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THE WHITE HOUSE  
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AN INTERVIEW OF THE FIRST LADY  
CONDUCTED BY JANE APPLGATE

MS. CLINTON: We are decorating with American Crafts and we are targeting small business and solo entrepreneurs who do crafts. We have, at last count, 8500 American craftsmen and women around the country who have sent in ornaments that are going to be used. So this is perfect. What's her name?

Q Her name is Jeanie. She's 12-and-a-half.

MS. CLINTON: That is so nice.

Q She heard that the Christmas tree was going up, so she ran out and said please bring those.

MS. CLINTON: That is so nice. Where do you live?

Q I live outside of Los Angeles in Sun Valley, a horsey community. It has a horse in the backyard.

MS. CLINTON: How far out of Los Angeles do you have to get to do that?

Q It's only about 15 miles, near the Burbank airport. So we feel like we're in the country, but we're really not.

MS. CLINTON: That's terrific.

Q I work at home so I like a little bit (inaudible).

MS. CLINTON: I'm really glad you could come to see me today. I appreciate you coming all this way.

Q Well, it's really -- it was sort of my -- Erskine (phonetic) said if there's anything I can ever do for

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you for helping us with these town homes, just please let me know. The first thing I said is I would really like to meet with you and get a sense of -- you know, the really small businesses are the ones that I write for. I'm so concerned about all this.

MS. CLINTON: How do you define really small? What is the sort of cutoff?

Q Well, to me it's a person who is still managing.

MS. CLINTON: Owning, managing.

Q Owner manager, under 100 people. The (inaudible) definition goes up to 500. That's too big. I call my readers the plate spinners, you know, they're just doing everything. They're busy all the time and the thing is they're really compassionate people. They want to do what's right for their employees. I think it's the littlest businesses that are so troubled (inaudible).

MS. CLINTON: I'd love to be able to put their minds at ease.

Q Well, that's what I thought you could do. My column is in about 50 papers.

MS. CLINTON: I'd love to -- if you have a need for additional information or refinements, I'd love to get that to you so that you could incorporate it as much as you possibly could.

Q What can you say to assuage their fear? I mean, they tell me they would do it if they could. They will do everything they can to take care of their employees. That's what they want. They're concerned about a payroll tax. When you're little and you're not making any money, they're nervous about making --

MS. CLINTON: I'd say several things. I would ask them first to keep an open mind and to analyze this plan as it truly is and cut through a lot of the inaccurate and misinformation that is out there.

I'd ask them not to think about the health insurance market as they currently know it because that

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market discriminates against small business so drastically that I share the concerns of the small business people in thinking about how you would ever get fair treatment out of any insurance system.

The third thing I would say is that most small businesses that I know of do something with respect to insurance. Everything along the continuum from making it available but not paying to paying 100 percent for employees health insurance, and everything in between.

So a majority of small business are already in some way trying to help provide for their employees. Those small businesses, particularly the ones which have contributed to their employee's health care, have been bearing an unfair burden because they have been competing with other small businesses that haven't been willing to figure out how to do it. So there really is going to be a big advantage for the majority of small businesses through reform because what they are already doing will be made cheaper and easier for them.

For those small businesses that are in the minority but are understandably concerned, I'd ask them to think about several things. I'd ask them to think about what it has meant to cope with minimum wage increases as they have had to if they've been in business for the last 10 or 15 years. Every time there's been a minimum wage increase, there's been a concern expressed that it was going to cost jobs, and it has.

Now that doesn't mean that every single business in American can survive a minimum wage increase or a health care plan, but the vast majority have and have prospered. Small businesses are still the engine driving of the economy, it's where the most jobs are being created in the economy.

So if one looks at what the minimum wage has meant, we're asking for not even a minimum increase in the minimum wage on the order of 50 cents an hour, which some people have been advocating, but less than that to provide real health care security for themselves and for their employees and their families.

What Erskine has done in his town meeting and what the SBA has been able to do throughout the country is to rebut a lot of the inaccurate fears and to take the real day-to-day operating expenses of businesses and show small

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business owners who don't think they can manage how they can. I think that's what we want to try to do on a much larger scale.

Q You've talked about setting up a hotline. Is that happening?

MS. CLINTON: He's actually had one in operation for a number of months and it is going to continue. There is going to be a number widely publicized small businesses will be able to call and literally go through what the costs would be.

Q So you can get a pencil out and given your figures --

MS. CLINTON: What many small businesses are finding is that if they can look at the reform and apply it to their existing situation, knowing that we're going to be moving toward folding in workers' comp costs, which is a huge and growing cost for most small businesses, knowing we're going to be moving to include auto insurance as well which, for many businesses, is an expense, not for all like worker's comp is, but for many it is, knowing that we're going to cap their costs, what many really small businesses are finding is they are going to be able to ensure themselves, their family members and their employees for the same or less than what they're paying now if they already insure.

And the other piece of this which I'm very sold on and hope to communicate effectively is that those small businesses that have been providing insurance and have been discriminated against, they're going to have a windfall. They're going to have money in their pockets to invest in new equipment, to expand, to have a profit for the first time, to hire somebody, whatever they want to use it for.

So we can't just look at the small businesses that have never done it; we have to look at the small businesses that have done it to some extent that are going to save money. That money will go back into the economy.

The other point to think of is the way the food chain works. We are going to be saving big businesses that have had expensive health insurance bills quite a bit of money. That money will percolate through the economy.

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I had the CEO of one of America's largest corporations say to me we're going to be reducing our payroll flow. He said I've been telling all my suppliers, many of whom are small businesses, think of how much more I can spend with you because I'm not spending it on health care.

So if you take a step back and look at the whole economic impact, this is going to be good for small businesses. We're going to do everything we can to rebut the organized interests that don't want any change, don't see the economic benefits from this.

Q I've been doing a lot of interviews where I'm set up against an NFIB person. They always say to you we speak for small business. We represent the small business. I always say you represent 600,000 small businesses and there's between 15 and 20 million out there. That always sort of -- I think it's true. I mean, they are so vocal and so --

MS. CLINTON: And they have an organized lobby interest in Washington which is committed to promoting an agenda that is, not always in my view, in the interest of small business. I mean, during the budget debate it was very confusing to see the expending provisions that were in the budget that will be good for small business being opposed by the NFIB. That made no sense to us at all.

So we don't have the attitude that they speak for small business. We think that they speak for an organized lobbying interest that may or may not be advocating what is in the best interest of small business. We just have too many personal examples of this. We've talked with too many of our friends who are small business owners.

I will never forget how this was brought home to me right after my husband asked me to do this health care task. We had two of my high school friends who married each other visiting. They own a small business. They have four employees. They've always provided health insurance. But a couple of years ago one of their employees had a child born with Down's Syndrome.

The owner of the business, my high school friend, said when he went back in the insurance market he was stunned at how much his premiums were going to be raised because of his employee with the child that would have continuing

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medical needs.

He said I will never forget talking to an insurance agent and saying you know, isn't there some way we can figure out how to work this out and the insurance agent telling him well, sure, you can just fire him. Then you wouldn't have to pay the cost.

My friend said to me, he said we treat -- like what you said in the very beginning, we treat our employees like members of our extended family. These are people who have worked hard for us. They go above and beyond the call. There are only five of us. Our wives chip in. Everybody works to get the job done. They were telling me to fire him because there but for the grace of God do any of us and we could have had a child like that?

Or I was in the Rainbow Babies and Children Hospital in Cleveland about two weeks ago. A small businessman was there. he has three children. He has two children who have chronic illness and a healthy son. He and his wife had come to see me to tell me their story because he said look, I have a small business. I employ, I think he said, about 20 people. I try to provide health insurance.

I've had to go without insurance on my daughters. They're the only people in the whole employment group that need help. He said I was talking to an insurance agent trying to figure out how to get a better deal for all of us, and the insurance agent said well, with your daughters, he said, you just aren't going to get a good policy. He said we don't insure burning houses.

So small business people are up against this every day. I was in Massachusetts meeting with a group of small business owners. There was a man who ran a bowling alley that manufactured homemade ice cream. He had one employee. He and this guy had done this for years. They had always chipped in together. So, you know, they had insurance for each other. But then, out of the blue, his employee's son gets sick. His employee's son, then, has a preexisting condition for an insurance company.

I'll never forget this man sitting with his one employee with tears in his eyes saying, you know, how do you think it makes me feel to know that I can't, you know, ensure his son anymore. I mean, that's not the way America should

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work. Well, he's right. If we have insurance reforms and we eliminate a lot of the unnecessary costs that the insurance industry has put into health care and we strip it back so that everybody gets insurance, you don't get eliminated for preexisting conditions, everybody pays something.

You cap the costs for businesses. You cap the costs for low wage individuals. The vast majority of Americans are going to pay the same or less for the same or better benefits. The uninsured -- and a lot of these small business people who don't insure, they ought to go back and add up their out-of-pocket expenses for themselves and their families plus their employees and their families.

What we have found is that for even the uninsured, 85 percent of who hold full-time jobs, even the uninsured, they're spending out of pocket more than they would pay for a good premium for the kind of health insurance we are offering. I want to get you those figures. Ken Thorpe who is the actuary --

Q Even when they go into the emergency room (inaudible)?

MS. CLINTON: Yes. They go into the emergency room, take their child for a dental checkup, they get sick and they have to go get treated by somebody, or maybe they save up every year and they have a physical exam but they don't have any --

I sat there talking to a woman who has worked at the same company for 15 years and she couldn't afford insurance in the current insurance market. Her company didn't think they could afford it in the current insurance market. But she tried to take care of herself. So every year she had a physical. So out of pocket she spent several hundred dollars to get a full physical.

When I talked to her it was last spring. The year before she had been told by her doctor that she had a lump in her breast and was sent to a surgeon. The surgeon examined her. When he found out she didn't have insurance, he said to her if you had insurance we would biopsy it. But since you don't, we will just watch it.

Now, for every small business person who currently ensures, that decision by that woman that she can't afford to

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have a biopsy means that if she has cancer and if she goes into the hospital and has to have surgery, chemotherapy, radiation, then every small business person who currently insures will pay because the uncompensated care we will give as a society to that woman at the end instead of the beginning to try to prevent her problems will be added to our premiums.

So the big fallacy is that somehow these small businesses that don't insure are not going to be able to afford it is just wrong because every year in out-of-pocket expenses and in taxes they are paying more and more for people who can't pay their own way or don't think they have to pay their own way in a system that charges us more and more for the same or less health care.

Q One thing that comes up a lot and I note a lot of people who have left corporate America to start their own business say the biggest concern was not having their benefits. So in a sense, do you think that the program will free people to be more entrepreneurial?

MS. CLINTON: Absolutely. See, I think you're -- that's why I say look at the big economic picture. We know that job lock exists. People don't change jobs. They don't start new businesses because they're afraid of losing their health benefits. With that fear removed, I think you will have an explosion of upward mobility, of small business start-ups by people who no longer have to worry about their benefits and so therefore are free to move into another line of work.

Q Erskine is opening every meeting, I think, really (inaudible) Stanley because he has a diabetic son who said I have to say gee, you know, what are we going to do with my son. If it wasn't for Crandall's job, he never would have started the firm. When he said that, everyone in the room just went ah. That was my next question: How aren't the town halls working? I mean, is it really -- do you listen to what comes out of those meetings?

MS. CLINTON: Absolutely. I mean, the other story I told you I picked up in a meeting around the country. If I had not traveled and had a chance to meet and listen with people, I don't think I would understand full dimensions of this problem because each of us sees it through our own experience.

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I mean, if you have always had a great insurance policy and you've never had to worry, you're not sure what all of the fuss is about, if you had a diabetic child or a preexisting condition, you struggled to make ends meet, then you know. Everything in between is a story. So by listening to, by now, thousands of people tell me what has happened to them personally, I've filled in a lot of the picture of what the statistics tell you.

Q Did you feel that the small business town halls did help to get the message across?

MS. CLINTON: Very much so.

Q What was the feedback? It's hard for me being in the middle of it. I didn't really get a sense of what the sort of overall feeling was.

MS. CLINTON: Well, from our perspective, it was how varied the small business community is. Nobody can speak for it. There is no small business voice. There are how many ever 18-and-a-half, 19 million, whatever numbers there are out there. There are different problems in different sectors. There are different levels of experience.

There are the problems you've pointed out about people locked into jobs where they have, like, small businesses on the side that are advocacy that they would be willing to invest full time in to grow if they had a chance and every variety of that. I think that was the single biggest lesson. We're now starting to see it repeated.

I don't know if you saw the article in the paper a few weeks ago where Senator Walker from Pennsylvania had a small business forum in Pennsylvania. He had several people who were representing the NFIB who came to his forum. By the end of his explanation, they were all saying gee, that sounds good to us. One of them was even quoted in the paper as saying yes, he was an NFIB member, but he had never really understood what we were talking about before, and it sounded good.

Well, there was a hearing before the Senate Labor Committee and a small businessman from Kansas testified. He was asked well, I'm sure you don't support an employer mandate, do you. He said I just want everybody to have to pay. I want everybody to be in the same position I'm in

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which is to try to struggle to do this and being beaten up by the market all the time because I don't have enough purchasing power to be able to get a good deal for myself and my employees.

So those stories are starting to come out publicly, and I think the town halls have really helped that.

Q I write a lot about working at home and how that's the place to start your business and to grow and to be with your family. It struck me on the plane coming down that you are now a home-based professional. What is it like to work at home versus going to an office?

MS. CLINTON: Well, I'm a home-based full-time volunteer, I think. Well, for me it's been wonderful and it's been for our family. You know, the fact that my husband works, so to speak, over the store, he --

Q (Inaudible.)

MS. CLINTON: We're right here, yes. He gets home a lot. Chelsea can run over to see him after school. I have an office over there but still feel like an extension of my house. So it's been wonderful. I really enjoy it.

Q Do you miss anything in your law practice?

MS. CLINTON: Sure. I miss the day-to-day collegiality that you get when you try cases with people and you work on problems together. I miss the individuals that I worked with all those years. But I feel very lucky that I've had an opportunity to work on health care because I've been able to work with tremendous people. It's been very gratifying for me personally. So I don't know how I would feel exactly if I weren't as deeply involved in this project, if I had done a lot of different things as opposed to focusing my attention.

Q This has been an interest of yours for a long time.

MS. CLINTON: Yes, it has.

Q I read your unauthorized biography last night, the one by Judith Warner (phonetic).

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MS. CLINTON: I thought that was an amazing effort. She wrote that in, like, two weeks.

Q Yes. She was the first one out.

MS. CLINTON: She had it out by inaugural. I was amazed.

Q We have the same publisher. So went I went in for reading yesterday, I said I was coming down to meet with you. She said have you read this book. I said no. That was one way to get a quick view. It really was knitted together rather quickly.

MS. CLINTON: Then there's a new one out by Donnie Radcliffe, who worked on it much longer, but it also -- I learned some things about my family, you know, my ancestors that she had uncovered which I thought was kind of neat.

Q Your father owned a small business.

MS. CLINTON: He sure did and worked very hard.

Q What was he doing?

MS. CLINTON: He was printing and selling drapery fabrics. So he and my mother -- I can remember many times after dinner they'd put us to bed and then they'd go back to his little print (inaudible) and literally print the fabrics themselves and mix the colors and pour the colors on to the silk screens and then take the squeegee and push the paint through the screen.

So I grew up in a small business atmosphere. I believe -- I like the independence that comes with being a small business person. I admire my father's hard work all those years. So I have a particular feeling and admiration for small business people.

Q We're going to have to wrap. One last question: Do you think having daughters the same age -- one question I had and since a lot of women read my column (inaudible) going to the McCall's mode -- do you think that our daughters will have more opportunity in this? We've had a lot. Do you think it's getting better or do you think there's a backlash?

MS. CLINTON: I think that it is getting better,

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but I think women still always for the foreseeable future bear a heavier responsibility to prove themselves and to balance the often-conflicting demands of family and work. What I hope is that my daughter and your daughter will feel free to make whatever choice is right for them as individuals and to recognize that the choices one makes as a woman will change through your life.

There are periods of time, even with your working full time, when you are preoccupied by and really consumed by family responsibilities. Then there are times when you can devote yourself to your work. But you have to understand that balance and that kind of rhythm in one's life. I think the artificial barriers that used to exist keeping women feeling removed from the world of work were replaced by some artificial demands that women have to go into the world of work.

The real challenge is to balance that and to be whoever God meant you to be and to feel good about yourself. So being a full-time homemaker, being a full-time professional, balancing the demands of work and family, those are all going to be different roles that different women will take on at different points in their lives. We ought to celebrate that. We ought to try to help women fulfill their many roles in a more balanced and satisfying way.

(End of tape.)

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