

03/11/94
WOODWARD, BOB

THE WHITE HOUSE
Office of the Press Secretary

For Internal Use Only

March 11, 1994

AN INTERVIEW OF THE FIRST LADY
CONDUCTED BY BOB WOODWARD,
THE WHITE HOUSE

Q -- going to use it. I'm not going to --

Q (Inaudible) book is going to be in the "Post" (inaudible).

Q Yes, the -- yes, that's right the book will be in the "Post." It will probably come out in the spring, and then we're really on a fast track.

MRS. CLINTON: Boy, that really is fast. It's nearly spring.

Q That's right. The -- and I've got a very detailed draft of it, and what I -- what I was -- George and I were talking about, what I don't have is a good beginning. And I have started it currently with: In the spring of '91 with -- your husband goes and gives a speech at Harvard with Bob Reich about --

MRS. CLINTON: The Kennedy school.

Q Yes, the Kennedy school. You weren't there, I don't think.

MRS. CLINTON: No, uh-uh.

Q And it's all about the investments and Reich's theories, and your husband talking about it in a very direct -- you know, I'm -- this is what we need to do.

MRS. CLINTON: It goes back before that, though, I (inaudible).

Q I know it does, a long time, and then they talk afterwards, Reich and your husband, and Rick Sterns

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(phonetic), about whether he should run. This seems to be the moment of decision, whether to run, so there's kind of that inner section of the quest for the presidency in a series of economic ideas. Now, what I'd love -- if you can recall your discussions with him. I would love to have a time when that kind of all comes together, if in fact it happened that way.

MRS. CLINTON: Well, but I'd have to go back further because of a lot of -- a lot of these ideas, particularly the economic ideas and the analysis of the ideas had been going on for years. I mean, you know, you could find germs of it in my earliest conversations with him at Yale, but certainly by the time he was governor and was faced with kind of the stark global reality of economic competition.

And from his perspective, the failure of both the American private and public sectors to adjust and deal with the new global reality -- which came crashing in on him when he became governor, because he could see so clearly what the problems in his own state were. And then the work he did at the National Governor's Association and when he was chair, the work they did on investments, and linking the kind of competitiveness issues, and the investment issues, and the structural deficit issues all together.

So I mean, in a shorthand, you really, I think -- and I mean, I can remember numerous conversations during the 1980s with people like Bobby Reich, in the kitchen of the governor's mansion, you know, where we'd stay up for hours talking about all of these issues.

Q I write this in scenes. It's a series of scenes to make it active, and to make it interesting and give -- and what I need is a scene where you -- you two -- I mean, was there a thing published about the moment you two -- you know, decided he was going to run? You were sleeping in the guest house at the governor's --

MRS. CLINTON: Yes, but that was, like, back in -- that was, like, in August or September of '91, you know. So it was after this time, but it was -- it was the constant discussions of all of these things that he kept coming back to.

And I think during '91 he was not -- I mean, sure,

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he entertained the idea, but he was convinced in his own mind that he was the one to do it, and all the democrats just kind of kept pulling out. I mean, nobody would do it. I mean, one after another, none of them would do it. And so by August -- and we went to the governors' conference in, I think Seattle, if I remember right -- I think it was -- yes, I think it was in Seattle.

Were you with us?

Q No.

MRS. CLINTON: We didn't know you then. That's hard to believe. We've never not known you. (Laughter.) And so -- so the governors' conference in Seattle -- there were lots of conversations between him and other governors, democratic governors.

Q How about -- could you set a moment, if you were beginning your memoirs -- this is the moment he decided to run?

MRS. CLINTON: I think it was that morning in the guest house, probably. Yes.

Q Set the scene, as much as you can remember.

MRS. CLINTON: Well, it was just -- you know, we'd been talking about it, because by August people started coming to him, you know. I mean -- and especially governors, and that had started in Seattle, and that was probably in mid-August that the meeting was, and so although there hadn't been much national attention paid to him, or you know, kind of national focus, regionally and on state levels people were starting to talk to him and call him, and it just began to build up.

And so we -- I don't know, we had just been talking about it, and he kept saying, you know, I just don't know if I want to do it. I just don't know if I want to disrupt our lives, I don't know if it's worth it, but on the other hand, I just don't think we -- the country can survive without some kind of debate about this. It's not right what's happening. We are hollowing out our economy, and all the stuff that he believes.

So we woke up one morning and I said, I think you

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have to do it. And he said, oh, he said, do you really? And I said, yeah, I think you do, and I also think if you decide to do it, you'll win. And I always believed that, as George will tell you, from the very beginning.

Q What did he say? What did your husband say?

MRS. CLINTON: He said, Do you really believe that? And I said, Yeah. And he said, Why do you believe that? And I said, Well, because I know you, and I think you are absolutely the right person to make these arguments and to get out there and try to be the democratic alternative. And I think that the historical time is right, that I believe it's a rare meeting of a man in history. And I really believed that and never, ever doubted it (inaudible). Nobody else did, not even he, but I (inaudible).

Q And this would have been -- yes, I know. I know. Well, one of the arguments he gave to other friends at this period was -- because they were saying, well, you have no national security experience; presidents need that. And he said: the national security issue is the economy.

MRS. CLINTON: That's exactly what he believed, and he also -- to be fair, he did have a knowledge of national security and foreign affairs that he had kept up ever since he had been at Georgetown, that he read widely and he was very interested in. He was as knowledgeable as a lot of people who have been in this town for decades, so I don't think he felt at all self-conscious about that. But he thought the real national security challenge to the country was our global economic position.

Q What -- what time -- this would have been in mid-August, then, or late --

MRS. CLINTON: No, late August.

Q Late August, and you were -- and this is in the guest house, because they're doing what at the mansion?

MRS. CLINTON: Right. Putting in a new air conditioning unit or something.

Q And it would have been about what time in the morning?

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MRS. CLINTON: I don't know, early in the morning, when we woke up. I don't know (inaudible). I didn't know it was going to be -- there were a lot of things I didn't know that were going to be so important.

Q No, it's just -- I'm -- I'm truly trying to set the scene. I hope you -- and -- and --

MRS. CLINTON: No, no, it's fine. We were in this -- we were all living -- Chelsea, and Bill and I --

Q In one room, or --

MRS. CLINTON: Well, she -- it was two rooms. She was sleeping on the fold-up couch in the living room, and we were sleeping in the bedroom, and there was a bathroom, and that was it. And that's where we lived for, like, three and a half months, so it was tight quarters.

Q When you said "these things," these are the -- I mean, here's the way I'd put it: that he had developed a critique of the Reagan-Bush years that was gaining momentum and had the ingredients of an economic critique and a political critique. Is that fair?

MRS. CLINTON: Yes. That's very fair -- and a social and I would argue moral critique. I mean, it was -- it was bigger than traditional concepts of economics in politics, and it was bigger than traditional stereotypes of republican-democrat-conservative-liberal, and that was very important to him and to me, that it tried to go beyond the sort of staleness of the debate that had ripped everybody.

Q Did he say, "Okay, I'm going to do it" that morning?

MRS. CLINTON: Uh-uh. He said, You really think so? And I said, Yeah, I really think so. And he said, What do you think will happen? And I said, I think you'll win. He said, You really so? And I said, Yeah, I really think so. That's why I said, you'd better be careful about doing this, you know, because a lot of people were starting to say to him, look, this will be good for you. Get out there and run.

Somebody big, like, you know, Governor Cuomo or Dick Gephardt will reconsider. They'll be in, they'll get the nomination, but this will be good for you. And so he

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said, Well, you know, a lot of people think this would be a dry run. And I said, I don't. I think if you run, you'll win, and so you'd better be really careful about wanting to do this and making these changes in your life.

Q And his argument was that Bush's strength at this time was his advantage, because Cuomo and some of the other people were not going to run, and so there would be a vacuum. Did he say that? Was that analysis --

MRS. CLINTON: Well, you know, I can't -- I can't remember that he said that, that morning. I don't believe so, but that was something we had talked about. See, I believed -- and I mean I said this, too, back when -- during the Gulf War, which I supported and thought was absolutely the right thing to do.

I thought that the fact that President Bush squandered his political capital so pathetically after it was over, even though he remained at 80 and 90 percent poll levels, meant that he was very vulnerable. And I started saying that, just -- you know, like we'd be at a dinner party or, you know, in conversations with somebody, and everybody would say, you know, looks like it's going to be another --

Q (Inaudible) though -- never forget that.

MRS. CLINTON: Yes. Yes, and you know, there's just not another dry -- which is the -- the democrats are just going to have another dry run. And I just kept saying to anybody that I talked with that I thought that he had created his own political problems by the way he had conducted himself during his high point of the administration, with the waging of the Gulf War.

Q Yes, and I have a moment, later in the campaign, where your husband says he could not believe -- this is kind of in the spring of '92, when he's heading toward the nomination, and it's almost a sure thing. And he says, why is Bush not using his political capital to develop this economic plan -- I think he called it to one of you guys, it is an act of economic and political insanity on the part of Bush. Is that (inaudible) for the --

MRS. CLINTON: Well, that's what we both thought, but you know -- and we had always liked and still very much like President and Mrs. Bush, and you know from the outside

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looking in, we sort of just -- we just couldn't figure it out. But from our perspective it left open a very real challenge, and it was just a question of who was going to have the -- you know, who was going to have the pain threshold to take it on, so --

Q Really. And that was --

MRS. CLINTON: Because none of the other democrats -- and you know, then some started getting in, you know, like, you know, Tom and Bob and others, but --

Q That's an important notion, pain threshold. In terms of -- be explicit what --

MRS. CLINTON: Well, it's a -- it's -- well, it had -- you know, we had been in a number of increasingly combative campaigns, starting in 1980 with Nick Pack (phonetic), which changed the way campaigns were waged and altered the dialog so dramatically, pushing people into personality, and 30-second spots. And -- and the press coverage changed.

Q Yes.

MRS. CLINTON: And it became much more difficult to, you know, kind of keep your message going and be able to wage the campaign you wanted to wage. And that happened on a very minor level in Arkansas. But we saw it happening, you know, in bigger states, and we saw it happening at the national level.

And you know, I don't think there is any better organized entity than the republicans and all of their allies, whether it's the christian coalition or the talk show hosts, or whomever. I mean, they get up every day and they are out to get you, and they do it in a variety of ways.

So you know, it was going to be a -- they thought they had a right to the White House. And they thought certainly they were anointed because of the Gulf War so that it was going to be a very tough year combined with, it seemed to us, the underlying alienation and despair that was just below the surface, that was beginning to take over people that --

Q And you saw this in '91?

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MRS. CLINTON: Yes. Yes.

Q Now, after you said these things, when did he say, okay, I'm going to do it? Was it that day, the next week?

MRS. CLINTON: No, probably a couple days later. I mean, he --

Q Do you remember that moment where he said --

MRS. CLINTON: No, but I knew he was going to do it. I knew that he would do it back in -- you know, the spring of '91. He didn't know he would do it, but I knew he would do it because I could see how the circumstances were all kind of falling into place, you know. He talked to a lot of other people about doing it, and he'd come back, and he'd be pretty frustrated, you know.

He'd come to Washington, and he'd talk to these guys. He'd go and he'd talk to the democrats in congress, and he'd say, you guys have a great story. I mean, you passed welfare reform, it's the Bush administration that's not funding it. You know, we gave -- the governors gave you the education goals, and it's the Bush administration that's not doing -- I mean, he -- he had so many frustrating conversations.

And I know him so well that I could see that, you know, slowly this was taking shape. But it wasn't even conscious to him. It was -- I mean, you know, he wasn't at all aware of that.

Q Exactly the reaction you had when we first interviewed him, and he -- well, I'm thinking of running. Maybe I will. And you came out with the feeling that the discussion of the nuts and bolts and the ideas were so powerful, he was already running.

MRS. CLINTON: Yes.

Q Fair?

MRS. CLINTON: Yes. But he finally decided in early September.

Q Okay, it --

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MRS. CLINTON: That was when he finally decided.

Q Because he was still traveling around Arkansas, getting permission, and the okay.

MRS. CLINTON: Right. That was the Labor Day, and you know, the days around there. Yes.

Q So when did you hear "okay"? I mean, you knew it, and --

MRS. CLINTON: I don't remember the exact day, but --

Q Do you remember his words?

MRS. CLINTON: No, I don't remember.

Q But it -- but --

MRS. CLINTON: But you know, we're -- we're just going to go do this, or we're going to -- you know, we're going to get ready to go. So.

Q And the economic ideas that drove this, the investment program, health care reform was already --

MRS. CLINTON: Big -- big part to him.

Q Big part, because -- now, tell me how you saw that, again, at that point.

MRS. CLINTON: Well, all during the '80s he, like a lot of governors, was on the receiving end of all of these mandates. I mean, Bill used to say all the time during the 1980s, gosh, it would be great to be the President, like Reagan, who cuts taxes, so that every governor, including the republicans, had to raise them.

I mean, that's exactly what went on in the '80s. The net tax increase at the state and local level far outweighed the net decrease at the federal level, and the republicans at the national level knew exactly what they were doing, I mean by shifting these responsibilities to the state.

So they went along with the democrats who saw the

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safety net being frayed and said, look, we've got to get more health care. We're going to raise the percentage of poverty that somebody's eligible for Medicare, et cetera. So he saw what was happening in his budget, and he had to run a balanced budget, which had a big, you know, impact on how he saw these issues.

And he saw how the Medicaid expenditures kept going up, up, up, just eating away at his capacity to do anything else. So in the, you know, late '80s, through the governors' conference, he really began to study health care. And he was, I think, the co-chair of the health care task force in the -- probably 90 or so -- in which they really looked carefully at all of the health care pieces, and he began to develop his own ideas about what should be done.

Q And the middle class, helping the middle class, the populist ideas -- though he didn't -- he doesn't like the phrase "populist," does he?

MRS. CLINTON: I've never heard him use it. That's not a phrase that he's comfortable with. But he is passionate about how the republican economic policies resulted in stagnated wages, in an increase in temporary jobs as opposed to full-time jobs, in a decrease in benefits, I mean, just all of the economic effects that you could see. And he was furious about the increasing ratio between executive pay and the pay of middle managers and of working people. He was furious about it, you know.

And we went to Russia -- not Russia, Japan -- together on one of these trade trips. I don't know when it was, '87, '89, something like that. I was just sitting in the back watching a conversation between him and his people, and some of these Japanese executives, and the one Japanese executive said in this very kind of taunting voice, Well, you could do a lot to stimulate your economy if your executives in American industry weren't so greedy.

I mean, Bill really believed that a lot of the -- you know, high income leaders of our country, in all sectors, were setting a bad example, were taking advantage of people, and would be given permission to do so by the Reagan economic policies.

Q (Inaudible) great (inaudible) campaign?

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MRS. CLINTON: Yes. Yes.

Q Yes, that's right. Did -- did he consider this a dry run, do you think, at this point in '91?

MRS. CLINTON: Not once he was committed. I mean, I don't know that he knew exactly how it would turn out, but once he decided to do it, he certainly didn't consider it a dry run.

Q Okay. The -- now one of the things -- to fast forward to June '92 -- that the -- and I -- you've got a lot of speaking parts in this book, and I'll go through each one of them if you want, or --

MRS. CLINTON: Okay. Sure.

Q What I want to do is highlight the key moments. June '92 he is coming. He had got to come up -- this idea of let's have a real economic plan, let's put out -- which led to the 22-page kind of mini-budget. And as I understand it, everyone had ideas about what to do. Go campaign more, go on MTV more, and -- and you said, no, he's got to come back to Little Rock and (inaudible) internalize this.

MRS. CLINTON: Right.

Q Tell me what you said and what you meant, and what -- because this is a turning point.

MRS. CLINTON: Well, there was also at that time a lot of pressure to move the campaign to Washington.

Q Right.

MRS. CLINTON: And I was dead set against that, and I was against it for a number of reasons, but one of them was to keep him rooted. And he was still governor, and he needed to be paying attention to his responsibilities. But I was also against it because I didn't want the whole campaign to lose its sense of focus and to become a reactive entity instead of an active one.

And that was very important in a lot of areas, but particularly on the economic policy, because that's what was driving him, that's what he believed with all of his heart. So I wanted him -- and he was exhausted. He had been sick.

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all the way through New Hampshire and New York. I mean, he probably saw every doctor in New Hampshire, and he was taking every antibiotic, and when I'd meet up with him on the road, I mean, I was amazed that he was still going.

I mean, he would -- didn't -- you know, he -- coughing -- he was in terrible physical shape. So he was totally worn out. He had spent a lot of time early in the campaign, back in '91, crafting his Georgetown speeches. And I mean, we would come here and sit in Frank Greer's (phonetic) office and go over it literally word-by-word, and you know it had to be exactly what he wanted to say.

And people would have drafted paragraphs and come in and said this, that and the other, but he'd say, no, that's not right. Or, go find more information. So at that point he was really in touch with what he wanted to say. The campaign necessarily was a forced march. He didn't have that time. And he needed it. He needed it to rest, he needed it to kind of get back in touch with his own feelings about a lot of this, and to internalize the economic plan as we went forward. So that's why I argued for that.

Q And did he resist or anyone resist?

MRS. CLINTON: People resisted the idea that we would keep the campaign in Little Rock. A lot of people thought that was not a very efficient decision, but I don't think -- no, I mean the way we see decision-making, you know, in the campaign and to some extent even here at the White House -- there are a lot of people coming forward with their ideas, so I'm sure some people resist it, some people didn't.

But the net result was that he knew he had to stop and take a deep breath, and get kind of re-centered, which is what he did.

Q And there was a point where this plan was being drafted very quickly -- that it almost didn't get put out. And I think there is one scene where you actually came out -- because there were questions, particularly on the health numbers, where you said, well, let's not put it out. Let's wait. Let's delay.

MRS. CLINTON: Well, I didn't know anything very much about health care at that point, except just as a concerned citizen. But one thing that Bill is just adamant

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about is not letting things be put out, or said, unless they can be backed up, and he is just committed to that.

And people were rushing around trying to get the draft done, and there were some things in it he was not comfortable with, and he kept saying, you know, what's the backup? I'm not sure about this. And so I said, well, look, if you're not sure about it, then nobody should be sure about it, because you're the one who has to stand behind whatever it is that is written. So it shouldn't be done until you are satisfied, and if that means not doing it right now, we don't do it right now.

I felt very strongly about that, because he's the one who has to ultimately answer the questions, and he had to be satisfied.

Q And what made him satisfied?

MRS. CLINTON: Getting on the phone, going over it again and again. It was a very long conference call and --

Q The famous call.

MRS. CLINTON: -- more things being faxed, and finally he was --

Q In dropping out the health numbers, which were --

MRS. CLINTON: Yes. The health numbers could not be as precise as people wanted them to be. And I now know why, Bob, because I mean, as soon as we started doing this health task force, you -- no government that we'd had, had ever put the actuaries from the various departments in one room until we started doing this.

Q There was one meeting later during the Presidency, or maybe down in Little Rock, in the transition, where Ira says, oh, we can do this in two weeks. We'll be able to get the dollars in two weeks. So it's -- whose idea was it to put out that economic plan? Do you remember?

MRS. CLINTON: Well, I think it was a collective decision. I mean, you have lots of people claiming credit for ideas that were the result of --

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Q All the good ones.

MRS. CLINTON: Yeah, but that were the result of much give and take, because the way Bill likes decisions to be made is, he really likes people to take different points of view and come up with alternatives. And people change their own views as they're going through the process, so it's very hard to -- you know.

Q (Inaudible) yes.

MRS. CLINTON: Yes, that went on for a long time, because we started that back in March, probably.

Q March, April.

MRS. CLINTON: Yes.

Q And it -- now, what -- let me go through quickly a couple of things that -- you sat through the NEC meeting, which was January 7th.

MRS. CLINTON: At the governor's mansion.

Q At the governor's mansion, about a five-hour affair, which is something I do at great length, because a lot of decisions are made there. And according to one of the note-takers, you only said one thing.

MRS. CLINTON: And I don't even remember what it was. I'm sure somebody else does, but I don't.

Q Al Gore said, you know, we need to look at cutting social security taxes, and then you apparently didn't sit at the table --

MRS. CLINTON: No.

Q -- but sat off to the side, said, we need to find out how many people receive the cost of living allowances and had other income that helped them out. That was a basic issue, the millions of people, and we just can't talk --

MRS. CLINTON: Loosely about it, yes.

Q What was your thinking on that, or what made

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that be the one --

MRS. CLINTON: Well, I was just -- I mean, I was -- I was learning a lot. I mean, one of the things that Bill told me as he got into the budget was how unlike any budget he'd ever seen the federal budget is, and he was frankly appalled about a lot of the games that had been played, and the way things had been covered up and shifted around.

And then he got hit with higher projected deficit numbers and -- you know a lot of stuff was going on. So I was there mostly just to listen, but I also wanted to be sure that people kept thinking about the real lives behind these decisions. I mean, these were not abstract decisions. They were going to affect people.

And you know I had a movie running through my head of all of the thousands of people we had seen on bus trips and at rallies, and who came and clutched our hands and -- you know, did what they did in supporting Bill because they really thought that somebody in Washington would start paying attention and listening to them again. And I just wanted to be sure that we didn't lose sight of that.

Q What was your reaction to the role then-secretary designate Bentsen was playing at the meeting? Because he gave a very interesting -- I call it a disquisition on winning, on the importance of having a plan that is a victory, and the importance of having elements in it that are politically acceptable, that we can't reinvent the wheel, here.

MRS. CLINTON: Oh, I think he is terrific. I think he has brought that level of reality testing to everything the President has done since he decided to become the secretary of the treasury, and you know, I think personally he has been wonderfully supportive to both the President and me, and I thought it was an appropriate thing for him to say. I mean, he'd been inside the congress all those years, and we weren't into pyrrhic victories, and I think, you know, his making that point over and over again -- you know.

Q Even Presidencies note.

MRS. CLINTON: Yeah, yeah, and -- you know, if he -- I mean, part of what Bill does is kind of get people to take different points of view. So you could have, on the one

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hand a very forceful argument about economic theory and what needed to be done on the macro level, and how the bond market would respond, and what interest rates would do.

Q Yes.

MRS. CLINTON: And then on the other, you know, don't forget the people who sent you here. I mean, you've got to take care of them. And I think what Secretary Bentsen kept bringing everybody back to is, like with most of life and certainly with most of politics, the answer is somewhere in the middle, and to try to figure out how we construct it to move the President's agenda through and do it in a way that insures victory in the congress. So I thought it was absolutely on target.

Q When did you come to the realization that the bond market was important?

MRS. CLINTON: Have I come to that realization?

Q (Inaudible.)

MRS. CLINTON: I mean, heck, you saw what I did yesterday on the basis of an asinine rumor? I mean, who could take these people seriously? I mean, I find it a joke, but I came to the realization and accepted that other people took the bond market very seriously, so that was one of the elements to be factored in.

Q Yes, that's right. When did that -- because you can't argue that the economic plan was a financial market strategy, when you get right down to it.

MRS. CLINTON: Right. Well, you know, it was something I was educated about the next several months, and Bob Rubin was wonderful. I mean, he spent a lot of time, you know, kind of -- I didn't always agree with him, but he spent a lot of time explaining in meetings and in -- and with me privately, you know, how this would all work, you know.

He couldn't give you a 100 percent guarantee, but he was -- I think he is a wonderful person. I mean, I think he is just first rate, and shares, you know, the President's goals about investment and turning the inner city around, and you know, the kinds of things that kept him a democrat during the 1980s. And so --

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Q Which was hard on Wall Street.

MRS. CLINTON: Which was very hard, you know. So I mean, I really -- you know, I really paid attention to what he had to say. And so -- I don't know that I ever accepted it, but I certainly appreciated it, and you know, time has proven it to be quite true.

Q It's the thing that in the short run can help real people --

MRS. CLINTON: That's right.

Q -- by reducing their mortgages and for -- I mean, a lot of people around here have said it, they are astonished that they came to this White House and they checked the bond market every day. Do you --

MRS. CLINTON: Well, but -- but it was a -- you know, I -- no, I don't, but it was a --

Q If you don't, you're the last hold out.

MRS. CLINTON: It was a -- it was a -- you know, it was a coherent strategy. I mean, the important thing to it was that it held it all together. That's what I'm interested in. I mean, you know, it wasn't a little dab here and a little dab there, it was a coherent strategy, so you could make a coherent argument.

You could have picked another strategy and made another argument, but the President was persuaded that this, on balance, was the right argument to make, because he had a big, persuasive case that he -- was in front of him. He did have to keep Wall Street, the investors, the capital markets at least feeling that he wasn't a communist or something, you know.

And he had to keep his political base, you know, feeling that he was going to deliver for them, and he had to keep the middle, most of whom didn't vote for him, you know, making it possible for them to imagine where he was going. So all of it fit together.

Q When he delivered his first State of the -- or the address to the joint session, February 17th, '93 --

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MRS. CLINTON: Right.

Q -- did you -- and you sat up there with Alan Greenspan and --

MRS. CLINTON: Right.

Q Do you remember what you said to Greenspan, and what he said to you? Did you say, "Now I've really got you in trouble"?

MRS. CLINTON: I don't remember saying that.

Q Do you remember saying anything or having any sense of --

MRS. CLINTON: No, just -- I don't remember that.

Q I mean, there --

MRS. CLINTON: You know, I don't remember, but --

(End side 1.)

MRS. CLINTON: -- at all, and I had had a meeting with Chairman Greenspan -- I don't know, days or a couple weeks earlier, about health care. And we -- you know, and I thought, again -- I mean, I thought he made a lot of sense, I mean, the way he saw the world and how we were transitioning from a period when obviously monetary policy was insufficient.

And what had driven the budget decisions in the Reagan-Bush years had undermined a lot of our economic stability and all of that, and the role health care played in it, which was what we were talking about. And I thought that he was being extremely understanding and, you know, kind of appreciative of what the tough decisions the President was willing to make were.

So I mean, even though I don't -- say I don't even understand half of what his arguments are -- I mean, I don't get into that, but I did believe that he was -- and this may sound corny, but I believe all of these men were patriots. I mean, I really believed that every one of them, whether it was Bentsen or Rubin, or Panetta, or Greenspan, or whomever -- and that's what I wanted for my husband's

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presidency.

I mean, I wanted to get everybody moved to a point where they were talking about the country and the good of the country. And that's what I felt like with these guys.

Q But I -- I don't -- may I ask you -- do you think Bob Dole is a patriot? This is all -- I'm just curious, because Greenspan on that side is normally thought of on the other side of the fence. There's no --

MRS. CLINTON: I think that, in the narrow sense -- I'm using the word -- that he often puts partisan political advantage above what is good for the country, and that is what we're trying to avoid.

Q And Greenspan you saw not doing that?

MRS. CLINTON: That's what I believe about him. He may be wrong, he may be misguided, but I don't -- I think he tries to avoid thinking about, like, the '96 republican primary in New Hampshire, for example.

Q And as a practical matter, do you know that he, Greenspan, through some memos and discussions, essentially set the deficit reduction target for the economic plan?

MRS. CLINTON: No, I (inaudible).

Q Okay. The -- talking to lots of people put the Camp David -- famous Camp David retreat --

MRS. CLINTON: Right.

Q -- the first 10 days of the presidency. At the end, or I guess it was at the morning session, people said you gave a very fascinating talk, and -- that was very important, the setting, the direction. And it began with this idea that the 12 years of republican mess would not be solved overnight. Does that sound --

MRS. CLINTON: Right. Right.

Q The administration would have to communicate to people that the country was going on a journey.

MRS. CLINTON: Right. Right.

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Q I told George, I'm thinking of a title for this book, and I'm not at all locked in, but one alternative is, The Journey.

MRS. CLINTON: Well, that's the way I feel about it.

Q Tell me how you --

MRS. CLINTON: I talked about what he had done in Arkansas. When he became governor, the first time, even, there were so many problems to deal with, and he set about attacking them all at once. And he was the darling of the sort of -- you know, reformer-liberal press, such as it is.

Q Right.

MRS. CLINTON: But he --

Q The four people down there.

MRS. CLINTON: The four people down there. But he didn't -- he didn't describe the journey that he was starting off on in ways that people could understand. When he came back in '83, he did, and so that even though unemployment was in double digits in many counties for the next four or five years, he could in good conscience go to people and say, here are the steps we are taking. If you take them with me, if you understand them, if you take your responsibility and go forward, this journey will lead us to better times.

And I mean Arkansas today has a low unemployment rate. Many of the economic and educational reforms that, you know, he championed, and that were put into place, were part of the explanation of the journey.

And what I wanted to just emphasize and remind people of is that all during the campaign we had talked about that wonderful quote from Isaiah, you know, where there is no vision, the people perish. Well, the vision is, in a sense, the description of the journey that you're going on, and that if we got bogged down into bond market talks and deficit reduction numbers, those were tools. They were not the vision, they were not the journey. They did not tell people where this President wanted our country to go.

We had a wonderful story to tell, and it was the

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only way to keep people involved in what were going to be some tough times. I mean, I'm from "the other shoe will drop" school of politics. I mean, you know, when you're up, I look for the shoe store. I seem to be seeing them all, now, but I mean, you know, I really believe it's that kind of, you know, process. So you have to have some idea of what the journey is.

Q And you said, you need milestones along the way.

MRS. CLINTON: Right. Right.

Q And that you need to devise a simple story with characters and objective, a beginning, middle, and end.

MRS. CLINTON: Right.

Q And it has to come from a moral point of view.

MRS. CLINTON: Right.

Q Good note-takers and good sources. Then you said you -- and this is, true, a little controversial. You show people what you're willing to fight for when you fight your friends. You said that in the context of fighting the unions in Arkansas.

MRS. CLINTON: When I talked about the education reform.

Q Right.

MRS. CLINTON: Yes. And that -- it was, up until Bill's being President, was certainly the most painful political experience that I had, because it was very tough, but it was the right thing to do. And it -- it even -- a lot of those who fought us knew better, and they were fighting the last war by fighting us on setting standards and making sure teachers were competent.

Q And then it went through this, you know, what are the objectives, what are our priorities going to be? And I think Warren Christopher suggested lawyerly caution, and a lot of people said you got up and gave a ringing speech in favor of looking for a lot, and said, why are we here if we don't go for it?

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MRS. CLINTON: Well, that's what I believe. I mean, it's not -- I mean, it's hardly worth living in this house, and the confines that we're subjected to, if you don't feel like you're doing the work that you were sent to do, so it's not a hard choice for me.

Q And then the whole kind of communication strategy for the economic plan grew out of that?

MRS. CLINTON: Right. Right.

Q And it worked.

MRS. CLINTON: For a while.

Q It worked for -- well, quite a while.

MRS. CLINTON: Yes. Yes, and all the -- yes. And when it was revived, it worked again. It kind of went through a slough, and then it came back.

Q And it -- that's what I've spent hundreds of pages tracking. And what was the first brick wall you ran into, as you saw it? My -- I mean, the stimulus package has a lot -- is that -- or what would you identify?

MRS. CLINTON: I'm -- I'm -- you know, this was during the time my father got sick, and I was gone a lot, and I really don't have a lot of memories of this time that are very precise. I think that the stimulus package -- we did not do a good job in preparing and explaining, and in putting it out front all by itself.

I mean, I don't -- I don't think it should have ever been cut, you know. It should have been either part of the overall budget -- but the idea, obviously, as you know, was to try to get some action going so people could see results. Those milestones that, you know, I was talking about, and that certainly the President believes in -- and we just -- one thing we've only begun to -- we only began to learn is the pace at which the congress works.

I think you can't underestimate how different an environment it is when you're used to having a regular legislative session that lasts 60 to 90 days, in which everything is done, and the governor stays up all the time, he's his own floor leader, he's his own everything -- and the

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pace at which the congress institutionally proceeds. So that was -- you know, there were some misunderstandings about how much we could get done, soon.

Q And you were personally frustrated that the health care plan had to be delayed.

MRS. CLINTON: I -- no, I was not personally frustrated. I -- I mean, we tried a lot of different angles on that, and several members of congress came early and said we should --

Q Mitchell, Gephardt (inaudible).

MRS. CLINTON: I don't remember Mitchell.

Q Agreed with you that it should be put in the reconciliation.

MRS. CLINTON: I don't remember. I can't -- I know Dick Gephardt did. I just can't remember about George Mitchell right now. But anyway, they -- there were others in addition to Dick Gephardt and -- that wanted it all to go into reconciliation, because you only needed 51 vote. To me -- I mean, I didn't have an opinion. It sounded like a good idea to me, if they thought it was a good idea, but, you know, they couldn't get it done.

You know, we just -- this was something that was unfolding. I mean, you know -- you know, frustration denotes that you're trying to get something, and you couldn't get it. I mean, this was a learning process, you know. They came to us and said, maybe we should get it in a -- the reconciliation package. They explored that. It wasn't possible.

We went on, and as we learned more about the way the congress works, and as we learned more about how we needed to keep the focus on one big issue at a time, you know, it turned out to be a blessing in disguise. So I mean, it was never --

Q But it's a -- it's a great story from -- I mean, the ups and downs, and ins and outs, and the acquired self-definition for the administration that goes through the final August victory. It's got -- there's a -- there was a review in "The New York Times" book review about some novel, and

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they said, keep -- always keep your hero in trouble.

MRS. CLINTON: Well, we're doing a good job of that.

Q I don't have to do any work, here. I just -- I mean, there -- if -- but you know, what the -- the charting is what I'm doing, and what is important is, you bumped into a different culture here in Washington, obviously. And was there a moment when -- and again, I'm looking for moments when you -- you and your husband -- said, you know, this is really a different culture. This is not what we're used to dealing with.

MRS. CLINTON: Oh, I think there were a number of such moments. And they were a constant revelation. It was --

Q Can you recall any for me?

MRS. CLINTON: Oh, I'd have to think about it, Bob. I mean, not -- it just was -- it was just constantly being revealed to us, and so many different aspects to it. I mean, I had -- I had a woman say to me -- she said, what you don't understand about this town is that they can fight about issues all they want, but they don't really care about them. What they really care about is who they sit next to at dinner.

I mean, I just -- I mean, I was stunned. I mean, that shows, I guess, my provincialism. I mean, I was stunned by that kind of (inaudible).

Q Did Alan Greenspan ever confide to you his observation, which is stark and important: it is a town full of evil people.

MRS. CLINTON: He never said that, but I think a number of people have said things like that, and I -- you know, I take that with a pound of salt. I mean, I think that there are institutional forces at work that cause people to see their self-interest and act in certain ways, and I'm -- certainly there are evil -- I believe in evil, and I think there are evil people in the world.

But I think that what happens here -- and I don't know quite how to deal with it -- is that there is a rush to

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judgment, there is a kind of a roller coaster effect that seems to be part of the psyche, you know. I mean, there's something about the adrenalin rush that, by going up and down and being part of somebody else going up and down, and all that comes with that, that is self-perpetuating. So I don't have any insight.

Q Was there a -- I mean, one of the moments -- there was a meeting in the Roosevelt Room on health care, and it was the moment after your husband found out that his investments were going to be shredded because of the caps on the budget. And he gave a little talk about we -- you know, we're going to wind up being the Eisenhower republicans, here. We're for deficit reduction, free trade -- where are the democrats?

MRS. CLINTON: Right.

Q Remember that?

MRS. CLINTON: Yes, I remember him saying something like that, yes.

Q What did you think?

MRS. CLINTON: I thought he had a good point.

Q And someone said, you know -- quoted you as saying, we've done the responsible good government thing which will get democrats beat, but we cleaned up the mess we inherited. Once we pass reconciliation, there will be another boost.

MRS. CLINTON: That's what I thought.

Q Is that --

MRS. CLINTON: Absolutely. I mean, I -- see, I see this as a marathon, not a sprint, which is one of my husband's favorite phrases. And that's a good title.

Q It's been used.

MRS. CLINTON: Oh, has it?

Q On a lousy book about the '76 campaign. It was one of the -- it was the Witco (phonetic) for Germond

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(phonetic) perennial yarn.

MRS. CLINTON: Well, that's too bad.

Q Yes.

MRS. CLINTON: But you know, I -- I mean, the thing that Bill convinced me of early on is that nothing else could happen until the budget was passed, and that everything that he could do to get that budget passed -- going back to what Lloyd Bentsen said in January -- he needed the victory to build on. And you've got -- you've got the resolution passed sooner without -- with more support than any resolution had had in a long time.

Then it was just going to be, you know, trench warfare until you get the budget passed. So that's what I believed.

Q Do you remember when he said that to you?

MRS. CLINTON: Oh -- no, I don't remember when he said that to me. But he said it to me a number of times. It wasn't just one occasion that he said that.

Q When -- and then in May it got to the point where you reached to bring Dave Gergen into the White House.

MRS. CLINTON: Right.

Q And he said publicly that he had a one-on-one session with you.

MRS. CLINTON: Right.

Q Do you remember that?

MRS. CLINTON: Oh, sure.

Q What did he say, and what did you say?

MRS. CLINTON: Well, we had known each other for a long time through the Renaissance weekend activities, and I knew -- I mean, when Mac and Bill were considering this, you know, they talked with me about it, and I thought it was a wonderful idea, and still do. I'm very, you know, very pleased about what he's added, and told him that night when

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we met -- and really, we met in part because Bill was coming in from somewhere. I don't know where he was.

Q Yes, that's -- Philadelphia.

MRS. CLINTON: Yes, but -- and he wasn't going to get there till, like, 11:00, and so --

Q Memory. See, this -- I want to -- that's exactly right.

MRS. CLINTON: I think that -- I think that's right, yes.

Q Yes.

MRS. CLINTON: And so I was waiting up for Bill, and then David came over to wait for Bill. So we kind of sat and talked, and we talked about, you know, where I saw things, and what I thought about where we were on a lot of issues, and how --

Q Do you remember what, specifically what you --

MRS. CLINTON: No. I mean, I think it's probably pretty -- you know, pretty predictable stuff about how, you know, I really thought the budget was, you know, important. We had to get ourselves better organized, but we also were not communicating effectively, and that we -- we didn't know how to handle a lot of the inevitable attacks that were coming.

And every -- in part, I think, something that has not, maybe, been talked about is, you know, the President's pledge to cut the White House staff by 25 percent, and then his decision to take on even more work than anybody had ever taken on, and that permeated the entire White House. I mean, we had more mail than, you know, in three months, than Bush got in a year.

We had more visitors than they -- I mean, the place was just absolutely overloaded, and a lot of the people who had come right from the campaign were exhausted. There was just a -- our reflexes were slow. I mean, we were not responding. We weren't getting information out. We were not handling problems, and I thought part of it was because we just -- we didn't have anybody with the perspective that

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David could bring to us.

Q Was the goal to bring him in for communications, or was it to signal a kind of centrist shift?

MRS. CLINTON: I never saw it as the latter. I mean, I knew that people would interpret that, which was fine. I mean, there were a lot of people out there you could bring in for a centrist shift that I don't think would be added value to what we were doing in the White House. I mean, he was coming in because of Washington experience, some comparative experience. He had actually been in the White House before, and that was pretty rare among our White House staff folks.

Q Was he anxious to do it, or reluctant?

MRS. CLINTON: No, I thought -- I thought he was -- again, I mean, I'd use the word patriot. I mean, he really liked Bill, and he had come to admire Bill over the years, and I think he also shared a lot of Bill's unease about underlying problems in the country being neglected. He'd done a lot of writing and thinking about that, so I think it was a combination of his regard for Bill, his level of comfort with Mack McLarty, whom he spent time with, and his sense of service to the country.

Q Did he ask you about the perception that you were kind of the liberal democrat?

MRS. CLINTON: Yes, he did.

Q Do you remember what you replied?

MRS. CLINTON: I don't remember. I would have said, I'm sure -- because I've been asked that before -- is that I think that's a misunderstanding of me and where I have been, and am, in another kind of attempt to sort of stereotype Bill and me by sort of painting me as X and him as Y, or whatever. So.

MRS. CLINTON: And did you say: at heart, I'm a pragmatist?

MRS. CLINTON: I wouldn't be surprised if I did, because I think I am. You know, I think I -- I mean, I'm interested in real people's problems being solved, and I

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don't think there are these sort of ideological answers out there. I thought that's what the fall of communism was about.

A PARTICIPANT: Bob, we have to (inaudible).

Q Okay, good. Real quick, then, on -- there's a famous solarium meeting right before the fourth of --

MRS. CLINTON: A famous solarium meeting.

Q Yes.

A PARTICIPANT: It will be famous. (Laughter.)

MRS. CLINTON: Talk about how nicely I had it redecorated, will you? (Inaudible) talk about the solarium.

Q I'd like to see it. I'd like to -- was it -- it had been decorated, then?

MRS. CLINTON: It really was pretty, you know. I wanted every meeting I could have up there. It was so pretty.

Q And it had been redecorated?

MRS. CLINTON: Well, it was all faded, you know. The stuff had been there for a long time.

Q And this is at a juncture when things are not going well, and there is one thing that -- pattern -- that interests me in these meetings. You will sit there, and then you wait until the end, frequently, to offer some thoughts. Is that correct?

MRS. CLINTON: Lots of times, not always.

Q Why is that? Is that --

MRS. CLINTON: Well, maybe I don't know what I'm going to say. I mean, you know, I want to sort of get a sense of what's going on in the meeting, and also, I have tried very hard, you know, to be helpful, and not to be, you know, I'm the President, or something. I mean, I'm conscious of how people on the outside sort of think about my strange role, although it's not that much stranger than anybody who

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has ever been here before, but it's more explicit.

And so I -- you know, I'm trying -- I'd consider myself as a peer with these folks. I do not consider myself in any way set apart or above, and so I participate fully and some people like that, and some people don't like that. But from my perspective that's the fair way to do, and I'm willing to say what I think, and I like people to say what they think, and so that's -- you know, I don't think there's any particular point at which I choose to do that.

Q And at the end of that meeting, which was about message, and about whether the gasoline tax should be dropped, and so forth, you said words to the effect that what's happening here is unacceptable and unfair to Bill. Why did you think that? You can help me.

MRS. CLINTON: Because I thought that for a variety of circumstances too much of the burden of actually carrying out his policies was being put on him. And I had seen it before. I mean, it's not only his personality, which is very inviting of different points of view, and very absorbing as he kind of synthesizes information, it's also that he's very smart.

So lots of times people will kind of stop short of full preparation because they believe that when they get to see the President, he will have thought about 10 more things they wouldn't have thought of, so they might as well just go see him. And there was just too much of the burden being placed on him personally, you know.

He was the congressional liaison in too many instances. He was the message person in too many instances. He was the press spokesman -- I mean you just have to go down the functions, and that I thought we were in danger of putting him in the position -- I think I used the phrase, you know, like, sort of the mechanic in chief, you know.

Q Yes, that's right (inaudible).

MRS. CLINTON: He was being put into the position of being the person who kind of had to keep tinkering with this, instead of the person, the President, who had a moral voice, who had a vision, who was going to lead us on this journey. And anybody who has heard him speak as he can, whether it's the Memphis speech or -- I heard last night at

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the United Negro College Fund he was just unbelievable. You know, that's what we want people to hear.

And the budget is a tool. The budget wasn't an end-all. The budget was a tool to state new values. And I kept going back to that, that it shouldn't be seen as a, quote, economic document. It is a values statement. We were doing something for working people. We were doing something for small business people.

We were beginning to reverse what we saw as the unacceptable acquiescence and greed that occurred in the '80s. We were doing a lot of those things, and that's what he should be talking about. So that's probably what I said.

Q And you felt that the political people and the economic people were coordinating, and you said at one point, it's not Bill's job.

MRS. CLINTON: Right. Right.

Q This has to be coordinated.

MRS. CLINTON: Right.

Q And at one point you even said, it sometimes seems that we decide -- we spend more time deciding on a Friday night movie than you guys spend devising and coordinating his strategy.

MRS. CLINTON: I probably said something like that, but we also had the problem of not physically coordinating the parts of our team, and I had seen that over the past several months. So starting in, probably, April, I had begun working to put together a war room for the health cares effort.

Q That's right.

MRS. CLINTON: Because the White House is dysfunctional in its use of space. It is -- it does not give you enough space in the West Wing, and the OEOB is so spread out it's very hard for all the people who have comparable functions to be grouped together the way we were in the campaign.

So part of what I said at that meeting was that,

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you know, we had gone -- we had done a lot of the work to get a war room together. You know, the wiring -- and this was a huge undertaking because -- you know, when we came here the phone system didn't even work.

Q I understand, and you gave -- right.

MRS. CLINTON: I mean, you know, this -- it's very hard to be coordinating with the congress, with 535 people, when you can't have a phone system to be responsive. So I said, take the war room and do something with it.

Q And the last thing I would ask: the day of victory, August 5th, it passes the house; August 6th, it finally passes the senate. Do you remember what you were doing? Or were you at the victory celebration?

MRS. CLINTON: Oh, yeah, oh, yeah. We were, you know, thrilled.

Q Tell me what your husband said to you when it finally passed?

MRS. CLINTON: He said, now we can get on with what we really came here to do. You know, because -- I mean, what he really believed was that you had to present a responsible budget that was honest and that you could begin to build people's confidence again. And you know, he never lost sight of that. And then he knew he could finally turn to, you know, NAFTA, and health care, and all the other stuff that had sort of been backed up on him.

Q When did he say that to you? That night? Do you remember? And where? Sorry to be so --

MRS. CLINTON: It was probably in the kitchen on the second floor.

Q On the second floor?

MRS. CLINTON: Yes, because I think -- what time did we have the victory celebration?

A PARTICIPANT: I remember, because (inaudible) senate. You guys -- the house, he did it in his office, but the senate, you guys were alone, and we were calling back and forth.

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MRS. CLINTON: Right.

A PARTICIPANT: And then he came down, so it was probably around (inaudible) 8:30.

Q Right.

MRS. CLINTON: Yes. Yes, and --

Q Right. And you knew -- and you knew that you'd won? You knew that you'd won.

MRS. CLINTON: Right. Right. Right. We knew we'd won. And from -- and you know, it was -- it was --

A PARTICIPANT: Only after the (inaudible) speech.

MRS. CLINTON: Yes, yes, we kept watching that.

Q And when -- you won the election November 3rd, '92, after -- going back to this moment in the guest house where you said -- what did you say to him when you knew he had won? And what did he say to you?

MRS. CLINTON: Well, let's see. We were at the governor's mansion when Ohio, I guess, was announced, and that was the final electoral votes we needed. Wasn't it?

A PARTICIPANT: That was the convention.

A PARTICIPANT: At the convention.

MRS. CLINTON: No, Ohio was also the one that put us over in the electoral counts.

A PARTICIPANT: That's when I had that -- I (inaudible) the election over, like, on 30-minute (inaudible).

MRS. CLINTON: (Inaudible) poll.

A PARTICIPANT: Yes, that's right.

MRS. CLINTON: That's because you, you know, you believe exit polls. I don't believe exit polls.

A PARTICIPANT: You were with -- you were up on the

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second floor, because all of us were in the basement.

MRS. CLINTON: That's right. Well, we were all together.

A PARTICIPANT: Everybody else was celebrating. Hillary (inaudible) election wouldn't listen to the (inaudible) wouldn't let anybody (inaudible).

A PARTICIPANT: That's right. That's right.

Q Okay.

MRS. CLINTON: Well, that's -- in 1980, when he lost, I had the man who was the general manager of one of the TV stations call me. I thought he was going to have a very near-run thing. It could have gone either way, and it went, obviously, the wrong way. And so he called me and he said, I'm so pleased, he said. Our exit polls are showing Bill at 58 percent. And I said, your exit polls are wrong. They're lying to you. And I mean, I just knew that.

And I knew it in New Hampshire when -- that Monday night, when Stan Greenberg showed up and -- with a big, sad, Stan Greenberg pessimist face, you know, and --

A PARTICIPANT: Oh, yeah.

Q Oh, yeah, the meltdown, the meltdown.

A PARTICIPANT: No, this is different.

MRS. CLINTON: No, no, this was -- this was how -- you know, we were --

A PARTICIPANT: This was before the election.

MRS. CLINTON: We were falling over the weekend, according to all the public polls, and Monday night Stan -- it was over. I mean, we were, like, at -- in Stan's polls, at 13, or --

A PARTICIPANT: Seventeen.

MRS. CLINTON: Seventeen percent. And he was going to brief everybody. I said, I'm not coming to the meeting, because Stan is wrong.

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A PARTICIPANT: Right. I didn't go, either.

MRS. CLINTON: I'm not coming to the meeting. I said, I've been out there. I said, either everybody in New Hampshire is a consummate liar, or we're back up, and we're going to do really well. And if the election went on another week we would have beaten Tsongas.

A PARTICIPANT: The (inaudible) was wrong.

MRS. CLINTON: So you know, I don't listen to that. So it was probably -- I was very nervous, pacing around, waiting for the final, you know, person to say, and -- I think it was Ohio, but we should double check that.

A PARTICIPANT: You're probably right (inaudible).

Q Okay. I'll check.

MRS. CLINTON: And -- and -- or at least they called it with Ohio. They may still have been going on exit polls elsewhere.

A PARTICIPANT: Right. Right. Right.

MRS. CLINTON: And so, you know, Bill came up and -- and you know, I just told him, I said, you know, I just -- well, I told him I loved him very much and I was very proud of him. And I can't imagine anybody having gone through what he'd gone through and kept his spirit and his optimism, and that I thought he was going to be a great president. And he said, you think so? And I said, yeah, I think so.

Q Really, it's something (inaudible). I mean, he doesn't say "I agree" or "I disagree." He says, "You think so?"

MRS. CLINTON: No, no. Oh, yes, he does that. I mean, you know, if George says, you know, you ought to go out to the helicopter now, he says, You think so? And he just sort of takes it all in.

Q What else do I need to know?

MRS. CLINTON: Gosh, Bob, you know everything. You know more than I know. I mean --

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A PARTICIPANT: Yeah, you really do.

MRS. CLINTON: But you know I just want to say, I think that -- I mean, this is what I thought people would be writing about when he ran for President. I mean, this is -- you know, this is what I think is important. This is what I -- I always look at the paper, when I read it. I'm going through one of my "not reading" phases, so I don't know what's going on in the world, but when I read it, I always look at it and try to figure out what in the paper will stand the test of history. I mean, what is important?

I remember saying to a bunch of journalists that I had lunch with -- remember this, back when I had some off-the-record lunch? And it was during the haircut stuff, and you know, all the stuff that was going on in May or so, and they said, well, what do you think is really important? And I said, well -- I said, right now, in the last three months, I think the big story is at least the sustaining of reform in Russia, I said, and the rest of this stuff is irrelevant. It's not even going to be a footnote.

So for me it is very reassuring. I mean, I hope a lot of people read it. I get discouraged at the idea of serious books being read and people getting some sense of how decisions really are made, and what's at stake, and how important it is in the daily lives of people. So you know --

Q There is enough drama in this, enough -- I mean, you're -- you're -- in a way you -- I said to George I thought it might be a jolt to you people when you read this, because it's got so much detail. But I -- it's all about serious stuff, so you know --

MRS. CLINTON: But that's -- I mean, that's what we spend our time with. We don't spend our time sitting around thinking about the stuff that people -- and you know, I told (inaudible) the other day, I said -- I said, you know you guys have got to understand. I mean, we don't sit around plotting and conspiring about these, you know, so-called scandals that you guys are concerned with.

Q Yes.

MRS. CLINTON: That is not what we care about. And in fact maybe we should have paid more attention to some of this. Maybe we could have helped, you know, avoid it, but

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people here are acting in good faith. There are --

(End of tape.)

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