We're laying down a marker that any plan has to include that. We turned out to be right. If you look at the Annenburg study, that ad hurt us more than any so-called Harry-Louise ad. That ad really hurt us, because it raised doubts among the elderly, see, because AARP didn't think they could endorse the Clinton Plan because they had a lot of, you know, dissent, and they represented millions of people and all that.

So, they thought they were doing us a big favor by -- since we were the only plan with prescription drugs and long-term care, the net effect was to hurt us, not help us.

Q Let me go to a point that was made to us by a number of people, democrats on the Hill, and some of interest group people and, you know, you've had the conversation with them, so you can probably fill in the names, but I'm going to honor my obligation on the thing. They said that, basically, "She did a terrific job, but she never closed the deal.

"She dealt with us for the interest group people and (inaudible), she dealt with them but never got the point and said (inaudible) you've got to be -- if we're going to put this in, you've got to stand up and say, "We're for the Clinton bill. We're for the Clinton bill. We're for the Clinton bill."

Well, that's interesting, because I also hear that I'm criticized for being so inflexible and dogmatic that people will stand up and do this. I mean, I stood in the living room of Jay Rockefeller's house when he was putting the reform project together with all of the major groups that endorsed the Clinton bill. I didn't use profanity, but I could not have been more clear in what I said.

In fact, I said on a number of occasions -- now, I think that -- I think that it is fair to say that we did not fully appreciate what they meant when they said they were going to support the Clinton bill. They all said it. They said it repeatedly. They stood up at press conferences. They came to White House events, but I think the -- I mean, I

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think the real problem -- I mean, AARP could not have been more specific.

They told me they were going to spend \$10 million. Then, for their own internal reasons, they began to slip and slide, offer that commitment, as I understood it, and define it differently so that, you know, maybe we did not get it in writing what they meant when they said it. When we finally worked out the periodic visits of the adolescents, the pediatricians said, "We're going to be there."

Our problem, really, I think, was of a different kind, and that is that most of the people who were supporting us had lots of numbers but little sophistication when it came to an issue as big as this where they were, basically, supporting many things in addition to what was of interest to them.

I mean, AARP really did think they were helping us running that ad. So, I mean, I can't fault them for that. There was no malice there. The deal was closed as far as I was concerned. They just chose a way of implementing the deal that ended up undermining us instead of helping us.

So, I think that for a lot of people now, in retrospect, there may be a little second-guessing of themselves going on, because nobody was as prepared to be as positive about the whole that the opponents were to be negative about the whole, and I think --

Q Talk about these opponents. Where did you think -- who did you think you'd really be fighting against?

MRS. CLINTON: I thought and I still believe today that our most effective opponents were NFIV, the four profit hospitals, the Big Five insurance companies, the HIAA and, on the issues of concern to them, the drug companies. I think those were our effective opponents going in. They are still our effective opponents.

AMA was not an effective opponent this time because they were divided. I mean, they couldn't make up their mind whether they were going to stick with employer mandate or not. They kept bouncing back and forth. So, they were really not very effective for us or against us. I think that the most effective opposition was the small business opposition.

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I think, inside the Congress, Gradison was very effective, particularly with Ways and Means, which he knew like a drum because he'd been there. I think that the Big Five insurance companies were very effective in pulling off big business for the reasons that we've just talked about.

The four profit hospitals were effective because they really understood what we were trying to do to them, and that's why you had this split between the Catholic Health Association, the American Hospital Association and the four profits, because the four profits know that reform is not in their interests, because they want to gobble up all these guys over here and put them out of business and, basically, monopolize the hospital industry, leaving a few catholics and communities and academic health centers to take care of all the dregs who can't pay the bills.

Now, I don't know if you've met these guys who, basically, have funded Jim Cooper's campaign and run Columbia Hospital Corporation of America, but they are very shrewd and very cynical about what they're accomplishing, and they were able to keep coming -- keep, kind of, pushing the rationing argument, the, you know, hospital out of business argument.

I think those were -- and then the -- you can't beat the drug companies. We haven't yet figured out how to beat the drug companies. They beat us on this warehouse. A perfect example, a federal warehouse just like the state warehouses to store vaccine, the vaccine is going to be delivered by Federal Express. It's not going to be delivered by the post office.

So, it's going to save money, but it does two things to the drug companies. It takes away their fees for distribution, and we've already cut their dollars on the vaccine. So they want to cost shift and be able to make it up on the distribution, and it cuts them out of their personal relationships with the docs, which is the way they sell more and more drugs.

So, they, basically, you know, put together a coalition but how material that was going to be. It's a very small thing, but they are extremely effective. So, I mean, I think that's the opposition, basically.

Q It raises another question that keeps coming up in all of our conversations, and that's about your message

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side, how you get the message out. I don't know how many times we've been told there's this new effort to do so and so and so to get -- even to now. Talk about that, because, for instance, in the process, we were told that at one point there was a meeting last February on a snowy night here at the White House.

You weren't there, but some people strongly urged that we ought to use the tactic of Congress has this insurance, and, you know, if it's good for you, why isn't it good for us? And we got shot down by (inaudible) people, in a very strong (inaudible).

MRS. CLINTON: You're right. I wasn't there, because I was saying it by then.

A PARTICIPANT: She was saying it long before that meeting occurred.

Q I know, but this is the kind of stuff that we keep hearing about.

MRS. CLINTON: Oh, I don't think you should take a lot of that real seriously. I mean, there must have been a million so-called message meetings, and part of it was very legitimately trying to figure out how to communicate effectively, because, you know, look at -- I mean, look at what we were up against.

We couldn't talk until the budget passed, basically. I mean, I could talk, but I had to talk very general terms, and we had to be very careful about specifics, et cetera. So, we get the budget passed in August. We come back in September, and we're ready to go.

The Congress is then telling us, "We got to do NAFTA, because it's got a deadline," and so, "Since you're going to have to go to Finance and Ways and Means, and they're not going to be able to do anything until NAFTA, you can bring the bill up, but we're not going to get to it." Then, we were stuck with how do -- but we felt that we had to present it, because we needed to get it out there.

Q Right.

MRS. CLINTON: So we present it, and I, you know, testify, but then there's no action.

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Q I understand that. Now, what were you feeling at that point? What were you saying to the President?

MRS. CLINTON: Well, the problem was that we were stuck because, again, we found ourselves -- part of what has been amazing to me, and again, this is my lack of experience in Washington, when you come out of a state, state legislatures handle a lot of business of grave importance all at the same time, and they get it done.

I mean, you could be building prisons, you know, raising money for schools, economic development, dealing with pollution. You're doing it all at the same time, and I don't care if you're a big state or a little state, and if you're only in session for 60 days in a state like Arkansas, you really have to do a lot in one time.

You get up here, I mean, everything takes so long. Now, that may be good, because, you know, that's the checks and balances, but to be, basically, told, "Well, now you can't really do anything that's going to be very big, because we got to deal with NAFTA, and you can't divert attention from NAFTA. You got to focus on NAFTA," that was frustrating, but it was also realistic, because the last -- I mean, part of our dilemma was -- and this is why people say, "Why didn't you come down and just, you know, really condemn David Bonior?" He was going to carry our water in health care. I mean, I thought it was --

(End of tape 1.)

MRS. CLINTON: -- so, these were things most presidents in recent years haven't tried to do so much. So, it hasn't come up as a big issue. So, we were there doing NAFTA plus don't forget reinventing government, which, you know, which followed our model. I mean, all these people who say, "Oh, my gosh, the health care thing was so secretive and everything, Al Gore adopted I totally. I mean, he had toll gates. He had the whole nine yards.

We wanted the reinventing government issue out there, because we knew there were savings which we could use to fund some stuff, which, of course, we have funded the crime bill, if we can get it through. So, from September, when the bill came down, through the NAFTA fight, I mean, it was frustrating, and also, that when the real effective ad campaigns, both the deliberately effective ad campaigns --

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Q That was the period --

MRS. CLINTON: That's right. And the inadvertently effective --

Q -- (inaudible)

MRS. CLINTON: That's right. I mean, AARP is running ads that are hurting us. They think they're helping us. Harry and Louise is starting, but if you look at the Annenburg study, the really effective ads were ones you hardly saw in Washington. They are the ones run by the fronts that Kemp is running and Bennett is running and Crystal is running.

Q Radio commercials.

MRS. CLINTON: Yeah. Those were the effective ads, and they were, you know, the heartbeat about how the health care system is going to stop. They were holding the baby who is being told, you know, come back to the government hospital tomorrow, all of that stuff. So that's going out. Okay. So NAFTA ends.

We, then, thought we had a real window, right? I said to Bill in a half joking way after NAFTA passed and his ratings were so high, I said, "Well, I wonder what's in Scheffield Nelson's arsenal now?" Well, we soon found out, right? We had Troopergates. We had Whitewater come back as an issue, and, in the immortal words of Rush Limbaugh, Whitewater is about health care.

So, we had this dumped on top of us starting in late December, and, in a way, it was -- I mean, it was unfortunate for many reasons and very sad, but the committees were start their process. So, we had a couple of problems. We had to deal with this whole, you know, onslaught of this Whitewater stuff, which was so ridiculous, in my view.

A PARTICIPANT: That was right around when Harold came in --

MRS. CLINTON: Yeah. That's right. Well, I mean, you know, because we were under siege again.

Q I understand.

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MRS. CLINTON: And so all this stuff was going on.

Q (Inaudible)

MRS. CLINTON: Yeah. But anyway, the committees were starting to work. We couldn't figure out how to advertise anything but general principles with five committees. You didn't have a bill like NAFTA. I mean, you had a bill, but you didn't have a bill. Part of what the leadership was telling us, and, again, we took a lot of their advice because we couldn't turn it down, basically.

What they were telling us was, "You stay out of the process except behind the scenes. We will do the work in the committees." So, we were constantly in touch, and we don't most of the analytical work. Can he did a lot of the OMB runs when they couldn't get CBO to respond, but we did a lot of stuff, but we deliberately kind of kept our public distance because that's what they wanted. They wanted to work out their own deals.

That's what we had anticipated, but what we did not fully appreciate is how, when you had a relentlessly focused well-organized and financed opposition, how did you keep a rebuttal going when you had five different venues that were all working at the same time. That was very hard.

So, there were lots of discussions, millions of them about message, but what we found was that negative always bites harder. That's one of the unfortunate lessons we all learned starting in 1980 with NIC PAC. Positive doesn't, and so we didn't want to spend money on a positive that we didn't think would last.

So, we didn't put anything on the air. The reform project was getting its act together trying to raise money. We were helping them raise money so that they could try to go up with some stuff, but we were, basically, even if you put Whitewater out of the picture, kind of caught in a holding pattern because of the committees.

Then, you know, Rostenkowski gets indicted, which even before it happened people were fearful of what happened, and it did affect, you know, the functioning of that committee. Dingell runs into an absolutely impossible situation with Cooper, Slattery, et al. He can't put

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together a deal and literally tries everything he can think of.

The best process was Kennedy's, which was a really well-done process. Jeff Bingaman told me before the Kennedy committee started its hearings he could not support an employer mandate. He didn't understand this issue very well, and he just didn't think he was going to be able to go along with, basically, the guts of our plan.

After it was over, he called me, and he said it was the most intellectually satisfying experience he'd ever had in the Senate. I mean, Kennedy knows so much about this issue, and what he did on that committee was like a tutorial, and he really brought people -- and Barb Mikulski was shaking before the hearing started, you know.

I mean, she and I went to Baltimore probably three times, and, you know, she was real shaky, but the more she learned she really applied herself. She really learned the issue. So, if you look -- I mean, this is one of my real regrets about what's happening in the Senate now.

I mean, even though Kassebaum and others were held back, in a sense, from voting for the final product, they made an impact on it. They presented amendments. So, it was a bipartisan process even though the product only had Jeffords on it. What is happening in the Senate now is nobody pays attention to the work of the committees.

Nobody pays any heed to credibility or experience, and you have these absurd positions being taken where last week Orrin Hatch was saying he'd fight to the death for the crime bill. Today he's leading the fight against it, and nobody holds anybody accountable.

So, the Kennedy process really worked. Moynihan had a much more different sell, but look at what happened there. I go to testify in October at the Senate Finance Committee. The first question I'm asked is by Bob Packwood, who says to me, "Why do you recall this an employer mandate? You want the employer to pay. You want the individual to pay, right?"

I said, "Yes, sir." He says, "Well, I consider that individual mandate. That's what I've always been for." We had every reason to believe that Packwood -- and I said

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jokingly to Senator Moynihan at the time, I said, "Heck, Senator, introduce the Nixon bill. I sent it to Bob Packwood two weeks ago in the Rose Garden.

I said, "Senator, introduce the Nixon bill. We can live with that." Well, I mean, this is my opinion, but he has absolutely no room to do what he's knows is right, none, none, none.

A PARTICIPANT: Well, he also came in (inaudible). I was (inaudible) universal coverage, but we don't have to support universal coverage anymore.

Q When we're talking about -- this whole period is such an extraordinary roller coaster emotionally, and it is for the country, too, I suspect, but what about you in this process? What was the high point? What's the low point? Can you put yourself in that context?

MRS. CLINTON: I haven't thought about it enough. I mean, I -- you know, I think this is an ongoing battle. I mean, part of what happened, which I think is very unfortunate, is that the politicization of the process, particularly in the Senate, the crime bill being the latest example, is so intense.

I sit here, and I think, you know, somebody like Bob Packwood, who has always stood for something, now decides it's politically impossible for him to do so. That was not in our calculation. When we started, we believed there was a bipartisan majority, and we had researched all of the past statements and past bills that the major players had introduced.

So, the low point, I guess, is to see people who know what's right to do, know what will work really taking a dive because of political pressure. The Catholic Health Association came in the other day. They have worked with Dave Durenberger for 20 years. They came in to report on their contacts with senators.

So, this is not Administration people going up there. They said they were sitting around the table with Senator Durenberger when we have spent countless hours and who always assured me in the end he'd be there, and by "there," he meant the kind -- I mean, a stripped-down version of what we proposed, which is what we thought we would get, you know, voluntary alliances, bring down the numbers, you

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know, decrease the benefit package, drop the percentage on the employer mandate.

That's where we thought the deal was. So, the Catholic Health Association, one of the people there, after listening to Senator Durenberger says, "You know, Senator, you've been with us every step of the way. In Minnesota, we traveled around with you. You held up a little card saying you wanted everybody insured. You're going to go teach the catholic college about ethics. Are you telling us that you no longer support what you always supported, which is what we thought you were supporting?" And he dropped his head and said, "Yes."

We sent Senator Koop -- Doctor Koop to go see Durenberger and Danforth, both of whom had worked with him when he was under attack on the AIDS stuff, and he especially feels close to Durenberger, but he also knows Danforth, and he knows Danforth's brother, who hosted me at Washington University and has talked to Senator Danforth.

They both said to him in different ways, they said, "Senator, this is about depriving this President of a political victory." Now, I mean, you know, as my husband has said repeatedly, he will make more than enough mistakes. There will be enough legitimate disagreements to have many elections over.

What we didn't factor in was how we would no longer be able to reach the Republicans in both the House and the Senate but particularly in the Senate, because they would have been the leaders for the Republicans in the House, in areas that they have long advocated. That's what has been the biggest surprise to me and, I guess, disappointment.

Maybe -- you know, I don't understand it. I mean, maybe there is some explanation that I'm not getting. Maybe we did some things wrong. Maybe they think we broke faith with them. Maybe they didn't believe me when I said the premium cap was going because it was their idea, or they didn't like the way it went in, but they never said any of that to us.

I mean, you know, we would do the legislative language and send it up to their staffs and say -- I mean, we had that -- remember that big meeting we had with the Labor and Human Resources Committees? We gave all the information

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to Senator Kassebaum. We did follow-up. They never today back and said, "Well, we can't live with this. Let's try that," which is what we were trying -- that's what we were trying to invite all the time, and it never happened. So, I guess that's the biggest disappointment.

A PARTICIPANT: I think one thing you want, maybe, to add is Mitchell's resignation and the impact that had.

MRS. CLINTON: Oh, right.

Q Oh, right. We need to talk about this.
Somebody --

MRS. CLINTON: I mean, Rostenkowski, Michael and Mitchell.

Q Right.

MRS. CLINTON: Each of those three things changed the dynamics, and each of those were devastating blows to us, and I think that Mitchell lost every ounce of leverage he had with the Senate Finance Committee as soon as he announced he was not coming back, and he was really key to our being able to maneuver something out of the Senate Finance Committee because, you know, Senator Moynihan was looking to Bob Packwood.

I mean, he really thought Packwood, because of his long interest in this subject, would come up with a bill. So Mitchell saying he wasn't coming back was a big, big blow to us.

Q The night that he came over here, were you sitting in on that or just the President?

MRS. CLINTON: Just the President.

Q I had a conversation with Mitchell about this, but you got the word immediately, and you tried to talk him out of it (inaudible)?

MRS. CLINTON: No. I think that -- I think that -- no. I mean, we were having a dinner here for senators. Mitchell stayed. I went upstairs. The President came up, and as I remember -- I don't know if this is accurate, but as I remember the President said, "George just told me he's not

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going to run for reelection," he said, "but it's going to sleep on it overnight," and I said, "Well, I sure wish you could talk him out of it." I said, "I think that's a real shame."

A PARTICIPANT: Well, the particular shock was we had just spent time with him --

MRS. CLINTON: In Maine. We had gone -- we had spent all day with him.

Q Oh, I'd forgotten that.

A PARTICIPANT: The whole day we were there.

Q And no -- there was no --

A PARTICIPANT: No indication whatsoever.

MRS. CLINTON: No indication. No, not only that, I mean, he loved our reception in Bangor, and he was so enthusiast. He was high. He was really into it. I don't know him very well. I like and admire him a lot, and I think, for whatever reasons, he made the decision, and he wanted to start telling people so that he couldn't go back on it.

I mean, it was almost like he was somewhat ambivalent, and he wanted to cross the bridge. So, when the President called him back, you know, I think -- I think the President probably said to him, he said, "Well, you know, I can't get to sleep on it," you know. He said, "I want you to really reconsider this, and is there anything that we can do to help you or --" and, so, anyway, it was just one of those kinds of comments.

Q One of the things we're going to have to deal with when all this is over is (inaudible) just to show people how the system works but how well does it work for the people in this process.

MRS. CLINTON: Right.

Q That's going to be the final (inaudible). What's your sense, in the middle of this thing? You've watched it so much. You've been going like this even the conversation.

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MRS. CLINTON: Oh, yeah. Yeah.

Q How do you feel about it?

MRS. CLINTON: Well, you know, I am somebody who really believes that we are individually and nationally just (inaudible) with this problem, and it's not going to get my better. One of things that's been a little discouraging to me is that a lot of people who are well off and have insurance have been totally confused by the debate and have really felt they were going to lose something.

Their concerns have been expressed in very personal ways and particularly people who live in Washington, D.C. They just were convinced they'd have to go to --

A PARTICIPANT: The Anacostia --

MRS. CLINTON: Anacostia to go to the doctor, and I mean nothing you could say about how absurd that was would penetrate.

A PARTICIPANT: And that was the total subject at Washington dinner parties, if I may add. That was the only issue.

MRS. CLINTON: So, for me, that was hard. I mean, I had Henry Kissinger come up to me and say, "My doctor says I'm not going to be able to see him anymore." I said, "What are you talking about?" I mean, I couldn't believe it, but he was serious, you know.

So, the idea that somehow change was going to totally disrupt everything; whereas, what is happening now is undermining the system that people think we take for granted. You know, there is this -- I mean, this is another conversation, but there's just a lot of forces and currents at work and suspicious and cynicism about government and fears about, you know, what will and won't work, I mean, all of that.

I think the Republicans and the opposition were very effective to say this was a big government program. I mean, we did everything we could to design something other than that. I mean, it was so funny because, you know, everybody, all the manage competition people count to the

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caliper system. It has more than 3 million enrollees. It runs with 75 people, and there's no huge bureaucracy.

Then, you look at the bureaucracy in the private insurance industry. It's taken 40 cents out of the dollar for health care of small business. It's taking 17 cents out of mine, and I'm in a big pool in the federal employee thing. We somehow couldn't ever get that across to the elites. The elites really drove this to bay, and they drove it, unfortunately, from my perspective, based on misunderstanding and misinformation and fear of their own self-interests being undermined.

At one point in the process, we have, kind of, an adoptive journalist program, and we would send out the Administration officials --

A PARTICIPANT: (Inaudible).

MRS. CLINTON: None of you were. We figured you knew what you were doing.

A PARTICIPANT: You were adopted. Were you adopted? Was he adopted?

MRS. CLINTON: Well, but we mostly adopted people that were -- you know, we didn't --

Q You didn't know you were adopted.

MRS. CLINTON: Yeah, you didn't know you were adopted, but we adopted some journalists. So we would send out these Administration officials to go up to -- I mean, we were talking to anchors and White House correspondents and, you know, guys who were influencing millions of Americans. It was scary.

A PARTICIPANT: "What's an HMO?"

MRS. CLINTON: Yeah. That was my favorite. "What's an HMO?" I couldn't believe it. So, you know, the level of misunderstanding and ignorance was, I think, our biggest obstacle and one that, maybe, it just takes longer to overcome that we gave it a chance to, but we really hammered on that. It was --

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Q But isn't it also a question of who is organized and who is not?

MRS. CLINTON: Yes, and the amount of money, the amount of money spent. The latest (inaudible) folks estimated that through June 120,000,000 had been spent. It's now up to 140, I think, some huge amount.

Q I was (inaudible) to the fact that the DNC, when they were charged with organizing, nothing happened.

MRS. CLINTON: Well, part of that, though -- I love Dick Celess, but he was going through some personal traumas, and I just think that he just couldn't get it together. I don't mean this -- I really do think he's a great guy, and when he finally realized it and we realized it, months had gone by. I mean, he --

Q Yeah. That was another big, huge --

MRS. CLINTON: Yeah.

Q But, I mean, I want to press you on this thing, because this is all just theory in my mind; but I really am struck by the fact that the NFIV can go out and put together a grass roots network. I mean, whatever you think about their business, they have really organized --

MRS. CLINTON: Right. Right. They have.

Q They're talking now in the future. They see this as the --

Q They're going to be a political movement coming out of this thing, and the labor people we talked to said, you know, "We never really were able to get our people up for this thing," Democratic party, whether it was Celess or somebody else --

MRS. CLINTON: Right.

Q -- never really -- I mean, the thing that brought it home to me was talking to Congressman Frank Tajeda, south Texas, and he's telling me what he hears at home. He mentioned on the way that I think nine of his counts have no health provider system, no hospital, no

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clinic, nothing. I said, "What do you hear from those people?" "I never hear from those people."

MRS. CLINTON: Yeah. Oh, I think that's right. I think that -- there's a lot of issues in this that I think are really important. One of them is that it's just much easier to organize against something than for something. It sounds simplistic, but it is. It's just much easier.

I remember after all the work I did on education in Arkansas the legislature held its special session. I went up to the legislature. The halls were filled with lobbyists. They were filled with teachers. They were filled with the anti-sales tax people. There was nobody for it.

Now, I had just spent eight months. I knew there were literally hundreds of thousands of people for it. None of them were there. I got on the phone. I started calling the PTA, the League of Women Voters. The answer that came back was, "Well, we thought that was already taken care of. We thought that was going to happen, or, "It seemed so obvious you're going to take care of education. You're going to take care of health care."

So, the impetus to move on a positive ground is just much more difficult to get started, I think. That is one thing. Secondly, I guess, if you look at the group that -- the groups that were organized against us, they had already existed structures to work through. We had to create stuff.

Where we didn't create stuff, we had these other institutions who were for us, but it was funny, because you're right, I mean, they all were for us, but it was always a qualified for us. I mean, they all were for us, because it was always a qualified "for us." I mean, Jerry McAntee was still fighting with his locals for months because of the decisions we had made. So, they were not about to cut loose.

The other thing we had to face was a lot of the energy for health care reform on the Democratic side come from single-payer groups, like a lot of the union groups are single-payer. Citizen Action is single-payer. Several of the medical associations that we enlisted are more favorable towards single-payer.

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If you look at the internals of the a lot of the polls that were done as the so-called Clinton Plan was being opposed, in certain parts of the country, a very significant percentage of the opposition was single-payer. When I went to do that clock ticking thing for Families U.S.A., I was being heckled and screamed at by single-payer advocates who were screaming at me that I'd sold out, et cetera.

So that the single-payer people were never energized, and that's most the unions. I mean, most of the unions went along with us because they were convinced, as we were, you could never get single-payer politically. So, we persuaded them of that, but their membership had been so sold on single-payer all these years they could not generate very much excitement.

Q You were in Portland when all that horrible heckling --

MRS. CLINTON: Seattle.

A PARTICIPANT: Seattle.

Q Seattle. There were people in the crowds with guns and rifles. What was that like?

MRS. CLINTON: That was terrible. That was terrible.

Q It had to be. I just want to understand this.

MRS. CLINTON: Well, I have been heckled, you know, for years. That's not new, but usually it's -- you know, it's sort of pro forma, and it's kind of within the bounds.

Q Sure.

MRS. CLINTON: There's a radio talk show host in Seattle who is a kind of, you know, Limbaugh clone. For a week he was just ripping people up against me. I mean, it was just horrendous, all kinds of terrible things that he said. He set up his broadcasting booth down by the venue Saturday morning, and so he pulled a lot of people. KVI radio in Seattle.

The thing that I guess scared me, though, is the look of the people that he pulled. They were men in their

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20s, 30s, 40s. They -- I had not seen faces like that since segregation battles in the '60s. They had such hatred on their faces. I mean, I've been often protested against by pro life people, and I respect them, and usually it's, you know, a couple of men who are in charge of a large group of women and children.

This was different, qualitatively different. In talking with Patty Murray and Mike Kritsler and some of the other members out there, I mean -- you know, this is a little bit of an aside, but it is on point, I think. I don't understand why my husband gets hammered for not believing in anything. I mean, you know, he did what he said on abortion. He did what he said on -- he did as much as he could on gays in the military, an issue nobody would have taken on.

He's now taken on the NRA continually for more than a year, and if you look at the depth of the virulent feelings against us, it is fueled by abortion, gays, guns. Mike Kritsler told me this story, because, you know, members of Congress have no security. After the first assault weapons vote, he goes back to campaign, and he's in some gym or something. A guy who --

A PARTICIPANT: Town meeting.

MRS. CLINTON: A town meeting. A guy who looked like the kind of guys who were out there after me that day comes in with a gym bag, sit down in the front row, takes out an AK-47 and starts to assemble it. I mean, I don't think the Washington press corps, if I may be so respectful, understands the depth of what's going on out there and the way a lot of unbalanced alienated mean-spirited people are being given a license to be very disruptive, and I think that Health Express thing was an example of that.

I mean, I talked to a lot of the nurses who rode those buses. I like nurses. I mean, they are tough. I mean, you know, they're really -- they're there on the front lines with people, and a lot of those nurses went back and talked to those guys. They didn't know why they were there, really. They didn't understand anything about health care, but the people they listen to had told them that, you know, we were going to destroy their way of life, and the examples were gays, guns, abortion, socialized medicine.

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So, that's what scared me. It was a very disorganized site. I mean, it wasn't advanced well. The local people, nothing like that ever happened in Seattle. They weren't prepared for it. The sound system was lousy, which meant I had to talk louder than I would have wanted to. So, there were things that logistically were wrong with it, but what stuck in my mind were those faces. I mean, that's what really bothered me.

A PARTICIPANT: They moved themselves at one point from the rally site, which they had dominated the rally site two or three hours earlier. They came and positioned themselves right in front, but then, when the rally ended, they moved to a small block where the cars, her car would turn into the garage, and there must have been literally hundreds of them, and the confines of the sidewalk even either side I have never seen such frightening faces.

Q Were you frightened physically? I mean --

MRS. CLINTON: Well, I mean -- again, I mean, I don't want to talk about this -- you know, I mean -- but, yeah. My agents were -- I mean, I've been scared a few times, usually when we're working rope lines at night because you can't see anything.

Q Sure.

MRS. CLINTON: But I've never had reason to be physically scared before, and, I mean, they took some pretty tough guys with automatic weapons, assault weapons, out of that crowd.

Q What was in the --

MRS. CLINTON: Two guns and a knife.

Q Two guns and a knife?

MRS. CLINTON: Yeah, but it was --

Q (Inaudible).

MRS. CLINTON: Did he say that, too? And the thing, I guess, that -- I don't know. This is a very tough call for us, because, you know, I don't think it's useful to go around talking about it, but, on the other hand, I don't

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think it's very smart either to stay so totally calm about it. So, trying to strike the right balance so that you don't sound defensive or whiny or any of that, which I don't feel.

I mean -- I understand, I think, a lot of the insecurity. I mean, take a place like Washington. How many out-of-work lawyers are there? All of a sudden, we're not going to log because of the Spotted Owl, I mean, a whole way of life undermined for them. How many out-of-work fishermen because we're depleting the salmon in their rivers?

I mean, I have a lot of sympathy. What I don't like is that it's just like Coughlin, or it's like, you know, any other demagogue, when you take that kind of insecurity, which you will find any time at the end of a historic era, like the end of the Cold War, and you whip it up and you, basically, make policy or try to influence policy by frightening people, lying to people -- and again, with all respect, when you've got a well-organized right wing media operation, everything from, you know, the talk radio, the radical right religious broadcasting, the Wall Street Journal editorial page, the Washington Times, which are advocacy journalists, and then you've got respectable mainline journalists, basically, in a kind of either/or evenhanded mode, you don't have any counterbalance to this incredible 24-hour-a-day hate that is being spewed out.

I mean, if you read Limbaugh's transcripts, I mean, he's very clever. I mean, he's not as bald and blatant as this guy in Seattle, you know, or the guy in, you know, Detroit who calls my husband Caligula because he murders people because Falwell says so. I mean, you know, that's really -- that is like -- I don't think we've ever had that kind -- we've always had newspapers and broadsides taking on presidents and saying terrible things about that.

We had Westbrook Heggler saying terrible things about Eleanor Roosevelt, but it wasn't pervasive. It did not penetrate into every corner 24 hours a day, and I think that's scary.

Q Seattle is --

A PARTICIPANT: A radical --

Q I mean, that's one of the most progressive places in the United States.

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MRS. CLINTON: It's very distressing.

Q We don't want to --

Q We've overstayed our welcome.

Q We would like to follow-up.

MRS. CLINTON: Sure.

Q We have lots and lots of things, and we'd like to know more. Let me ask you just one last thing, as long as (inaudible). Do you have a sense that you've changed today? Here it is August 24th or whatever it is.

MRS. CLINTON: I've learned a great deal. I've learned a lot about myself. I mean -- you know, let me think about it. We can talk about it sometime.

Q Yeah. Okay.

MRS. CLINTON: I mean -- yeah. I have learned a lot, and I've made a lot of mistakes. I mean, I've made lots of mistakes, and I'd do things differently in many respects, but even having said that, I mean, I think that my husband was right to try to do this, and that it is not ever going to get any easier because the decisions will never get any easier.

The last thing I would say, because this might be something you'd be interested in, which probably nobody has talked to you about, we had a number of fascinating visits from European -- and I think Japan -- European prime ministers, finance ministers, health ministers, and they were so excited about what we were doing, because they saw many of the techniques we were adopting as relevant to their single-payer systems as a way of creating some competition and creating some incentives for doing things differently.

I guess this is a minor disappointment, but it's a stark comparison. I go to Norway to lead the Olympic delegation, and I don't know if you've ever met the Prime Minister of Norway.

Q No.

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MRS. CLINTON: She's a doctor. She's one of the most impressive people you can talk to. This woman was really impressive. So, I go to breakfast with her. When she'd come to the White House in January, February, she had stopped by to meet me, and I said hello to her. She had read the bill. She had read commentary of the bill, including a fascinating article by Ronald Dorkin, the New York (inaudible).

A PARTICIPANT: But you can imagine too many Americans haven't read it.

Q I read it.

MRS. CLINTON: You all, I would assume, right? And she, then, proceeded to have with me one of the most exciting discussions about health care reform you could have, because she really got it, and when their Prime Minister Luubers from the Netherlands came, it was the same kind of conversation, and then there were a few -- I mean, I didn't talk to either one of you, but there were a few journalists, notably Loretta McLaughlin at the Boston Globe who really understand this issue.

So, despite, you know, we get beaten up, we get knocked around, we get called names and all of that, whenever I talk to somebody who really understood what we were trying to do, I got a lot of positive reinforcement because they understood what the stakes really were and how everybody would be better off if we could just summon the political will to make a few small changes.

So, that was -- you know, that's really been very positive for me.

Q This is really wonderful.

(End of interview.)

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