

Liz

02/02/94  
DREW, LIZ

THE WHITE HOUSE  
Office of the Press Secretary

For Internal Use Only

February 2, 1994

AN INTERVIEW OF THE FIRST LADY  
BY LIZ DREW

Q I'd like to spend 20 hours with you, but I don't think that's possible, just to go through some things and have you help me understand what happened or what your thinking was --

MRS. CLINTON: Okay. Okay.

Q -- as various things happened and there will be, as I say, no hint that I talked to you, as much as I would like to.

MRS. CLINTON: Okay.

Q Let us begin at the beginning, the genesis of your role. There had to have been, after the election or whatever, conversations between you and your husband, you and friends, or whatever, "We know this is going to be different, we know this is going to be new."

MRS. CLINTON: Right.

Q "How do we do it? What are the parameters, what are the dangers," and just specifically when you were talking about this and how the thinking was going.

MRS. CLINTON: Let's see. Well, you're right, you know. We didn't -- we are very much of the school you don't talk about a no-hitter until it's over, so we did not talk about anything like that until after the election and then it kind of -- it kind of evolved.

I mean, it was in Little Rock, for example, that the President first suggested that I might work on health care when he came to Washington.

Q When was that?

MORE

Diversified Reporting Services, Inc.  
918 16TH STREET, N.W. SUITE 803  
WASHINGTON, D.C. 20006  
(202) 296-2929

MRS. CLINTON: December probably, or early January. I mean, I don't -- I don't have an exact date. Sometime in there.

Q In or around then?

MRS. CLINTON: Yes, somewhere around there.

Q I know that there were discussions on should you be a generalist, should you --

MRS. CLINTON: Right.

Q -- do a range of children's issues.

MRS. CLINTON: Right.

Q And it evolved into health care.

MRS. CLINTON: Right.

Q I wonder, is there just anything you can remember on how that happened?

MRS. CLINTON: Well, I knew that -- I knew from my experience as the First Lady in Arkansas that I wanted to do the traditional parts of the job very well because they were important to me and they were important historically and to a lot of people.

So I was concerned about putting together a staff that would support me both in the traditional responsibilities I would have and whatever else I would be involved in. And I think that it was clear to me very early, I don't know exactly when again, that I wanted Maggie Williams to be my chief of staff and I think then that Maggie talked with a lot of people, you know, who had been with Mrs. Carter and Mrs. Reagan and Mrs. Bush, you know, to try to get an idea of what the demands were.

Q You picked her before Christmas, or you must have, sort of.

MRS. CLINTON: I, you know, I knew I wanted her. I can't remember when she finally said, "Okay," that she would. But I mean, that was probably the best decision I made. And so I know that there were conversations going on about how to

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

structure whatever it was I was going to do and I had said all during the campaign I wanted to be a voice for children --

Q Right.

MRS. CLINTON: -- because that's what I've always worked on, as you know, and what I care about. And, at some point -- and I really don't remember, December or January -- the President was having a series of meetings in Little Rock and most of them were with his economic team, focusing on the budget. And he was spending countless hours on substantive issues like that and, you know, on personnel issues with Warren Christopher and Vice President Gore and --

Q Well, you were in those, too.

MRS. CLINTON: I was in those.

Q (Inaudible).

MRS. CLINTON: And Matt McClarty and Roy Neil, I guess, was sort of in the group. And there were several meetings about health care because, as the President kept pounding on the table and pointing out, you know, no matter what they did on the budget, they were going to have to deal with health care.

And I think there were several meetings about that, and he kept reiterating over and over again, and it was not something that was immediately understood by everybody on the economic team, about how important it was to do health care reform in some sequence with the economic package.

And then he decided that we were going to have to focus on health care but it had to be subordinated to getting the other pieces of the economic package in place and he wasn't sure about the timing. We went back and forth on that over the year.

Q They might -- well, there was a thought they were going to be last year.

MRS. CLINTON: There was a thought that, but, you know, once we got here, that was obviously not going to happen.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

Q Think what the reconciliation bill  
(inaudible) --

MRS. CLINTON: That's right, exactly, you know. I mean, they would have to hire armored trucks to bring it to the Hill. But anyway, so he at some point asked me if I would consider working on health care and supervising whatever team was put together.

None of us knew exactly what any of this meant. We were used to being very project-oriented, whether it was in Arkansas or with his work on the Family Support Act or the national education goals or the work I've always done through CDF and other groups; and we believed that, you know, you got people together and you worked through what you were trying to do and you went forward, and we didn't really fully appreciate all of the challenges that would be. But he did ask me if I would work on health care and then, shortly after he was inaugurated, he announced that to the world.

Q About two days after. But you can't remember whether this was December or January? The economic meeting started on the 7th.

MRS. CLINTON: Of what, December?

Q January.

MRS. CLINTON: Oh. There weren't any in December?

Q Not with him. There weren't any with him until --

MRS. CLINTON: Well, then, it had to be in January because it was an outgrowth of those meetings, I think, in his own mind.

Q Well, you remember the economic conference was December and he kept saying there, "You can't get the deficit down without" --

MRS. CLINTON: Right, without doing something about health care.

Q So can we agree it was January?

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: I really don't know. I don't know. I just know that it was while we were still in Little Rock and it had to be December or January, but I really don't know.

Q But there was also discussion, you know, parallel or concurrent discussion, should you take a thing or be a generalist.

MRS. CLINTON: But that was (inaudible) --

Q Tell me how that evolved.

MRS. CLINTON: Well, I mean, it was the President's decision. I mean, it, you know -- I mean, there was lots of discussion, certainly, in the press about what I would or wouldn't do. But I always viewed it as his decision.

You know, in 1983, when he decided he was going to take on education, and passed the Quality Education Act in Arkansas and then he asked me if I would head the commission, I remember saying to him, "Do you think this is a good idea? I'm not sure this is a good idea."

And he, I remember the moment before we were going to walk out of the Governor's Conference Room and he was going to announce it and I'm saying, "Oh, I'm not sure this is a good idea." He said, "Look at it this way." He said, "Nobody's going to like it."

He said, "Our enemies are going to think it's a terrible idea because of who you are; our friends are going to think it's a terrible idea because you'll either do too good a job or too bad a job and we'll take the blame no matter where it is." He says, "But I think it's a good idea, so I want you to do it." I said, "Oh, all right," you know, so I did it. And it was kind of the same way with health care.

Q So do you remember anything like that in this case?

MRS. CLINTON: He just, you know, he just basically said, "Look, this is, to me this is one of the most important reasons why I ran for President and I've got everybody assigned to do things already in the White House, and I think this is what I want you to do." And so I said, "Okay. I'll

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

do it."

Q Meaning everybody was assigned to other things?

MRS. CLINTON: Right. There was nobody in -- I mean, Ira Magaziner was going to work on health care.

Q Yes.

MRS. CLINTON: But there was nobody to kind of carry the overall responsibility.

Q Right.

MRS. CLINTON: You know, politics, policy, whatever. So -- .

Q When you said you didn't know what you were getting into, can you describe that a little bit?

MRS. CLINTON: Oh, gosh, Liz. I mean just, you know, I just had no idea how change-adverse this place really is and how, in the last 20 years, both legislatively and by custom, the job of the President has been made so much harder.

I mean, when we -- maybe I'll just give you a simple example. When the President announced that, you know, he was going to have me chair a task force, nobody knew that that triggered some kind of federal advisory task force law. I mean, you know, we come from the world where, you know, people of good faith get together, try to do something that creates results and have as broad a scope of opinion as you can so you get lots of good back and forth.

But, you know, people suing us over obscure laws that have no relationship to helping the American people or giving them health care, it was just a real learning experience, you know, for all of us.

Q But were there things, I mean -- well, you used the word "change-adverse," this place is.

MRS. CLINTON: Yes.

Q Could you go on about that? Besides this lawsuit, which I hope not to even mention in the book, because I consider it such a minor --

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: It's so stupid.

Q -- silly, silly thing -- where you ran into the change-adverseness -- is that a word?

MRS. CLINTON: Well, I think that there is a real recognition on all of our part about how limited the modern Presidency really is, you know. The opportunity of a President to get his agenda through in the absence of strong parties, of any kind of party discipline, of a Congress that is very driven from day to day by sound bytes and personal exposure to a, you know, a press atmosphere that is very cynical and disbelieving about the possibility of change, to a people whose experience has been, you know, that they've just kind of lost ground over the last 10 or 15 years.

So, I mean, there are political and cultural and institutional reasons why it was a very difficult task to get this up and going and the President was absolutely committed to doing what he said he would do. I mean, one of the worst attacks on him is that he doesn't keep his promises when, in effect, he very carefully set out to do just that and has a lot to show for it based on this year.

But it was a -- it was a -- it was an extraordinary personal effort on his part that pulled it all together and kept going through every adversity that was thrown up at him and never wavered from his belief that this was a historic opportunity and that this was bigger than he was and he was going to do everything he could to deliver on what he said.

Q Do you -- he has said, more than once to people, that he wishes he had picked the White House staff first, early in that transition process, rather than after the Cabinet. Do you share that view that that was one of the problems?

MRS. CLINTON: Well, I think in retrospect not enough time was spent on thinking through what the real functions and roles in the White House needed to be, and he did spend an enormous amount of time on the Cabinet, and I think it shows. I think it's a remarkable Cabinet. And somebody said they'd read something the other day which said that it's the strongest Cabinet, certainly, since FDR, both individually and collectively.

But I think that he, you know, he really had so

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

much to do in that, those first couple months that probably he didn't spend as much time as he would have wanted to on the White House staff or thinking through how he wanted it to function.

Q Okay. And then you got here. Is there anything about the inaugural week that you remember that people didn't pick up or that you were surprised by? Were shoes too small or anything?

MRS. CLINTON: No, it was a -- it was a wonderful week. I don't think I'd do anything differently. I loved it.

Q I should think so. All right. Then you got here and some -- I'm not only writing about the negative, okay?

MRS. CLINTON: Mm-hmm.

Q I mean, I realize how much got done, and I think how things started to -- there were some problems right away.

MRS. CLINTON: Mm-hmm.

Q Lost the Attorney General the first day. Whoever started the gays in the military business, it was still the President, you know, having to arm-wrestle with Nunn and the Chiefs, and it was rough. What were you thinking or doing or (inaudible) --

MRS. CLINTON: I thought they were blips on the screen.

Q Really?

MRS. CLINTON: I mean, yes. I mean, I have a very take on a lot of this stuff on a day-to-day basis, and I think so much of what is the daily coverage is irrelevant; it's not of any real significance. And I always try to, in my own mind, think about what is the big picture and what stories or events that are unfolding will really stand the test of time.

And, you know, I also am somebody who believed, once my husband decided he was going to run for President, that he was going to be elected because I thought it was just

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

the right time in history and that he was the right person; and I believe that he's going to be a great President. And so all of this stuff, which is painful and diverting and creates misunderstanding, you know, you just have to kind of get through and keep going on what he's trying to accomplish. So I have a very long-term view of that.

Q And you say that philosophically.

MRS. CLINTON: I do?

Q Yes.

MRS. CLINTON: Well, you know, some days you get pushed over the edge a little bit --

Q Yes, sure.

MRS. CLINTON: -- because something is outrageous and you really just can't believe it. But most days, yes, because it's just, you know, we both have learned it just takes too much energy to be fighting these minor skirmishes day in and day out, and --

Q When do you think you both learned that? At different times?

MRS. CLINTON: Because we've been learning for so many years. You know, I have said many times that, over the years of Bill's political involvements, I've gone from being, you know, just hyper-concerned about what everybody says, and taking all of it very personally, to trying to have this bigger sense of what's at stake.

And I've said, you know, I've tried to learn to take, you know, criticism seriously, but not personally. There may very well be something you need to know. You know, sometimes your critics can end up being your best friends if they are, you know, early alert signals or they give you some idea of what you're doing wrong, and you have to always be aware of that.

But what we try to do is just keep focused on what we think is important. You know, most of the people who've lived in this house would get up every morning and, you know, they'd read the paper and they'd turn on the TV and they'd watch the morning shows. Then they'd start picking up the

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

phone, screaming at people because people had it wrong or, you know, "Why did this happen," et cetera.

I mean, you know, we just don't live like that. I mean, we, the first thing we did was, there was this big piece of furniture in the bedroom that had five television sets in it. It had one big TV set and then it had four little TV sets. And we got rid of it. I mean, you just -- I mean why would you live with that kind of anxiety all the time when, in many instances, what's a story today is gone tomorrow? So -- .

Q Okay. If you can help me again on -- again let's go back to decisions about your role, because we're into major history here.

You must have been having conversations with your husband as well as others -- but with him is what I'm interested -- "Okay, this is going to be different. I'm going to do the traditional things," but, obviously, that you're going to do untraditional things. What did you discuss about what are the parameters, the dos and don'ts, and did that changes after you (inaudible) you were conscious that you were going to break new ground? We all knew that.

MRS. CLINTON: Yes. But I wanted to do it with as little fuss and bother as possible because I didn't want to make a big deal out of it, in part because I don't think it's fair to anybody who comes after me to have a new stereotype created. I mean, I think we ought to get rid of stereotypes. We ought to deal with each individual as he or she chooses to fulfill their responsibilities.

Q Can you remember anything about those conversations or your conversation with him and Maggie or perhaps other people?

MRS. CLINTON: Well, you know, Bill and I don't -- I mean Bill's attitude is that I should do what I think is best for me, and he wanted me to work on health care in addition to whatever else I decided I wanted to do.

Q In your spare time?

MRS. CLINTON: Yeah. And so, it's just, I mean we don't sit around talking about how this is going to be seen and what's this and what's that. That's just not the way we

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

do that. So we had very few discussions about me and my role.

The discussions were much more about the issues and the big personnel decisions that he chose to talk to me about; and, you know, there was a kind of, I think acceptance that I would have an office in which I would do the --

Q That was also a decision, right, the West Wing office?

MRS. CLINTON: Right. It was a decision. But it just kind of evolved. I mean, I don't remember anything particularly noteworthy about it. It just, if I was going to work on health care, he wanted me nearby, he wanted to be able to see me during the day, and I didn't want to be in any way interfering with the people who were primarily going to be doing the President's work, and it just sort of evolved.

Q That was part of it, right, that you wouldn't either be or be seen to be dipping into everything?

MRS. CLINTON: Well, I wasn't interested in it.

Q Yeah.

MRS. CLINTON: I mean that wasn't -- I mean that's never what I did. I never hung out in the Governor's office. I never, you know, sort of called up people and said, "What are you doing on this, that, or the other?" I mean, I worked on issues that he and I decided were the ones that I was both interested in and could help him on. And, in my case in Arkansas, it was education.

But, you know, during the whole time I chaired that education effort, I just basically did it. I didn't have an office to do it. I didn't have a budget to do it. I didn't hang around kibitzing with the Governor's staff. I mean, I've been a professional all my life.

Q Sure.

MRS. CLINTON: I have a pretty clear idea of what the appropriate roles people should assume are and --

Q But this was different. I mean, earlier in your profession, you had your own office --

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: Right.

Q -- your own business, so to speak.

MRS. CLINTON: Well, but see, I felt the same way about this. I mean, I had the business of running the house and overseeing the social activities of the White House. And I'm -- I'm interested in all of that.

I care about what we're going to do to refurbish the Blue Room or, you know, what the Easter egg roll is going to look like. So that was the -- that was one of the two most important things I had to figure out how to make work right.

And then, I was interested in the issues and had this assignment on health care and I had to figure out how best to work that out. And I, you know, I think it's worked pretty well. I feel very good about -- and then I would be there and if somebody wanted to ask me about something else or if the President wanted to have lunch with me or whatever, I mean, it would be just a natural kind of development.

Q People do want to ask you different things.

MRS. CLINTON: Yeah.

Q More than you're available for.

MRS. CLINTON: But that's okay. Because, I mean it's, you know, it's the same as a lot of other people who are advisors to the President. I mean, you know, Vern Jordan walk through the West Wing to visit with somebody. People ask his questions.

I mean, there's just -- that's always the way Presidents have been with, you know, their friends, their advisors, and their spouses, you know. Bess Truman worked with Harry Truman every night, I'm told, read his speeches, you know, oversaw his correspondence. So it's just a different way to do it.

Q Okay. By the way, Lisa, how much time do we have?

A PARTICIPANT: You've got an hour. I mean from now you have.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

Q From the time we started?

A PARTICIPANT: Started.

Q So what was that?

A PARTICIPANT: About 25 after.

Q Okay. Let us do a little more health care genesis. No, let's not, let's (inaudible) --

MRS. CLINTON: I want to do it.

Q We were talking about selecting the White House in the early period. Actually, when I saw you at the Strauss dinner, you were (inaudible), and I said I was doing this, and you said, "Well, there are a lot of things that we learned" and again, what an interesting period I had picked.

There were a lot of difficulties in the early months. Aside from being philosophical about being in it for the long run, it will be a very good presidency and so on, what were you thinking or did you think -- obviously you thought in part that the staff needed some changing or that the staff was letting him down or that -- what were your --

Q I most -- you know, I don't know that I thought that so much as I thought we were just not adapting effectively to the new demands that we faced. I mean, it was the same as anything that I've ever been involved in. There's -- there's no substitute for actually getting into whatever the situation is.

And, you know, in that campaign we had some rough spots where we had to figure out what we were doing and how we were doing it and how we were being perceived, because there's a big difference between what you do and how you're perceived at what you do. And my feeling during the spring was that we were just kind of on a shakedown cruise in a way. I mean, we were trying to figure out how to better serve the President.

I mean, that's why any of us were here. I mean, nobody was here by any right of venue. And so our whole job had to be how we made this work better for him; and that's what I was concerned about, that we not make foolish mistakes, that we learn from our mistakes, that we admit our

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

mistakes, that we go on when we had made one and try to do better the next time, and that we not either get into a kind of hunkered-down, fortress mentality which I think had ruined Presidents in the past where, you know, they really --

Q You were aware of that going in?

MRS. CLINTON: Absolutely, you know. And I had seen it up close and I had read about it historically, and where it becomes an "us and them" mentality and everybody's wrong except us and the circle gets smaller and smaller until, finally, you're just totally isolated; and I didn't want that to happen.

So I just kept kind of, you know, suggesting that people try things differently, that they look at it from a different perspective, but that my main interest during that time was that we just serve the President better. I mean, he deserved it. He had earned it. It was -- and he was trying the right thing for the country and stupid little problems that were popping up to either sap his energy or divert his attention, you know, just that wasn't good. We needed to do better for him.

Q In part, that involved some personnel adjustments or some (inaudible) --

MRS. CLINTON: Yes, but I think that's -- I mean, I think that's all to be expected.

Q Oh.

MRS. CLINTON: So, I mean, I just -- I just wanted everybody to feel their, what their primary obligation was, which was to serve him. And I really feel very good about the quality of life in this White House, the collegiality and level of personal relations and, I also think, honesty.

I mean, I think it's shocking to some people when they come in. You know, there's all this sort of mythology about how, you know, you can't deliver bad news to the President and probably can't deliver it to the First Lady or the Vice President. We deliver bad news to each other on a regular basis and I think that has been terrifically healthy for everybody.

Q I -- it doesn't matter what I think but, I mean,

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

I have quite noticed that and written, you know, and made notes about it, that whatever happened, that you did not get the bunker mentality here and there was a remarkable ability on the part of the President to say, "Well, okay, how did we screw that up?" And "Let's not do it again." And that's the salvation.

MRS. CLINTON: That's right.

Q It's very different from -- even if you collectively were made at the press or rightly thinking they were on the wrong issues or petty issues, you didn't shut down, and I think that's been the --

MRS. CLINTON: And I give an enormous amount of credit to the President but I also give a lot of credit for that to McLarty.

I mean, Mac had a very strong willingness to be open and to take responsibility and to say, "Look, yes, we did, we screwed up and now let's figure out how we're going to do it," but always to keep the lines of communication open so that, with the President's leadership on that and Mac supporting him, we've really kind of navigated some very rough waters, I think in a healthy way and, I think, much to the total surprise and consternation of a lot of people in this town who still think -- what is it with these people? I mean, you know, they don't seem to --

Q "Why haven't you collapsed?"

MRS. CLINTON: Yes, you know, "Why haven't we collapsed or why haven't we turned paranoid or why haven't we lashed out and gotten angry at people or why aren't we more willing to be the victim that we should because we're being beaten?" You know, I mean all of the usual kinds of categories.

And I think one of the great lessons that I hope people will see from the way Bill has done this is, you know, you can't let other people's expectations of you determine how you feel about yourself or what you believe in or who you are, ultimately.

Q I had the question and it's gone. (Inaudible). All right. Let's do health care genesis. When you started, again, what were the parameters, you know, what was on the

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

table and what was -- was it open to single-payer or had that been foreclosed by the campaign and what the President had been saying?

MRS. CLINTON: I describe it in this way: that the President had very strong views, based on his work as Governor and with the NGA and during the campaign, about what he thought would work. But he told us to look at everything and to explore any alternative.

(End tape 1, side 1.)

(Begin side 2, in progress.)

MRS. CLINTON: He would always ask the best questions and he'd always poke the most holes in whatever presentation was being made; and slowly things began taking shape based on, really, his direction. I mean, we would come and, you know, we'd say, "Well, we've explored this and here's what it would take to do that," and he'd say, "Well, have you thought about these people and that group and how it would affect them" and "I don't think that sounds like a good idea."

So we constantly were sort of testing what we were working on against his views, and this is his plan in the fundamental respects. I mean, there are pieces of it that he didn't really care one way or the other about but --

Q But was it at all possible that you might have gone straight to single-payer (inaudible)?

MRS. CLINTON: No, because he doesn't believe that that would be the very best thing to do right now because he thinks we're already spending too much money and that, in the absence of some means for driving down costs effectively, single payer would just pump a whole lot of money into a system that's already absorbing more than it should.

Q Well, it would have limits, wouldn't it, I mean?

MRS. CLINTON: It would have limits but they'd be limits like Medicare and Medicaid that keep getting exploded. I mean, there are no real limits in the government-run systems. At least, there haven't been up until now.

Q But this, I mean whatever your plan turns out to

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

be, it opens the door to all sorts of things. I've heard that in your heart of hearts you'd like to see it end up as single payer when things get under control.

MRS. CLINTON: No. You know, I want an effective, functioning, fair, affordable system and I think it's -- I think it's absolutely possible for us to get there by a variety of routes but that, given where we are in the country right now, the President's approach to kind of marry the single payer, universal coverage with the competitive forces is absolutely the right decision to make.

But I want to -- you know, I want to get that in place first and let's see how well it really works; because I think this is going to be, if it's done right, a good base on which we will evolve. So I'm very open. I came into this without a preconception and I have a lot of confidence in the approach that the President prefers and that we've put together.

Q When you say you're open to everything and he said to be open and explore everything, a single payer system by itself really wasn't on the table because of what he had said in the campaign.

MRS. CLINTON: Well, but we looked at it. We looked at how much it would actually cost and we looked at the pay-or-play alternatives that some of the Democrats had supported before. We looked at whether you could replace the private sector investment with a big VAT. I mean, we looked at all of that and concluded, for both substantive and political reasons, that, you know, those were not a preferred decision.

Q What took the VAT off the table?

MRS. CLINTON: The size of it.

Q (Inaudible)?

MRS. CLINTON: Yes. I mean, it was just huge, in order to replace the entire private sector investment.

Q At the same time that you're doing the economic program?

MRS. CLINTON: Right.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

Q Okay. Was it also expected when you began, just part of your thinking, that you would not only, you know, want universal and comprehensive reform, but that you were going to write it with, you know, as many details as it has or, did you consider, did you think that was the way to start or did that evolve or did you consider, you know, "Here are our principles" --

MRS. CLINTON: Yes. That evolved. I mean, I would have been very happy if we could have written kind of framework legislation that -- you know, I looked at legislation in other countries and I looked at the legislation in Hawaii and in Washington, in the state of Washington, and I would have much preferred going that way.

But, in today's world, the level of suspicion and distrust of the government is so high that, to do what Franklin Roosevelt did and to say, you know, "Here's the deal: you put your money in, you'll be taken care of when you're old," you could -- you can, I think, probably convince the people but you could never convince the interest groups and the representatives of various points of view.

And the other part of the problem is that --

Q That's different. Is that the same, I mean is that the same category as the level of suspicion?

MRS. CLINTON: Well, there's the existing suspicion and I think we could have overcome that, if you weren't dealing with interest groups that had to report back to their constituencies about what they got for them. You could probably, because most Americans don't read their insurance policies and they're not going to read a health care bill.

But, as we went through this, it became clear to me that the level of specificity demanded by people on this issue was so great that --

Q The interest groups demands?

MRS. CLINTON: Yes. -- that we couldn't really get by with just doing enabling legislation and that it would be better to have thought through all the various issues and then let the Congress decide that they don't want it in or that they wanted to do it differently. But we would have at least come forward with all the information we could on a

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

particular point of view, you know.

And we went back and forth on that. We debated that a lot because --

Q The (inaudible) --

MRS. CLINTON: Yes.

Q -- detail?

MRS. CLINTON: Yes.

Q That's interesting.

MRS. CLINTON: And, you know, if, for example, I had an early meeting with --

Q You say "We went back and forth." Is that you and the President or Ira and the group?

MRS. CLINTON: Yes. More Ira and the group and me, you know. The President would have --

Q The small group?

MRS. CLINTON: Yes. The President would have preferred a shorter, cleaner, framework legislation.

Q Actually, when we're describing the group, who are we talking about?

MRS. CLINTON: Oh, you know, Ira and me and then we had this whole team of people: Paul Starr and Walter Zelman and Rick Kronick (phonetic) and (inaudible) --

Q Would they have been in on this kind of decision as well?

MRS. CLINTON: Yes, they were -- I mean it -- they were in on discussions. They weren't in on the decision, necessarily, but they were in the discussions about it.

Q When do you think it got decided or it evolved to "We have to write this thing"?

MRS. CLINTON: Probably in the summer.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

Q So in the spring you might have --

MRS. CLINTON: Yes. And that was still my preference. But -- and I was going to say, I had a meeting with several Members of Congress: Nancy Kassebaum and Jack Danforth and Conrad Burns and Dan Glickman, and I think one other, maybe McCurdy, I can't remember.

But anyway, both Senator Kassebaum and Danforth kept saying, "You can't put the benefits into the legislation," because their bill had a board that would then decide the benefits, because the Congress will never say no to anybody.

And I said, "Well, if you don't put the benefits into the legislation, how do people know what they're getting?" They said, "Well, they just have to vote for the Board." And I said, "And then if they don't know what they're getting, how do we cost out the plan if we don't know what the benefits are?"

And so, I mean, there was this tension between, "Do it clean, do it simple and try to buck a lot of the decisions to the regulatory process" and my concern, which I became convinced by, that this was going to be hard enough as it was but to basically tell people, "Well, trust us; you just past this and then we'll tell you what your benefits are," I just couldn't see us politically pulling that off.

So for all the problem with the specificity and complexity, I think in the long run, still, it's going to be an advantage because nobody can raise an issue we haven't thought about and we at least have provided legislative language for them to reject or modify or do whatever they want to with.

Q Was it in the spring, to just use an example, when Rostenkowski said it was "Star Wars," he was evoking the sense, I think, that it might be something people don't understand. I'm sort of on the complexity point.

MRS. CLINTON: Yes.

Q I mean, I know that you and your husband say, "Well, look at the current one" --government

MRS. CLINTON: Right.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

Q -- "if you want complexity." So, setting that aside, this is the other side of doing what you just said, obviously. It's complex. People get anxious, fearful. I mean, did you ever look at it and say, "Holey moley, how did we get to 1,300 pages or do we have to" -- is this, is this, in itself a problem? Because it has become a bit of part of the politics of the thing.

MRS. CLINTON: It has. And -- but that's in part because we've borne the entire burden of explanation. I mean, Chafee's bill is over 800 pages and it doesn't even deal with big chunks of the system, and nobody has focused on that. Cooper's bill is, I think, nearly 400 pages and it's a non-bill. It doesn't get to universal coverage and it doesn't deal with a lot of the issues.

So, I mean, we have, although nobody has really understood it or said it, we've taken the entire system. I mean, every change that needs to be made is in that 1,300 pages.

Q Yes.

MRS. CLINTON: And we would eliminate thousands and thousands of pages of regulations over Medicare and Medicaid, et cetera, and substitute this bill for it. And, in comparison with any of the other alternatives that are out there, it's much more comprehensive and, really, in many respects, simpler than what they are presenting. But either they're not viewed as --

Q Because it cleans some other stuff (inaudible) -

MRS. CLINTON: Every -- yes, and everything's there. And, if you look at these other bills, they really don't even explain what they're doing very well.

I mean, one of the things I was struck by when I started reading all the bills, you know, because a lot of the health care bills that were introduced in the last couple of Congress's were in the 200, 300-pages area, and they would just, they would say things like, "We will control the rate of growth of the premiums of insurance policies." I mean, that was in the Nancy Kassebaum bill. "We will have a premium cap." I mean, no explanation about how it was done or anything like that.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

And, because health care was never seen as within grasp before, because you never had a President who was going to do it, nobody scrutinized any of these other provisions very carefully. So we, yes, laid ourselves open to all kinds of scrutiny but that's, you know, that's part of the price we pay for trying to do it in a comprehensive, responsible manner. And I still think, in the long run, it's better that we did it than if we try to dodge all this stuff.

Q But you were aware that was (inaudible) --

MRS. CLINTON: On, yes, yes. Yes, absolutely aware. But I knew it was a tradeoff and it was a difficult tradeoff.

Q Would it be fair to understand that, once you started going down the road of specificity, et al., as opposed to principles, that it almost had to get like this?

MRS. CLINTON: Well, because the problem is that everybody who cares about this wants to make sure they're not going to be left out.

Q Yes.

MRS. CLINTON: So you've got the academic health centers saying, "Well, what are you going to say about us?" You've got the public health systems saying, "Well, what about us?" You've got all different kinds of legitimate claims that need to be considered.

And so, yes, we -- we knew that it was going to be lengthy but we -- I still don't think it's very complex. It is not complex on the basis of how people live. I mean, the insurance system today is incredibly complex, which is why I never read my policy, and most people are -- I mean, we've tried -- we tried to design it so it would be most like what people are comfortable with now. You get your --

Q That's why you have the employer base?

MRS. CLINTON: That's right. Exactly. So, from the ground up, it's not complicated at all, really.

Q No, it's just a big piece of legislation.

MRS. CLINTON: Yes. But no bigger than the budget,

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

no bigger than a lot of things that are, you know, complicated and have to be dealt with.

I told a bunch of Senators that, you know, the difference in today's world and FDR's is, you know, you could have Social Security be just this little, thin bill but now, look at what we've done to it with all of the regs and everything. And so, you know, it's just those are the tradeoffs you make.

Q What I was thinking about earlier -- it did come back -- was, you were saying -- (inaudible) the precise words here -- you were sort of surprised by how difficult it is to get change, the entrenched whatevers and the cynical press and so on and so forth. You and the President, you know, you weren't strangers to Washington. You'd been here a lot, worked, worked it, functioned in it, functioned within it, succeeded at things.

So where was the gap that led to these surprises? Was it things you -- well, you know what I mean. You weren't strangers.

MRS. CLINTON: No, we weren't strangers. But we had only been here kind of again on projects, you know. The President focused all of his energy on the Family Support Act and, you know, welfare reform was popular, and he would work on the education goals. But nothing ever got done on them until he became President. I mean, they just kept spinning around.

And I guess the -- it, it really was surprising to me how much emphasis is put on words and on image as opposed to results and deeds, and --

Q You mean in the total atmosphere?

MRS. CLINTON: Yes.

Q Not just the press?

MRS. CLINTON: The total atmosphere, yes. So, you know, yes, we had seen it, but it had never been part of our day-to-day experience, and I think that's what we've -- that's what we've had to learn about.

Q And nobody in here had gone through it, either?

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: No, that's another -- that's another problem that we had is that, you know, what worked so well in the campaign, when you had an election every Tuesday and you had a, you know, a focused, strategic objective, was much harder to do without some experience in, you know, in the day-to-day governing. It just was a different challenge that we had to learn more about and how to adjust to.

Q One adjustment was bringing in Gergen, obviously, as an experienced person. What other adjustments did you make?

MRS. CLINTON: I just, I think every day that went on, we learned more. We may be slow, but we -- we eventually get it. And I think that --

Q What kinds of adjustments can you think that you (inaudible)?

MRS. CLINTON: Well, I mean, just learning more, for example, on how the Congress operated, that you couldn't overload the circuits, that you had to be respectful of the committee structure. I mean, you may not like it, may wish it were different, but it's there and you got to learn to work with it and not at cross-purposes.

And so just getting a sense of the timing and the sequencing and the overload that they go through in order to function more effectively with them was big part of the learning experience.

Q What we were talking about earlier, sort of joking about, I guess now you see that putting health care and reconciliation would just -- talk about overload --

MRS. CLINTON: The top would have flown off the Capitol, I think.

Q Yes.

MRS. CLINTON: But when we first got there, it seemed like a good idea.

Q I'd be surprised if people like George and Howard, I mean, they would have known that, wouldn't they?

MRS. CLINTON: I -- I mean, I'm sure they did

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

but, you know, there were many voices speaking all at one time.

Q Sure.

MRS. CLINTON: And we didn't do it, to, you know, they clearly made the points.

Q That was as much Robert Byrd as anybody, wasn't it?

MRS. CLINTON: Yes. He had a big role to play in it. But it was, you know, I mean we weren't ready, either. I mean, everything -- you know, things kind of happened for a purpose. I mean, actually, we had to get the economic package done and that took every ounce of energy that anybody had to get done, and then we had to deal with NAFTA. And, all along, we're dealing with, you know, National Service and the crime bill and finance, campaign finance reform and the Brady Bill. I mean, we're doing a lot of things. But until we got that budget done, nothing else was possible.

Q Okay. You got it done. And then there was a series of meetings, two or three meetings about the fall agenda, lots of discussions.

MRS. CLINTON: Yes.

Q That's okay. I don't know how you do it. Lots of discussions about emphasis, time, the President's time, on health care, NAFTA, some suggestion, "Let's put off health care until next year." How did you feel during that when, I guess they were in the Solarium, mainly, these meetings?

MRS. CLINTON: I thought we had to -- we had to deal with all of them but again, they had to be --

Q But not that you could put health care off that much? What was your --

MRS. CLINTON: No.

Q -- thinking about that?

MRS. CLINTON: Well, I think it was pretty much what the President thought, which was he wanted to get started on reinventing government because that was something

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

very important to him and the Vice President.

He wanted to lay his marker down about health care because he said he was going to come with a bill in '93 and he wanted to get that done, even though he knew that we wouldn't get the Congress to act on it until '94. And he wanted to get all of the Administration working on welfare reform because we had to get at least some sense of what the budgetary implications were to be able to deal with it in '94. So all those things had to go on at the same time.

Q But there were some people who were saying, "Let's just put off" -- "NAFTA is so important, let's just put off health care."

MRS. CLINTON: But they weren't the President.

Q They weren't the President.

MRS. CLINTON: That's right.

Q They weren't you, either.

MRS. CLINTON: That's right, exactly. And, you know, I was, I was pretty much supporting what I knew he believed because I think he's got an extraordinary sense of how to get things done, and he's very good about listening to thousands of people, then kind of processing it all.

But I usually have a pretty good idea, after watching him, where he is, what his real sense is on most issues, even though he may continue to talk with people to try to make sure and doublecheck his own feelings about it. And I just knew that, you know, yes, people were making these arguments and they were good arguments and they had a lot to do with the institutional capacity of this town and the Congress but that that's not what he was willing to do. So he did what he thought was the right thing to do, and I agreed.

Q And I guess maybe it would have been the same thing about NAFTA, those who were saying a little bit --

MRS. CLINTON: Yes.

Q -- you know, "Dump it; it's a loser."

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: "It's a loser, it's not your (inaudible)" --

Q He was listening but he was committed in his own head to (inaudible) --

MRS. CLINTON: Yes. See, he always listens and he always processes it and kind of stacks it up against what he thinks. And I have seen him, in the face of a persuasive argument or piece of evidence of some kind, you know, change his mind, and he always thinks that's possible. But he's really working to get his own comfort level because he wants to know that what he's doing is what he believes is right.

Q Can you think of an example where, upon hearing the arguments, he changed his mind?

MRS. CLINTON: I can think of more, you know, during the time he was Governor, not during the time he's President, not -- not one that comes to mind.

Q Okay. It is said by some of the staff, and one can observe, that, as the year went on and particularly towards the end, he had a growing and greater sense of the power of words, and I'm fascinated by that, as to how that evolved. And you, you know, you'd be the person closest to it and able to see it and explain it.

MRS. CLINTON: Well, I think that -- I mean, I think -- I think getting the budget done freed him up to begin thinking again about the Presidency as a bully pulpit and as a focal point for urging people to take responsibility for themselves. And I mean, you know, the Memphis speeches were obviously there.

He'd always talked like that during the whole time that he was Governor and during the campaign.

Q Talked like?

MRS. CLINTON: You know, talked in visionary terms, I mean, you know, (inaudible) --

Q That's what I'm trying to understand.

MRS. CLINTON: -- (inaudible) parish and he'd always talked like that, and he even talked like that during

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

the first six months of his Presidency. But there was so much static and he was so focused on trying to get something done -- not just words but deeds -- and he felt that getting this budget fixed would lead to what it's led to, that it really would restore growth and confidence and all the things that it seems to be helping do.

So he didn't really, I think, have an opportunity to unveil his thinking and feeling in words that would be heard because people were kind of out there waiting to see, "Well, what can this guy do? Yeah, we all know he can talk but what can he do?"

So once he got through the budget, then, you know, we went on vacation and he had a chance to --

Q Did you talk about this during the vacation?

MRS. CLINTON: Oh, we talked about it a lot, yeah. And he got --

Q About "Now's the chance to" --

MRS. CLINTON: Well, not in those terms. We don't talk like that. But --

Q No, I mean once the budget was done.

MRS. CLINTON: Once the budget was done that, you know, you know, what's your message for the country; what is it you want to convey; how do you want people to feel and think? How can you help place this in history?

And he read a lot and, you know, kind of recharged his batteries and, I think, came back just better understanding how significant a President's words are. And I think he's been determined --

Q As of the vacation, you think?

MRS. CLINTON: Well, I think he always knew it intellectually, but he was so focused on kind of getting through those first six months, and he wanted that budget done by the August recess. I mean, that was his internal goal, you know.

Nobody had gotten their budget done before October,

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

I guess, you know, and he was just intent upon doing that, and he didn't have a whole lot of time to sit and philosophize or think in his historical terms when he was spending every waking minute, you know, dealing with Members of Congress and interest groups and trying to get this through.

And then, once he got it through, he really, I think, in his own heart, felt that his whole year would have been justified. But he believed in NAFTA and he believed in National Service and he believed in all these other things, so we just kind of cranked up to do it but, with him a little bit more free to talk about what was important, to try to begin to place a lot of this in context and to say what he had said all during the campaign.

I mean, that line in his speech in the State of the Union, you know, "Governments don't raise children; parents do," he's been saying that for five years.

Q Did he have that exact formulation?

MRS. CLINTON: Absolutely. Absolutely. He has said it over and over again. I have said it, repeating him, over and over again. You know, he gave big speeches on families at Chautauqua during the campaign.

And the words of the candidate or the words of a new President with a big agenda for change, where people are kind of withholding judgment on whether you're real or not, didn't carry the kind of weight that he now can carry because he's proven himself, he's gotten things done. But he's going to say the same things that he's been saying for years. There's nothing new in what he's saying, you know.

Q I wanted to ask you about that. I really, for history's purposes, I really want to have it right about the Memphis speech.

MRS. CLINTON: Mm-hmm.

Q Did he say anything different? I mean, I know he talked about personal responsibility and so on. Was it the King formulation that was new or was anything very new, or just was it the timing and the people's awareness of what he was talking about?

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: I think the King formulation was more developed in that one Memphis speech. You know, there were two -- two speeches and -- but I think if you go back and look at his speeches in general and, particularly, at speeches to black groups, going back a number of years -- the same themes, some of the same phrases. And, you know, nobody wrote it for him, and it was just basically his putting together in one place, as President, what he had said as a Governor and a candidate.

And so, as President, it commanded more attention than it ever did before and, I think, because he had proven himself as somebody who could get things done, it was real. So that combination of factors just heightened --

Q Well, it also came right up against something people were so much more aware of in the daily stories --

MRS. CLINTON: That's right.

Q -- I think, that he referred to, so that it had a relevance --

MRS. CLINTON: That's right, exactly, yeah.

Q -- to many people. I just want to be sure I understand this right. So he'd been saying these kinds of things the first part of the Presidency. You're right. There were some Cooper Union, there were some very thoughtful speeches. So it was (a), the opportunity but, also, what?

I want to be sure of the evolution in his own mind since he had been doing this before. Maybe he didn't, it didn't evolve that he understood better the power of words; he just had an opportunity for the first time. What's the balance?

MRS. CLINTON: No, I don't know what the balance is, but those are both factors. I mean, he did -- he did understand more the power of words. I mean, I think --

Q Where do you get that? I'm sorry.

MRS. CLINTON: Well, I think he got --

Q From reading?

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: From reading and spending some time thinking about what he was really trying to accomplish. He had some time to talk to some historians.

Q That was that couple days.

MRS. CLINTON: And, you know, that was very reassuring to him because, you know, people whose works he respects were saying to him, "We think you're doing a terrific job" and --

Q He had already done Memphis by the time they were here, I think.

MRS. CLINTON: I don't know. I don't remember the sequence. But he'd also been talking to people kind of off and on so that just, everything came together.

Q What kinds --

MRS. CLINTON: Yeah.

Q What kinds of people?

MRS. CLINTON: Just, I mean he just talks to everybody, but, you know, just all kinds of people, you know, that he is interested in and wants to get an opinion from. But I think it was mostly that he found his own voice as the President.

Q Even though it was much the same thing?

MRS. CLINTON: Yes.

Q (Inaudible) just about the one speech?

MRS. CLINTON: Yes.

Q And how do we describe that? If he was giving -  
- he's done more than the Memphis speech.

MRS. CLINTON: Right.

Q But did the Memphis speech give him the confidence to do some of the things in this State of the Union that maybe he didn't do a year ago? A year ago, he was serious, you know, it was very agenda-driven.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: Right. But see, he -- but when he ran for President, he talked about all those issues and he said that we had to deal with those issues and he cared about those issues. And I think that just like, I mean, you know, you can only do so many things. And the first six to seven months, you know, he was trying to gain his footing; he was trying to deal with the real, you know --

Q Yes (inaudible) you said that he found his voice, and I was fascinated by that. I want to know, if he was saying the same thing --

(End tape 1, side 2.)

(Begin tape 2, in progress.)

Q -- anything in between that I've missed?

MRS. CLINTON: Well, I wasn't there, but I hear he was great at Pat Moynihan's fundraiser.

Q Oh, yes, I have that. I have that.

MRS. CLINTON: I heard he was just wonderful.

Q Yeah, that's another one.

MRS. CLINTON: He was very good at -- I heard that, I mean, the speech that he gave at North Carolina was, a lot of people said, one of his best speeches. I thought his speech at APAC, which was more foreign policy but still -- I mean, you know, I think he's given a number of good ones.

Q Yes. Those are ones. Okay. I have to ask you, though you, you know, you were able to say, "We're in it for the long run," I mean, you know, it's about the Presidency, you know what happens day-to-day. There you were at the end of last year, everything really coming together, he's getting the credit for it, and wham, I mean, two whacks in the face.

MRS. CLINTON: Yeah.

Q The troopers and then Whitewater.

MRS. CLINTON: Yeah.

Q What did it make you think?

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

MRS. CLINTON: Oh, it made me mad.

Q Good.

MRS. CLINTON: It just infuriated me, basically. I mean --

Q Both are we talking about?

MRS. CLINTON: Yeah, both. I mean the --

Q What infuriated you?

MRS. CLINTON: Well, I mean --

Q It's a stupid question, but I want to hear it anyway.

MRS. CLINTON: Yes, but, I mean the trooper thing infuriated me because it was untrue and they're real -- you know, everybody who knows those people and knows anything about them knows that it was politically motivated and it was perfectly timed. I mean, it was not an accident that it happened at the time that, you know, Bill was getting the credit that he deserved in the polls.

Q I don't want to be rude about this, but "Spectator" is a monthly magazine. I mean, I've thought about this. They couldn't know, when they went to press, necessarily, when he would --

MRS. CLINTON: Yes, but -- see, I just don't -- I just don't believe that. I mean, I think that Cliff -- I mean, all I know is what we're told by people in Arkansas who tell us that this group of people who are obsessed with Bill -- you know, the Sheffield Nelson, Cliff Jackson, Lynn Davis group -- is in constant communication with right-wing Republicans.

They get promises of money. They get all kinds of support and technical assistance. They get hooked up with the David Brocks of the world. I mean all of this is, you know, I mean, the secretary of the Republican Party of Arkansas told one of our friends just a few weeks ago when he was skiing, he said, "You know, this is so much bigger than we are now. I mean, there's just so much money out there. We can get anything we want done or placed."

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

And I mean, it's just --

Q How would they -- how would money affect this?

MRS. CLINTON: Because that's what those men were promised.

Q Oh, I see.

MRS. CLINTON: I mean, you know, there's a lot of money being promised and thrown around, you know.

Q So it wouldn't necessarily be that they were doing it for book contracts? They might have been just paid off to do it?

MRS. CLINTON: They were promised jobs and book contracts, based on what we've been told. But again, I mean, look, you know, there's a dime-a-dozen of those kind of people. And, you know, and I told Bill the other day, I said, you know, "Since they have failed once again, they will up the ante," you know. "They will come up with yet new kinds of things and charges and claims."

I thought, for example, that that little deal in "Time" magazine about how we're sneaking out, I thought that was a --

Q I didn't see it.

MRS. CLINTON: Well, it was in "Time" magazine last week and it said, "The President has escaped the press and snuck out several times and Hillary Clinton goes around in disguise." Totally untrue. I read it. You know the first thing I thought of? It was deliberately planted to lay the groundwork for claiming that either he or I were sneaking out of the White House to do something immoral and unethical or illegal. I mean, that's how these people work.

They -- you know, Floyd Brown, the guy who did Willie Horton? He has an associated named David Bossey (phonetic) who is now on contract to NBC and is running around, you know, trying to stir up stuff in Arkansas. I mean, this stuff is a cottage industry.

So it infuriates me and it infuriates me that the so-called mainline press gives people like this any, you

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

know, credit without what I would view as legitimate corroboration. So it puts us in the position of neither wanting to escalate the story by saying "It's untrue and," you know, "we can prove it's untrue," and, you know, go talk to this woman that the "Spectator" identifies who's the wife of the judge who's our dear friend and let her on camera tell the world that it's untrue. I mean, you know, that's not -- I mean, that's not useful.

So it puts us in the position of trying to blow it off which only, then, escalates the desire on the part of these people to continue to come after us. So it is, it's infuriating. But I have, I guess, become resigned to the fact that we're just going to deal with it and it's going to keep coming back, and that there's too much money and too much at stake for them to ever give up.

Q Where is the money coming from?

MRS. CLINTON: Well, I know that a lot of the money has come from Sheffield Nelson personally and others of his ilk, and that now some of it's coming from, like Floyd Brown runs a little operation called, what, Citizens United or something, in Fairfax, Virginia. I mean, these are right-wing --

Q There's a lot of money (inaudible) --

MRS. CLINTON: -- nasty people. They got lots of money. And they don't like what the President's doing. So it's in their personal, political, ideological interest to try to destroy us.

And the Whitewater thing, I mean, you know, that is just something that I was blindsided by. I mean, the fundamental truth is the same as it always was. It'll be the fundamental truth when Bob Fiske does his report. We made a lousy real estate deal. We lost money. We didn't control it. We tried to save ourselves from further embarrassment toward the end by pumping more money to pay taxes and other stuff into it, until we could get out of it. We weren't in any other deals at Madison Guarantee or any of that stuff.

But it is -- it is so hard, and I finally had to accept this, although it's very hard, that nobody believes anybody anymore. So that when I said, "Look, we lost, I can prove we lost \$69,000," and they say, "Well, we don't believe

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

you," so we go hire an accounting firm that we don't know, we've never met, have no relationship to, but a friend of ours who's a lawyer knows them.

Q Lyons?

MRS. CLINTON: Lyons, you know. We hire this accounting firm. They say, "Look. Based on the records we've got, we can tell you they lost \$69,000. We can't tell you much more because Jim McDougal didn't have any records." We have painstakingly, over the last two years, since this became a campaign issue, tried to create enough records so that we could, you know, demonstrate, I guess, now, to special counsel, but to anybody, you know, what nonsense this was.

Well, then, people say, "Well, we don't believe the accountants." So, you know, after a certain time, you say, "Well, go jump in the lake." I mean, you know, I'm sorry.

Q Or worse.

MRS. CLINTON: And then, to have a special counsel appointed for an investigation, for which there is no credible evidence, no allegation of criminal wrongdoing, no witness who has even made such a credible claim, which is the standard for appointing a special counsel, I think is very bad for the Presidency. And I thought it was just a real sad development that, for political and press reasons, we were forced to do it.

Now, in retrospect, maybe we could have done something differently. But every time we tried to satisfy the press that was interested in this, Sheffield Nelson would call them up, get them into his office, and come up with some more conspiracy. When I released ten years of income tax returns in 1990, nobody in, who's lived in this house has ever released as much information as we have. At least that's what I'm told by people who cover this stuff.

Sheffield Nelson said, when he saw that I had not made a lot of money, that I had not profited from my position, that, in fact, I had bent over backwards never taking any money that could be linked to any kind of, you know, state tax money, he said to the press, "Well, don't believe that. She must have it hidden in her pension and profit-sharing account."

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

So we released the pension and profit-sharing account. He's saying, "Well, she must have secret bank accounts or maybe Jim McDougal" -- you know. And so because you've got this conspiratorial mentality in the press, they are easy prey to the kind of vicious attitudes of these people who hate my husband because he beat them. He beat them once, he beat them again, and he keeps on beating them, and they can't understand it.

So I guess, you know, it infuriates me, but it's something else I'm just trying to just put down because I can't control what they do.

Q Yes. I was thinking a lot, I was thinking about how you must have been thinking about it during Christmas and afterwards, and what it must be like for, you know, friends or advisors when you hear friends and advisors say, "Yeah, it's unfair; yeah, there are no charges; yeah, it's an invasion of your privacy" --

MRS. CLINTON: "It's bad for the Presidency, but that's (inaudible)" --

Q -- "but that's the way this place is and you have to do it."

MRS. CLINTON: It's just infuriating.

Q How, I mean --

MRS. CLINTON: It is, it is, Liz. Because I'm sitting here saying, you know, one of my heroes from the Reagan years was Shultz. Remember when they, when Regan said, "I want everybody to take lie detector tests"?

Q Yes.

MRS. CLINTON: "Because we're going to find out where these leaks are"?

Q Yes.

MRS. CLINTON: And Shultz said, "I'll resign"?

Q Yes.

MRS. CLINTON: He was one of my heroes.

MORE

Q Yes.

MRS. CLINTON: And he stopped that madness. And, you know, I thought that was wonderful. But, you know --

Q So how do you deal with that equation in your own head, or, you know, just, "Sorry, we love you, you know, we're for you, but you got to do this because you got to do this"?

MRS. CLINTON: It was very, it was very hard, because I -- and, you know, it was something that I thought was brought about solely for political and press pressures and I kept thinking, "Well, what's the next thing?" I mean, where do we begin to kind of rein this in and get back some sense of propriety and proportion?

Or do we want a country that's paralyzed so that you're basically dealing with irrelevancies and distractions instead of solving problems? I mean, I guess there are some in this country who profit from the status quo for whom that is just fine. They love it just the way it is.

But eventually, I just realized that it was going to take up too much of my time, too much of the White House time, it was just going to become a huge daily ordeal and, since I don't have anything to hide and I don't have any reason to worry about the outcome, I just finally decided it was inevitable, so it was fine with me. I couldn't -- there was nothing else to say (inaudible) --

Q (Inaudible)?

MRS. CLINTON: No, it was not. I think it was wrong and I think it was a bad mistake that people in Washington have that mentality and that they permit themselves to be stampeded and that you -- you can't deal with these issues in a more appropriate manner.

And then I really was amazed, totally amazed, that on the day his mother dies, you have Republicans in the Congress insulting and criticizing and calling for further investigations and keep it up as a drumbeat until he buries her. I thought that was really low-class. You know, my husband would never do that to anybody. And I just thought that was pathetic.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

A PARTICIPANT: Liz, we have to wrap up.

Q Okay. Let me just ask you one, one very tiny point about this. There were those who understood how difficult this was for you, for all the reasons you've said, but really felt it would have been better to do it earlier because there appeared -- there was an appearance that you were hiding something. I mean, I don't -- that's not where I was.

So do you now think maybe you should have done it earlier, that you paid for wrestling with this, or --

MRS. CLINTON: No. I mean, you know, I don't know. I suppose we did. I can't really comment on that. But our problem always was we couldn't answer a lot of these questions the press would ask. The press would say, "Well, what about McDougal's ex-wife?" We didn't know. And I became convinced that, no matter what we told the press, there were certain vested reporters who were going to claim something.

Q So even if you'd released the Whitewater papers, that was going to lead to more (inaudible)?

MRS. CLINTON: I mean, and questions we didn't -- I mean, we didn't know what this guy was doing. We had no involvement in his business affairs. We weren't kept apprised of it.

I mean, I read in the paper for the first time some of the stuff that I now have knowledge of. And we had, until November and December, we had no reason to go out and collect up documents, you know. We had some from the campaign, but we didn't do some kind of huge outreach and search. And finally, we did that, and so we gradually pulled together documents.

I also honestly believed that, once we made the decision to voluntarily cooperate with the Grand Jury in whatever way they wanted us to, that would have been the end of it. And it should have been, in any sensible ordering of the world.

We didn't -- I mean, this was a Republican prosecutor. We knew nothing about him; he knew nothing about us. We weren't related in any way. And, when that was not

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

enough, and then they called for a special counsel, we do the special counsel, then they call for Congressional investigation -- see, that's how -- that was the slippery slope I always saw. So I never saw -- I never saw how you ever got out of it.

Now, at least, if this man can do his work and, hopefully, in an expeditious manner, maybe we can put it to rest. But it won't put it to rest for those who choose not to believe it, so there's nothing I can do about those (inaudible) --

Q Yes. I thought it would sort of disappear from the papers, but it doesn't from some.

MRS. CLINTON: Well, because there's a -- I mean, there is a cottage industry out there that is stirring this stuff up all the time and, you know, there's just -- and I -- I think the best thing we can do is keep doing what we're doing and for the President to keep being successful and there's not, you know, not anything else we can do to control it, other than that.

Q Okay. Thank you.

MRS. CLINTON: You're welcome.

Q This is interesting. Because I thought it might be.

MRS. CLINTON: Good. Good.

Q One other thing I had planned to ask you (inaudible) --

MRS. CLINTON: I mean, I talk about that stuff all the time. I mean, again, I just, I talk about values all the time. I talk about spirituality all the time. I'm giving a speech to the prayer lunch tomorrow.

I mean, I talk about that stuff all the time. And I think that it ties into, you know, the culture of disbelief that the sort of elite press had a very difficult time dealing with it, and either took the stance like, "What is she talking about" or "Why is she talking about it?"

And I think, you know, I think that it's important.

MORE

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

I think that, for me personally, but I also think for a society, some sense of spirituality; and religious values, however one explains or defines them, is important as a basis for meaning in life.

I don't have any regrets about that. I'm trying to find ways to keep talking about it and keep encouraging people to be involved in understanding the role of values and religion in our life.

Q So you haven't (inaudible)?

MRS. CLINTON: Oh, no.

Q (Inaudible).

MRS. CLINTON: No.

Q (Inaudible). Okay.

MRS. CLINTON: Thank you, thank you.

Q Thank you.

MRS. CLINTON: When is your book going to be --

Q Oh, my friend --

(End of tape.)

\* \* \* \* \*

Diversified Reporting Services, Inc.

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929