



EDWARD M. KENNEDY ORAL HISTORY PROJECT

**INTERVIEW WITH NICK LITTLEFIELD**

July 1, 2008  
Boston, Massachusetts

**Interviewer**  
James Sterling Young

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## TRANSCRIPT

### INTERVIEW WITH NICK LITTLEFIELD

July 1, 2008

**Young:** We're resuming the interview with Nick Littlefield, on July 1, 2008.

**Littlefield:** Just a couple of additional points, to continue with yesterday. I talked about the legislative record, Senator Kennedy's legislative achievements between 1989 and 1994, from the beginning of the President [George H.W.] Bush Administration, through the first two years of the [William J.] Clinton Administration, when Senator Kennedy was the chairman of the Labor and Human Resources Committee. I described in some detail the legislative record for each of those three Congresses. I want to state again that if anybody objectively looks at what the Senator achieved during that period in terms of the breadth of the legislative record, I don't think this is widely appreciated, how significant those six years were in terms of actually getting legislation done.

That really was the highpoint, because the first Bush was willing to deal with Kennedy, and then during the first two years of Clinton, everything was overshadowed by the loss of healthcare, but in fact, there was this whole wide swath of legislation that was enacted, particularly in the education area. Anybody who is looking at Senator Kennedy's legislative achievements should focus on those years and on the bills that actually got enacted. As you said, it was all part of an agenda that he developed each Congress, and in the first Bush Administration, he laid the groundwork for what he was able to do in the field of education, particularly in the first two years of the Clinton Administration.

Just to focus for one more moment on the first two years of the Clinton Administration, I wanted to mention that when the Senator Majority Leader [George] Mitchell, on October 8, 1994, prior to the election, gave his wrap-up speech, identifying the principal accomplishments of the 103rd Congress, Mitchell listed 13 major bills enacted by Congress in 1993 and '94, and of these 13 bills, more than half were Kennedy bills. In other words Family and Medical Leave, Head Start expansion, Goals 2000 school reform, Elementary and Secondary Education Act, School to Work, student loan reform, and national service.

So it was widely recognized in the areas of jobs, education, and healthcare, Senator Kennedy's work was the dominant effort during that period when the Democrats were in the majority. That was, of course, the last time that the Democrats were in the majority until briefly, when Senator [James] Jeffords changed parties some time in 2003 or whatever it was; 2001 or '03, I'm not sure. Then again, the Democrats went into the majority in 2006, but only by one vote. I just wanted to make that point.

**Young:** So the momentum continued across the Administration, into the Clinton first year.

**Littlefield:** Very much so.

**Young:** The same momentum. So the change of administrations didn't really—

**Littlefield:** Kennedy just upped the scale of what he was doing.

**Young:** Yes, we understood that from yesterday.

**Littlefield:** The issues were the same, but the scale was completely different. Now we were going to have direct loans for all students, higher education lending across the board as opposed to just a small demonstration program that was limited in scope.

**Young:** Right. So now comes the election of '94.

**Littlefield:** So then came the election of '94.

**Young:** Which threatens to stop it all, stop the momentum.

**Littlefield:** Correct. So the momentum was indeed stopped, because [Newton] Gingrich took over, and as we talked about yesterday, it was a landslide election. Everything shifted in Washington, and the question was, what would Clinton do? Would he hold the line? And that's really the story that I started to tell yesterday, about how Kennedy organized himself to basically keep the Democrats from giving away the store and letting the Republicans have their way, and crucial to that was the struggle for the mind of Bill Clinton.

I thought of a couple of points that I didn't make as strongly as I wanted to make them. I wanted to mention the "Contract with America" because I'm not sure that people fully understand how draconian it was. Let me just describe it very quickly, because it's important to understand what the Republican agenda was, so you can understand what a Herculean effort was required by Kennedy to stall it. Gingrich was elected to Congress in 1978, and had worked from his first day in Washington, single-mindedly, to overthrow the Democrats. He spent hours bashing the "corrupt, liberal welfare state," and there's a whole storyline in terms of how he ultimately succeeded in the 1994 election, in throwing the Democrats out. The Contract with America was his idea of a way to nationalize the election and energize Republicans running. The idea was to arouse the latent anger in the country at the state of affairs in Washington.

Here are some of the items in the Contract with America. They were worked out by Gingrich and by his colleague, Frank Luntz, who is a PR pollster, strategist. The words that were described that they use in the titles of each item were very uncontroversial, but understanding what those words really meant in terms of specifics is what suggests just how far right these Contract items were.

The first item in the Contract was called the Fiscal Responsibility Act, the centerpiece of which was the pledge to enact a balanced budget. The deficits were very high. Government borrowing to invest is sort of standard for the way people manage their own lives. They invest in a home or something that's going to be productive and something they need, an investment that's going to

pay back over time or rise in value. There was to be no room for investments. So education investments, which could pay back many times over, were to be ignored in this drive to balance the budget. Whatever the pros and cons of a balanced budget are, in 1995 it would have meant dramatic budget cuts for the entire social agenda. There weren't going to be cuts to defense, and in fact there were going to be tax cuts, so the revenues would have been less, so to balance the budget you would need to even do more.

The social agenda, which the balanced budget threatened, included everything from Medicare and Medicaid to federal aid for education, Head Start, aid to elementary and secondary schools, higher education, environmental protection initiatives and protection of national parks and forests, federal assistance for the chronically poor and disabled. The numbers were staggering in terms of what the consequences of these cuts would have been, in terms of programs, to actually balance the budget, if you didn't have any room for investments.

**Young:** But didn't they challenge the whole idea of government expenditure as an investment, outside the defense realm?

**Littlefield:** That's right. This first one, as I noted, was called the Fiscal Responsibility Act. Well, who can be against that, right? The next one was called the Taking Back Our Streets Act. Gingrich might have chosen a name such as stopping crime or strengthening security, but instead they chose a title with essentially code words that would more directly tap voter anger over rising crime. The taking back our streets. The image they're calling up is of an enemy from whom the streets have to be taken back, some occupying force that is foreign to America. I mean, they might deny it, but this choice of words to me betrays inescapably a veiled appeal to racial prejudice, and what their policy was only adds to this point, because the focus was entirely on punishment and enforcement. There was nothing for prevention, treatment, or rehabilitation.

They wanted to repeal the youth afterschool programs. The centerpiece of taking back the streets was widespread expansion of the death penalty, so that they had an idea that jurors should be instructed to recommend a death sentence if aggravating factors outweighed mitigating factors. That's what it was. That's taking back our streets—if a death penalty jury recommends that aggravating factors outweigh mitigating factors. Appeals were going to be limited for death penalty, the message being that if you put people who are “taking over our streets” in prison, or subject them to the death penalty, then you will get the streets back. So that was taking back our streets.

The next one was Personal Responsibility Act, and who can be against personal responsibility? But of course that is the Republican effort to end the war on poverty, and that's what was included there—slashing welfare spending, ending benefits for teenage mothers and their children. So no benefits if you were a teenage mother, denying benefits entirely for a newborn when its mother already had one child on welfare. So basically, in the balanced budget and the so-called Personal Responsibility Act, the Republicans were essentially promising to dismantle the social safety net enacted in the New Deal and expanded in the Great Society.

**Young:** There had already been a welfare reform, hadn't there?

**Littlefield:** No. It came under Clinton later. But that was totally different from what the Republicans were proposing. They wanted basically to abolish the programs. And again, this oral history is not supposed to go into detail on this, but somebody who is studying this period and trying to understand what Senator Kennedy saved the country from needs to know how bad the situation was after that election, because all of these measures were passed in the House—that's the point—and in the first 100 days. They came steaming over to the Senate with all this tailwind behind them, and Senator Kennedy managed to develop a strategy to mobilize Democrats to resist, when it looked, after the election, as if there was no backbone or spine left in the Democratic Party because they had just suffered this severe shellacking.

Four of the next five items in the Contract with America were tax cuts for constituencies that the authors of the Contract wanted to recognize: the religious right, senior citizens and investors, businesses, wealthy corporations. So item number four, the Family Reinforcement Act, proposed a \$5,000 tax credit for families adopting a child. This is as far as they decided to go in terms of their opposition to abortion. They weren't going to put a ban on abortions into the Contract because it would have hurt them among the swing voters they were trying to reach, but this was their signal. Other provisions in item four include strengthening child support enforcement and increasing penalties for child pornography. Item five, the American Dream Restoration Act, called for a \$500 per child tax credit.

**Young:** How do you get from dream to—

**Littlefield:** How do you get from the American Dream Restoration Act to a child tax credit? Republicans also proposed American Dream Savings Accounts, which were really tax breaks to families that could afford to put aside \$2,000 a year in savings accounts, which would be taxed when they were deposited but not when withdrawn for education, retirement or a first home. So instead of focusing on expanding opportunity by improving schools or college aid or job training, the Republicans proposed to restore the American dream by tinkering with the tax code and providing a \$500 per child tax credit.

Item six was the defense budget, the National Security Restoration Act. So despite the collapse of the Soviet Union several years before and the end of the Cold War, the Contract proposed increased defense spending, requiring deployment of the antiballistic missile system, and forbidding U.S. troops to serve under UN [United Nations] command.

For senior citizens there was the Senior Citizens Fairness Act, also hooked to a modest tax cut, but again, very modest. The greatest tax breaks were not for children or for adoption or for senior citizens, although there were small ones there so they could talk about those constituencies. The biggest tax giveaways were for business and the wealthy, and this was disguised under the misleading title of the Job Creation and Wage Enhancement Act. There was nothing in the proposal directly to create jobs or improve wages; instead enormous giveaways to businesses and corporations. They were going to cut capital gains taxes by 50 percent, increase investment depreciation for businesses. Choosing the title of Job Creation and Wage Enhancement for tax breaks and regulatory relief for business and the wealthy shows the length the Republicans went in the Contract to disguise or misrepresent their real intentions.

**Young:** Was the theory, if there was a theory behind that, that if you sort of trickle down, if you reduce the amount they're paying to the government, then the magic of the market will ensue.

**Littlefield:** Absolutely, that's what they would say.

**Young:** That was the theory behind all of this—free market theory to replace the government, wasn't it?

**Littlefield:** That's very well put Jim. That's exactly right. The next one was the Common Sense Legal Reform Act, which was designed to reward business and insurance companies, and to punish a prominent Democratic constituency, the trial lawyers. So this was designed to discourage product liability lawsuits. That found its way into the top ten items. Then the final item was basically an attack on the discredited, entrenched Democratic membership in Congress, the so-called Citizen Legislature Act, which called for a vote on limiting the terms of members of the House of Representatives to three terms, for a total of six years, and of Senators to two terms or a total of 12 years. When I studied this item of the Contract, I realized that there had to have been disagreement within the Republican Caucus on how hard to push this item, because they did not promise to enact these term limits, only to hold a vote on the term limits. For all the other measures, this is what they were going to do, but here it was just a vote on term limits, and of course it didn't pan out that they did this. Or if anybody signed the pledge, they all violated it. They all stayed longer. The term limits didn't have any impact.

**Young:** This was against the senior members of Congress, really.

**Littlefield:** Yes. That was part of the "throw the bums out."

**Young:** And open it up to more of us.

**Littlefield:** Citizen legislature was the idea. The interesting thing, and this is the point I wanted to make, is that missing from this Contract was any reference to compassion, nothing kinder or gentler, nothing about improving schools or making college more affordable, or healthcare, not a word. Nothing about wages for workers or secure retirement, and you would have thought that the Democrats would have had an opportunity to go after the Contract in these terms, since just two years earlier, the country had thrown out President Bush and elected President Clinton on an agenda of putting people first. Well, this is exactly what Senator Kennedy did in his own election in Massachusetts, and once he got on this message, he wasn't going away. He beat [Mitt] Romney going away. But there were other Democrats who simply didn't see it this way. I want people who are listening to this or reading it to understand just how dispirited the Democrats were after the election and after this Contract with America agenda had been so successful in terms of the Gingrich takeover of Congress.

The first point—everyone was completely surprised by how the election turned out. Nobody had really imagined that there could be such a spectacular reversal of fortune. People thought that they would lose some seats, but not have this gigantic earthquake. The columnists writing about what this election—Michael Beschloss, the Presidential historian, said, "This election was potentially one of the most important days in 20th century political history. It could mean that we are headed back into a period of Congressional dominance and Presidential weakness such as we had in the late 19th century." William Kristol, "Sixty years of Democratic dominance of

American politics established by Franklin D. Roosevelt have been effectively ended by two years of Bill Clinton.” Columnist after columnist saw this as a massive turning point in terms of the direction of public policy.

I just want to describe what Clinton was saying after the election. The election was widely interpreted as a vote against Clinton. That’s what the headline was in the *Times*. The *Washington Post*, “An historic election message of repudiation to President Clinton and his party.” And there was no public statement from the President until the afternoon of the next day. Mary McGrory described that press conference in the *Post*, “Clinton was pretty much in the ancient mariner mode, haunted and babbling. He couldn’t stop talking about the shipwreck that had just occurred, but he couldn’t think of anything to say either.” The first signs out of the White House—Clinton said that he was going to reach out to the Republicans today and ask them to join him in the center of public debate. “I will do everything in my power to reach out to the leaders and members of this new Congress.” And then he actually agreed with Gingrich on the meaning of the election. “It must be possible to give our people a government that is smaller, that is more effective, that reflects both our interests and our values. People said they want a smaller government. I hope we will be able to still reduce several areas of federal spending and do more with less.” That’s what we were hearing, that’s what the President was saying. That didn’t sound very promising.

**Young:** But he was supposed to be a New Democrat, wasn’t he?

**Littlefield:** He was supposed to be a New Democrat, but he had just taken a whipping. With Kennedy it’s, “We’re going to keep fighting for what we believe in; that’s who we are, that’s what Democrats are. We’re going to keep going on jobs, education, and healthcare.” That’s what his speech had been in Faneuil Hall, that’s how he won his election. That was the work that he was committed to when he came back to Washington after the election.

**Young:** From the White House.

**Littlefield:** Well, I’ve talked about the White House, but it was just as bad in the Congress. Right after the election, the Republicans even added to the clarity of what they were proposing. Gingrich said to the *New York Times*, “I am prepared to cooperate with the Clinton Administration. I am not prepared to compromise.” Then Gingrich suggested that children who weren’t doing well with their parents should be removed from their families and sent to orphanages—

**Young:** Who “weren’t doing well”?

**Littlefield:** —with their parents. They should be removed from their families and sent to orphanages. This was a famous overstatement by Gingrich. It’s the kind of thing that they were saying.

Within days of the election, Bill Archer from Texas, soon to become chairman of the House Ways and Means Committee, said he intended to replace the income tax with a national sales tax. Gingrich immediately said he would move a prayer in schools amendment promptly through Congress. The President said that he would consider working towards a constitutional amendment to guarantee a right to prayer in the schools.

Ten days after the election it was reported that Republicans in the House had distributed questionnaires to prospective staff members, to make sure that anyone who was seeking a job from the new Republican majority agreed with a set of ideological positions consistent with the radical rightwing agenda: abortion should be illegal except in the case of rape, no preferences should be allowed for hiring for race or any other factor, prayer should be allowed in schools, homosexuals should be banned from the military, and no candidate for a staff position could agree with the proposition that healthcare is a fundamental right. Then [Jesse] Helms told an audience in North Carolina that Clinton was not fit for the job as Commander-in-Chief, and Clinton better have a bodyguard if he went to visit North Carolina. I mean this was very tough stuff.

The Republicans then, in the budget, proposed to dismantle the National Food Stamp Program, which provides food for 27 million people; to abolish the National School Lunch Program, which provides meals for 25 million children; to abolish the WIC program—Women, Infants and Children—that serves 6.2 million Americans. It would all be abolished.

**Young:** This is all being said before the convening of the Congress.

**Littlefield:** Yes. This is what was going on.

**Young:** So it's piling on the Contract with America.

**Littlefield:** Yes. And while the Republicans were laying their plans for their revolution, the disarray with Democrats was frightening. Richard Berke, in the *New York Times*, wrote, "Three weeks after their top-to-bottom electoral wipeout, Democrats remain uncertain over what to do next, and virtually leaderless, beyond a President who many in the party see as a big part of their problems. Still shell shocked, they cannot agree on what the party needs to do to make a comeback or even to survive." Two-thirds of Democrats wanted other Democrats to challenge Clinton for the nomination for President in 1996, in a *Times-Mirror* poll.

And then the news coming out of the White House was not encouraging for those who had hoped to resist the Republican agenda. President Clinton, it was reported, would ask Congress for \$25 billion more in military spending, the largest increase in years. The *Times* reported a week later that Clinton was preparing to move toward the Republicans and preparing his own agenda-setting speech, which would emphasize tax cuts, moving toward deep cuts in federal social spending. It was reported on December 14 that Clinton was prepared to recommend eliminating federal housing programs. The Administration was trying to outmaneuver the Republicans by developing proposals that we would have expected to have come from conservatives in the Congress. It's a preemptive strike. That's how it was presented.

Then Richard Armey was elected as Majority Leader. Armey favored phasing out Social Security, replacing the graduated income tax with a flat tax, eliminating the Environmental Protection Administration, eliminating the minimum wage. Gingrich accused the White House staff of having used drugs, "Up to one-quarter of the staff had used drugs within the past four or five years." And Gingrich's strategy was that it's not always necessary to repeal programs; you just don't fund them. So with the Republicans proclaiming the death of liberalism, Gingrich taking the reins of power, the punditry announcing a political alignment, and many Democrats



desperately shifting to the right, late 1994 and early '95 was a very bad time for progressives who believed in the potential of government as a positive social force. Democrats in Washington were demoralized, despondent, and uncertain about the future. Were they destined to be in the minority for years to come? And that's when Senator Kennedy stepped up to the plate.

We talked yesterday about the process that Senator Kennedy went through during November and December, to prepare for January. We've talked, on each of our prior occasions, about his meeting with President Clinton, but I wanted to make sure people understood this was no casual situation that we were stepping into. When you examine the Contract with America and what the leaders of the Republican Party said that they were going to do, which they did do in the House, you can see what Kennedy was up against.

**Young:** Were there any other voices in the Democratic establishment or the Democratic Party that contested the gloom and doom view?

**Littlefield:** Not really. I mean Kennedy gave the speech on January 11, 1995, at the National Press Club.

**Young:** At the Press Club, yes.

**Littlefield:** And that was the defining speech. It was the first time a Democrat had said what he said since the election. "I come here. . . ." Kennedy opens his speech.

**Young:** So he was a lonely voice.

**Littlefield:** He was a totally lonely voice. But remember, he had been around and talked to all of the key Democratic leaders and had told them what his view was, and so when he gave this speech, [Thomas] Daschle, who had been elected as Minority Leader in the Senate, and [Richard] Gephardt, who was the Minority Leader in the House, both mailed his speech around to every one of their members. But Kennedy began the speech, "I come here as a Democrat. I reject such qualifiers as New Democrat or old Democrat or neo-Democrat. I am committed to the enduring principles of the Democratic Party, and I am proud of its great tradition of service to the people who are the heart and strength of this nation, working families and the middle class. I would have lost in Massachusetts if I had done what Democrats who were defeated in other parts of the country too often tried to do. I was behind in mid-September, but I came back, and I believe I won because I ran for health reform, not away from it. I ran for a minimum wage increase, not against it. I continued to talk about issues like jobs, education and job training, and I attacked Republican proposals to tilt the tax code to the most privileged of our people. I ran as a Democrat in belief as well as name." This turned out to be not only right in principle, it was also the best politics.

So that was the speech on January 11. And then, in January and February of 1995, Kennedy was laying the groundwork, believe it or not, not only to stop the Republicans, but for his affirmative agenda, sticking with jobs, wages—that was minimum wage—and healthcare. We've talked about what that was, portability and limiting preexisting condition exclusions.

So if one looks at how Senator Kennedy organized the resistance, there were two sides to it. There was the offensive side and the defensive side. On the offensive side, he started moving

ahead with minimum wage and with health reform. On the defensive side, he had to fight back against what the Republicans were actually starting to do. I've described the Republican agenda, but as January and February evolved, it became even more extreme, the agenda in the House.

The key elements were: overall scaling back government, which meant cutting education funding for students and schools by one-third; decreasing federal financial aid for college students; cutting benefits for seniors on Medicare and doubling premiums and co-payments; turning Medicaid, which is healthcare for the poor, over to the states, without any guarantees; scaling back safety standards in nursing homes; cutting federal investment in scientific and biomedical research by one-third; scaling back labor laws designed to protect the rights of workers; jeopardizing workers' pensions by opening pension funds to corporate raiders; eliminating the National School Lunch Program and other nutrition programs for children; restricting eligibility for supplemental security income to drug and alcohol addicts; eliminating Low Income Home Energy Assistance; and it goes on. Enacting \$250 billion in tax breaks for primarily wealthy Americans while scaling back the Earned Income Tax Credit, thereby increasing taxes on low-income Americans; dismantling the Clean Water and Clean Air Acts, the Endangered Species Act and superfund programs, which fund cleanup of toxic sites; cutting the budget of the EPA [Environmental Protection Agency] by half. That's what they were actually doing in the House.

**Young:** A wrecking crew.

**Littlefield:** Exactly.

**Young:** And did all of this die in the Senate?

**Littlefield:** Well, that's what I'll describe. None of it went through the Senate. Kennedy organized a resistance and all of it was stopped.

**Young:** That story is very important to tell.

**Littlefield:** That's the story I'm telling. That's what all of this other talk has been leading up to.

**Young:** All right, fine.

**Littlefield:** But I had to convince the reader of how dire the situation was, which I don't think, 14 years later, people will necessarily remember.

**Young:** I think you're right.

**Littlefield:** This is my book. The story I'm telling now is the story of my book. It's not a bad story.

**Young:** It's a good story, but the book will be read in the form it was written, as well as be heard, I hope.

**Littlefield:** Well, I don't know if it will be or not, but that's why I want to make sure the oral history has the details of this. Yesterday I described the six years of Kennedy in the majority and the enormous legislative achievements, but going into the minority, Kennedy stopped the

Gingrich revolution, protected the Great Society and the New Deal and the Teddy Roosevelt reforms, and actually got the Republicans to go along with another increase in the minimum wage, the largest increase in Federal Government regulation of health plans, health insurance, and ultimately the largest expansion in healthcare coverage of the uninsured since Medicare 30 years before—and that is in the Children’s Health Bill. Senator Kennedy turned the Republican revolution around and used it to enact expansions of government. Who today recognizes what an enormous achievement that was?

**Young:** It’s important also because of the very new situation in his career. He’d never faced this kind of situation before, had he?

**Littlefield:** Well, one might say the [Ronald] Reagan Presidency, when they lost the majority in the Senate back in 1980, was the similar period, but Kennedy was not—at that time he hadn’t just been chairman of the Health, Education and Labor Committee.

**Young:** But there wasn’t this.

**Littlefield:** There wasn’t the wholesale assault on government. Reagan didn’t have that. He wasn’t trying to do this.

**Young:** Yet that was the first time that both Houses of Congress—he was in the minority and his party was in the minority in both Houses.

**Littlefield:** Well, in the House, the Democrats were still in control, so that was also a key item. Tip [Thomas P.] O’Neill was—

**Young:** No, I’m saying ’94 was the first time.

**Littlefield:** Yes, that’s exactly right.

**Young:** I mean it was a new situation both substantively and politically. You hadn’t had a landslide.

**Littlefield:** You’re absolutely right on that. So the first question is, would Democrats join with Kennedy in this resistance? What Kennedy did is he started working with Tom Daschle, the new Minority Leader, to pull Democrats together. What he decided to do was to identify specific issues that would highlight the extremism of the Republican agenda. The strategy was to expose the extreme nature of what they were doing in the House, and what the Republican agenda was.

In any event, the themes that the Senator focused on in the early stages of 1995—as I say, he focused initially on the cuts to programs, and I’ll come back to that. His second theme was Medicare, and the Senator really was the one who decided that the Democrats should focus on protecting Medicare as a symbol of what they stood for as opposed to what the Republicans were trying to do. His argument was that cuts to Medicare should only be used to shore up the long-term solvency of the program, where it should go back into healthcare for seniors. We should not tolerate cuts to Medicare. This was tough because there were many Democrats who accepted the argument that spending in Medicare needed to be reduced in order to make it solvent over time.

**Young:** You referred a moment ago to all of these things—this fusillade of Contract with America items coming in to the Senate, and Kennedy picking out, targeting certain shots that are coming across, for showing the extremism.

**Littlefield:** Yes.

**Young:** Does that fall under the heading of defensive?

**Littlefield:** Yes. I mean it's affirmative. It's trying to seize an issue, like Medicare, but this, as I am describing it, is defensive. The affirmative agenda that I refer to is literally passing bills over the objection of the Republicans.

**Young:** He didn't do this by filibustering them, did he?

**Littlefield:** No. We'll get to that.

**Young:** OK, fine.

**Littlefield:** He did not yet, because he didn't have the support of the Democrats at this point. He had to build the support of the Democrats. So the first issue was this whole budget thing and the balancing of the budget. The Republicans were talking about very large cuts to Medicare, so the first thing he did was decide to highlight the cuts to Medicare. There were cuts across the board. He picked Medicare because of the general popularity of the issue of Medicare.

Gingrich had given a speech in January of '95, where he said basically that we would cut Medicare in order to balance the overall federal budget. We wouldn't strengthen Medicare, we would take the money from Medicare to balance the budget. Kennedy went to the floor of the Senate on January 31, the next day after Gingrich's speech, and said, "When Republicans in other years tried to break the promise of Social Security, senior citizens and their families all over this country told them that the answer was no, and the Congress responded. Today it is time to say to Newt Gingrich and his friends that when it comes to breaking the promise of Medicare, the answer is just as resounding and just as unequivocal, and once again the answer is no." So the skirmish for those preparing the resistance was at hand, traps were laid around this issue of Medicare, and Kennedy was beginning to talk to Democrats and bring them to this point.

The first thing the Republicans were going to do was to try to rescind funds that had already been appropriated and were promised from the previous budget. This is how they decided to jump the gun on their attack on the budget—not just by dealing with the budget going forward for the following year, but by stepping in and rescinding funds that had already been appropriated at the end of the previous Congress.

So they decided that they would use an emergency spending bill for disaster relief as an occasion to cut \$9 billion from the previous year's budget, funds that had started to be distributed because the fiscal year runs from October to October. The budget had been set. We were halfway through the year or a third of the way through the year. People had been promised what their funding was going to be, but the Republicans came up with this idea of a so-called rescissions bill, which they would include with this federal emergency relief assistance issue.

**Young:** On the theory that more money for emergency relief would require cutting something else, or rescinding it.

**Littlefield:** No. They were just going to rescind it. It was \$9 billion beyond what they needed for emergencies.

**Young:** I see.

**Littlefield:** This was to show how tough they were going to be.

**Young:** Would this go to the Finance Committee?

**Littlefield:** It would be the Appropriations Committee. The rescissions bill included billions of dollars of cuts to education programs, including Head Start, school lunches, disadvantaged schools, drug free schools, technology, teacher training. Teachers who had been hired would have to be laid off in the middle of the year, students dropped from school lunch programs, Head Start enrollment scaled back. Orders for new computers for schoolrooms canceled, college aid cut a third of the way through the year, nutritional programs for women and infant children cut. Democrats were initially in disarray about how to respond to the rescissions bill. Many in both the House and the Senate thought they had no alternative but to go along with the Republican plans. How, they asked, could they be seen resisting cuts to social programs in the face of the Republican landslide?

Well, this Republican rescissions plan passed the House on March 16, 1995, and shortly thereafter, all eight Democratic members of the Senate Budget Committee voted with the Republicans to approve a largely similar rescissions bill, requiring \$17 billion in cuts to environmental, education, crime, job training and job development programs, \$12 billion more than the cost of the national disaster relief that the bill was intended to offset.

**Young:** That's probably the most astonishing statistic you have given—all eight Democrats—

**Littlefield:** —on the Budget Committee, in the Senate, voted.

**Young:** Who were they? Does a name stand out?

**Littlefield:** I could go back and look.

**Young:** That could be found out.

**Littlefield:** That's how bad things were. That's what Senator Kennedy was essentially alone in saying, "Wait." Now here's what he did. He felt it was essential that we lay down a marker of resistance.

**Young:** This is almost like the theater of the absurd.

**Littlefield:** Kennedy felt it was essential to lay down the gauntlet for the Republicans at the outset of their term, on these budget issues. Responsible budget cutting and strategies to move toward a balanced budget were entirely appropriate, but breaking commitments, a purely

vindictive tactic, cutting back funds already counted on by schools, college aid, and crime prevention in the states and communities were not.

First Kennedy talked to other Democratic members of the Labor and Human Resources Committee about his concerns to obtain their support. He then called for a meeting of the Democratic members of his committee to discuss strategy to resist the Republican rescissions bill. He brought together [Thomas] Harkin, [Barbara] Mikulski, [Christopher] Dodd, Daschle, [Harry] Reid of Nevada and others in the Democratic Senate leadership, and they met in Daschle's conference room. Kennedy opened by telling Daschle that he had met with the Labor Committee Democrats and they were very concerned with the scale of the Republican rescissions bill and the impact it would have on education, environment, and crime prevention. He proposed organizing a resistance to the rescissions bill in the Senate, and this was on February 14. This was as it was heading along in the House. He noted that Senate Democrats needed to confer with the White House, to agree on a joint strategy, and obviously resistance wouldn't work unless the White House would back it up. Senator Harkin said he would oppose any rescissions to pay for additional spending on defense.

**Young:** He would?

**Littlefield:** He would. Although there was no resistance to the Kennedy-Harkin strategy and though nothing had been decided, a discussion had begun. The issue on the table was whether the funds to pay for these emergencies would come from excess defense spending, from so-called domestic discretionary spending, which is what the House was proposing, plus more, or simply from existing reserve funds, which have been saved for the purpose of covering emergencies.

A week later there was a staff meeting of the Democratic staff directors, and it seemed as if Kennedy was getting some traction, because there was a sense that, at the very least, emergency spending needs in defense, should be paid for out of the defense budget. Harkin had said he would oppose rescissions to pay for additional spending on defense, and the staff directors were now saying, at least if there were emergency spending needs in defense, that should come from the defense budget, not from these social programs. And then two days later, Kennedy attended yet another Democratic meeting, called by Senator Daschle, to follow up on the previous meeting, and this time members of the Budget and Appropriations Committee were present.

**Young:** Democratic members?

**Littlefield:** Yes, and they began to make some headway, and some day I could go into precise detail about who said what to whom.

**Young:** But was it a tough sell for Kennedy, including Daschle?

**Littlefield:** Senator [Daniel] Inouye, who was the ranking member on the Defense Appropriations Subcommittee, indicated that he would work to make sure that any extra defense spending would be offset by cuts to the defense budget, and not by cuts to other domestic programs. Senator [Jesse F.] Jeff Bingaman argued that whatever happened in the rescissions bill would be a precedent for the rest of the year, and we have to be clear that we won't allow cuts to domestic social programs to pay for additional defense spending. So this linking to defense seemed to be a little bit of an opportunity for Kennedy. Senator [Robert] Byrd, who was the

former chairman of the Appropriations Committee and had presided over the appropriations of funds in '94, was now clear that we should not offset emergency expenses by cutting domestic programs to pay for defense. So he was for a firewall between defense and domestic social spending. He was also joining in this no cuts to domestic spending to pay for expanded defense spending.

Kennedy went to the floor again, as he was doing literally every other day. He went to the floor of the Senate on February 23 and announced the introduction of a bill that he had written called the Childcare Consolidation and Investment Act, and it was an occasion for him to hammer on the harshness of intended Republican budget cuts. He pointed out that House Republican cuts to childcare would cause a 20 percent reduction in childcare over the next five years, and he used the phrase “home alone” to describe the Republican childcare plan. There was a movie at that time called *Home Alone*.

Meanwhile, the policy director for Senator Daschle, John Hilley, at a staff director’s meeting on February 28, reported that the Administration agreed that we shouldn’t cut domestic spending to pay for defense, but then Hilley went on to say it was bad politics for Democrats not to pay for emergency or additional defense spending requirements with offsetting cuts. It just wouldn’t work for Democrats in the current climate, simply to fund the emergency relief programs and cover the costs of doing so in the next year’s budget, even though that had been agreed in the 1990 budget summit. So this was not a good sign, that the policy director for Daschle was saying we essentially had to fund emergency relief programs from the current year’s appropriations, which meant rescissions.

**Young:** So Daschle was not on board.

**Littlefield:** We didn’t know. If the Minority Leader’s policy chief thought it was “bad politics” for Democrats to oppose cuts to already appropriated funds, to pay for emergencies, what did that remark suggest? Some members of the Democratic Caucus were telling this to Daschle. We didn’t know. Kennedy didn’t know.

Now the Senator is continuing his conversations with other Senators. I think I mentioned last time we talked, back in May, about the weekly lunch that the Senators have every Tuesday. The Democratic Senators have lunch together and the Republican Senators have lunch together, and that’s when they go over strategy, at these weekly lunches on Tuesday. They’re called the Tuesday caucus lunch.

**Young:** How many attend?

**Littlefield:** Every Senator goes. It’s a must. You must be there, unless you have an impossible conflict. At the March 1 Democratic Caucus lunch, the Senators discussed the pending Balanced Budget Amendment, which would provide another opportunity for Democrats to resist a central item in the Contract with America. This was the amendment to the Constitution to require a balanced budget. The Republicans would need 67 votes to prevail, but Democrats were very badly split. At least a dozen were already on record in support of the amendment.

**Young:** The Balanced Budget Amendment.

**Littlefield:** Yes.

**Young:** To—

**Littlefield:** To the Constitution.

**Young:** So there was that issue, there was the childcare.

**Littlefield:** There was the childcare thing, which was part of the rescission issue.

**Young:** And then there was the rescission. All three of these.

**Littlefield:** And many more, but these were the three key ones. There was a general view at the lunch that defeating the Balanced Budget Amendment would be difficult, because most Democrats thought it was not a good issue on which the Democratic Caucus should stake out ground against the Republicans. One Democratic Senator even proposed the idea that Democrats let Republicans pass all the legislation they wanted in the first several months of the session, because ultimately the Republican actions would backfire against them. In any event, the Balanced Budget Amendment vote was held the next day, and the amendment failed by one vote, with Republican Senator Mark Hatfield casting the deciding vote against the amendment. So that was at least one dangerous precedent stalled. To pass that amendment, the Republicans needed 67 votes. They got 66. For a Constitutional amendment, they needed 67, a two-thirds vote. To override a veto they'd need a two-thirds vote, also.

By March 7, which was the next caucus lunch, there was still no strategy agreed upon for the rescissions bill. The bill was going to pass, as I mentioned, through the Budget Committee, and come to the floor after March 15, following final action in the House. So there was still no strategy. Meanwhile, there was another front.

**Young:** Were there any signals coming from the White House on this rescissions bill?

**Littlefield:** Just that Hilley was saying it was bad politics to oppose rescissions as a way to pay for defense or emergency spending.

**Young:** Was Hilley with Clinton at that time?

**Littlefield:** He was with Daschle, but he was reporting on his conversations with the White House. So then the next front, we now have all the budget issues, which included the Medicare front, the childcare front, the rescissions front, and the balanced budget front. There was another opportunity that Kennedy saw, to open another front against the Republicans, and this was this permanent striker replacement legislation. Let me go back and say that differently.

This was the Republican effort to preserve the right for a business to replace its striking workers during a strike and then keep the strike breakers in their jobs permanently and deny the striker their old jobs back when the strike was over. So the right to strike, which is protected by law, is meaningless if a worker risks being permanently displaced from his job by striking.

**Young:** And this was part of the Contract with America legislation coming over from the House.



**Littlefield:** What had happened is that Bill Clinton had issued an Executive order that made it a condition for any business seeking contracts with the government, to agree not to permanently replace striking workers. This was in 1994. I mentioned that this was on Senator Kennedy's agenda in 1994, and this was how it was resolved, that there was this Executive order. Republicans set their sights, in 1995, on repealing this Executive order as one of their first items of business in the Senate. Senator [Nancy] Kassebaum, the new chairman of the Labor Committee, decided this would be one of her first forays to the Senate floor as chair of the committee, and she brought forward a proposal to rescind the President's Executive order that had already been moved through the committee with the Republicans controlling the committee. They passed it through the committee.

Senator Kennedy decided to turn this into a highly visible attack on working families, on a basic right of workers to strike. This provided, in Senator Kennedy's mind, a visible means of framing the larger issue of the Republicans attacking working families. Senator Kennedy had built up over the years this whole description of working families. It became the description of choice for Democrats, the people, middle-class Americans, hardworking Americans, families who needed support from the government in their jobs, in their wages, in their education and in healthcare.

So what Senator Kennedy did, as we knew this issue was coming to the floor, he first went out and recruited allies outside the Senate. He got Cardinal John O'Connor, Archbishop of New York, to write an op-ed in the *Times*, to define the larger issue around striker replacements. The Senator and the Cardinal had not always agreed on everything, but they did on this.

Senator Kennedy went down to the floor as this issue was about to be brought to the floor, and he addressed the Senate again on March 15 and began what was to be a series of speeches that he made over this year, defining what the Republicans were doing. And as he said, "Working families, Mr. President, are hurting, yet the new Republican majority is advancing an agenda which is in effect an assault on working families. This attempt to block the Executive order on striker replacement is just one example of how the assault is being carried out. The actions that are being taken by the House of Representatives basically undermine the school lunch program for working families' children, undermine the college assistance program and loan programs by which working families are able to have their children go to colleges and universities.

"So here it is, Mr. President. This is the first major issue we are dealing with on the floor in the U.S. Senate this year that directly affects working families of this country, and it is to allow corporations to fire strikers who take advantage of their legitimate right to strike. What is it about working families that Republicans have it in for then? Why is it that the Republican leadership in the House of Representatives and here today in the Senate virtually are in lockstep to deprive working families of legitimate rights? Make no mistake about it, this is the first battle, Mr. President, and we are not going to let this stampede that may have gone over in the House of Representatives to run roughshod here in the United States Senate." And so it went, on and on, the speech by the Senator on this theme.

For several days the debate on striker replacement continued on the floor of the Senate, and Senator Kennedy was, in fact, utilizing his right to object to a vote on final passage on the provision to repeal the President's Executive order. He was essentially filibustering. The vote was held on March 15. Republicans mustered only 58 votes for cloture, two short of what they

needed, and Senator Kennedy held all but five Democrats. So here we are and the Democrats now have narrowly won the first two skirmishes in the Senate around working family issues; the Balanced Budget Amendment had failed by one vote, and the attempt to repeal the President's striker protection order had failed by two votes. So Democrats were beginning to hold their own in the Senate. The next major stand was going to come around the Republicans' rescissions initiative.

By mid-March, when the legislation was passing the House, the resistance was picking up other allies. Senator [Jay] Rockefeller of West Virginia and a group of children's advocates held a rally on the steps of the Capitol. There was still uncertainty about the Clinton Administration, however. Clinton was proposing going beyond the cost of the emergency spending to include additional rescissions, cuts of over \$13 billion. Still short of the \$17 billion the Republicans had approved in the House, but nevertheless a movement toward their position. So if you look at how far Clinton had come, his first legislative initiative is in 1993, he had proposed a new investment and stimulus package of \$35 billion for transportation, infrastructure, and other investments. Now he was negotiating with Republicans to cut billions of dollars from already appropriated funds that didn't need to be cut under the rules agreed to in the 1990 budget agreement.

[BREAK]

**Young:** We're resuming on the afternoon of July 1.

**Littlefield:** I wanted to pick up with Senator Kennedy's work to oppose the Republican rescissions plan. He asked his staff to draw up a list of the likely cuts to education and health programs that would be required if the Republican rescissions legislation were actually to be carried out. What we came up with is tens of millions of dollars of cuts to education. For instance, \$75 million to disadvantaged elementary and secondary schools, \$100 million to drug-free schools, school reform down \$70 million, science scholarships down \$70 million, Head Start cut by 20 percent, childcare by \$10 million, other workers' programs by \$25 million. These were very draconian cuts, and we now had to mobilize the Senate Democrats to oppose them.

The Senate bill, as I mentioned, which passed the Budget Committee with nine or eight Democratic votes from the committee, was very alarming. In the House, in the Budget Committee, the Democrats had voted also for these cuts. The House Appropriations Committee had supported the bill by a 27-1 vote. Democrats were simply going along with these cuts, and this was very disconcerting to Senator Kennedy. There was still ambivalence as Senator Kennedy pressed his case with the Democratic Caucus about whether Democrats should resist these budget cuts. Ten Democratic Senators, including liberal Senator Paul Simon, had voted to enact the Balanced Budget Amendment, and now Democrats who opposed the amendment were being accused of resisting a balanced budget. Other Democrats were saying, how can we resist Republican cuts to pay for emergency appropriations? As the rescissions bill was coming to the floor, the 100th day of the Republican-controlled Congress was approaching and Republicans

were planning a week of celebrations to mark the completion of the first 100 days of their revolution.

**Young:** But nothing had gotten through in the Senate.

**Littlefield:** Well, it had passed the House, but not the Senate. It had gone through the Budget Committee. So we now have another meeting in the Senate Policy Committee.

**Young:** Democratic.

**Littlefield:** The Democratic Policy Committee. Ron Klain, who was another of the top Daschle aides, later to work with President Clinton, talked to the staff meeting of all the Senators' staffs about how we were going to respond to this 100 days focus that the Republicans were trumpeting. We were going to roll out a critique that talked about big corporations and special interests being the winners, and the losers were children and working families. So that was pretty good. But when they went to these appropriation bills and the rescissions, it was all coming from domestic social programs. Klain said that we had to focus on what we were fighting for, and he said, "Let's spotlight a few specific items."

So Clayton Spencer, who was Kennedy's education staff director, and I, at the meeting, proposed that we offer an amendment simply to restore education funding and funding for children's programs cut in this Republican rescissions bill. We thought that would be the best, targeted way of getting Democrats to rally around some aspect of these rescission bills. There was skepticism that we could get Democrats to support restoring funding that the Republicans were proposed to cut, but Kennedy's staff was asked to put together a list of those programs that we thought were politically popular, which Democrats would support.

We put a list together of education programs to be restored: drug free schools; student aid; Head Start; Women, Infants and Children [WIC]; school reform; and national service. I want to add that as events developed and in the years since, it seems obvious that education would be a powerful issue and one around which everyone would rally, but it wasn't so obvious in 1995. The Republicans were planning to eliminate the Department of Education, and protecting federal education spending was not a given. Within a couple of days however, Kennedy had persuaded Daschle that an education amendment to restore the education cuts would be a good way to organize the Democratic response, and we talked about a strategy to have our amendment offered by the leadership in the Senate—by the Democratic leadership, not just by Kennedy's allies on his committee.

**Young:** Was this an amendment to the rescissions bill?

**Littlefield:** Yes. So by the last week in March, the Senate was preparing to bring up the \$17 billion rescissions bill. We still didn't have a clear amendment strategy, despite our proposal. All the Democrats on the Appropriations Committee, except for Senator Harkin, had already voted for the cuts, so it looked very unlikely that we could get an about face from them to vote for our amendment to restore the education cuts.

**Young:** Particularly given the silence from the White House?

**Littlefield:** And the silence from the White House.

**Young:** It was silence?

**Littlefield:** Yes. We were not hearing from the White House at this point, but the main thing was that the Democrats in the House had voted for them and the Democrats on the Appropriations Committee in the Senate had voted for them. But Kennedy, and by then Daschle's staff, worked with Senator Byrd's staff to put this amendment together, to restore the education funds. Daschle worked with the moderates to support the amendments and Kennedy lined up speakers from the liberal wing of the party and even began talking to moderate Republican Senators who might well support the effort to restore education funding.

There was a small group of Republican targets, Senators [Olympia] Snowe and [Susan] Collins from Maine, [John] Chafee from Rhode Island, Jeffords and [Arlen] Specter. We knew at that point that we needed 50 votes to carry the amendment because [Albert] Gore, the Vice President, could have come and broken the tie. We knew we only had 46 Democrats and we needed at least four Republicans to get to 50. So we divided up the targets among the Republicans, and the different Senators from the committee went to meet with them.

There was one more Republican assault on workers, and that was on the Davis-Bacon Act, which is a federal law that guarantees that workers on federal construction projects are paid the prevailing wage or the wage paid to union workers in the community. It's been 64 years on the books, but building contractors didn't like it. They saw their opening, and on March 30, Senator Kassebaum forced the repeal of Davis-Bacon through the Labor Committee, 9-7. So in addition to striker replacement, Kassebaum is taking her shots at workers and the labor movement with repeal of Davis-Bacon.

On March 30, Senate Majority Leader [Robert] Dole brought the rescissions bill to the floor. Senator Daschle thought he had an agreement with Dole, to allow him to offer the amendment to restore education funds later that day, with a vote the next day. Kennedy and his allies were working feverishly to line up the four Republicans and to hold all the Democrats.

On Thursday morning we expected to debate and vote on the Daschle amendment. Dole unexpectedly delayed the education debate, by bringing to the Senate floor an unrelated matter involving U.S. Government guarantees for financial assistance for Mexico, and that debate went on all day, precluding any chance to discuss the Daschle amendment. Kennedy came off the floor and spoke to me at the end of the day and he said, "It must be that Senator Dole is worried about the vote. He does not want us to debate and vote on the education amendment because he's not sure he can win it. Several of the Republican moderates must have told Dole they will vote to restore the education funding. He doesn't want to have another defeat on the floor the way he did with the balanced budget and striker replacements, and he can't afford to be defeated again because he's getting ready to run for President, particularly as the House is winding up its first 100 days with a blaze of glory of legislative activity."

So we waited on the floor to debate the Daschle amendment late into the night and finally [Robert] Packwood, who was managing the floor, said that the Senate would stay in all that night Thursday, all day and night Friday, and even into Saturday, to finish the rescissions bill. And late

that night Dole agreed to allow Daschle to offer his amendment to restore education funding at 10:00 the next morning. So the next morning, Kennedy and Daschle and the other Democrats who had been lined up to speak on the Daschle amendment came to the floor for the debate at 10:00, but Dole filled up the amendment tree, preventing or blocking consideration of the Daschle amendment. Then at noon, Dole came to the floor and announced he was pulling the rescissions bill from the floor entirely, that there would be no chance to debate and vote on the amendment. But Senator Dole provided Senator Kennedy with an opening.

The conference report that Dole brought to the floor for debate as a substitute, to get us off the rescissions bill, provided a tax break for the self-employed by allowing them to deduct 25 percent of their health insurance cost from their earnings, but the conference report that had come back from the House left out one important provision that the Senate had included in its version: a provision to eliminate a tax loophole that essentially benefited only billionaires, and actually only billionaires who had renounced their American citizenship. This was a tax loophole that encouraged billionaires to renounce their American citizenship to avoid capital gains taxes on capital gains accrued before the billionaire left the country. We referred to this as the “Benedict Arnold tax loophole,” and this was a perfect moment for Kennedy. Eliminating the loophole would save the Treasury \$3.6 billion over five years, and eliminating the loophole had passed the Senate unanimously. But the House had refused to go along with the Senate, so the conference report on the self-employed tax deduction bill had left the Benedict Arnold tax loophole in effect.

Now Kennedy had another opportunity to highlight Republican priorities, and he jumped right on it. The Daschle amendment would restore \$1.3 billion to programs supporting education and children, but in the conference report on the floor, it looked like the Republicans were cutting the \$1.3 billion from children and education at the same time as they were restoring \$3.6 billion for billionaires. So Kennedy had a field day on the floor for several hours. He was followed by Simon and other Democrats who picked up on the same juxtaposition. The Democratic Senate Policy Committee put out a special weekend edition on March 31 entitled *GOP Blocks Votes to End Tax Loophole for Billionaires, and on Democratic Amendment to Protect Education*. So now the Democrats had a message. Kennedy had provided them with a message, and they reveled in it.

By Monday, Dole still couldn’t let the education measure come to the floor because he hadn’t figured out how to handle it and he didn’t want to lose another vote. So he filed a cloture petition to cut off debate on the rescissions bill, which would have dropped off the Daschle amendment. Then after filing his cloture petition, Dole approached Kennedy and Daschle to discuss whether he might be able to work out a compromise with them over the issue of restoring education funding, and that was, to Kennedy, the dead giveaway that Dole didn’t have the votes to defeat the Daschle amendment.

Dole was in a bind at this point. He had arranged to announce his candidacy for President on Monday, April 10, 1995, the beginning of the Easter recess. Before he made his Presidential announcement, he was determined to finish the budget cuts, as well as to provide the emergency supplemental assistance to the states—including California, which had had the disasters—to enhance his image as the Majority Leader in Washington who gets things done, but he couldn’t lose the vote just before he announced his Presidential candidacy. So both sides were now

engaged in a public relations competition. All week the Democrats and Senator Kennedy were relentless on the floor, attacking the Republican priorities, and Kennedy now had Daschle and Gephardt and their policy committees pumping out the same message on winners and losers.

On the following Wednesday, Kennedy was back on the floor, talking about the billionaire Benedict Arnold loophole, juxtaposed with cuts to education. Kennedy and Senator [Rick] Santorum then had an exchange, with Kennedy saying, “We’ve been trying since last week to get a vote to restore the education funds and also trying since last week to get a vote on the billionaires’ tax break.” Santorum came down to the floor to complain, and said, “Probably lots of people are wondering what we were doing while the House of Representatives is storming along at a rapid pace, accomplishing an enormous amount of work here in the first 100 days. We are waiting to hear from the leaders on the Democratic side as to how much more money they want to spend this year, and not how we can get to a balanced budget. They are delaying and delaying and delaying, so we do not get this bill passed.”

Since he wanted to get out for the Easter recess, Dole was talking to Daschle about a compromise, to avoid a vote on the Daschle amendment. He offered to restore \$500, \$700, \$900 million. Daschle brought the proposal to Kennedy and \$700 million wasn’t enough for Kennedy.

Finally, on Wednesday night, Dole bit the bullet and proposed restoring \$800 million to education and children’s programs, and Daschle consulted with Kennedy and then ultimately, with Kennedy’s agreement, accepted the proposal. Dole would now avoid a vote that he knew he would lose, and the emergency supplemental bill would be passed, but both party caucuses had to agree to this. When they brought this to the Democratic Caucus, there was debate back and forth about whether they should go for this \$800 million, where it was coming from, was it still too much, did it send the wrong message, and Senator Kennedy said, “We’re hearing frustrations that the dollars cut from housing and veterans programs will continue to be cut, but it is a compromise to restore funding for already appropriated education programs.” So Kennedy was willing to go for this. As Senator [Robert] Kerrey pointed out, “If we don’t have 41 Democratic Senators to vote against ending the filibuster on the emergency bill, then we don’t have any negotiating strength, so we probably can’t do better than what has been achieved.”

Other Senators supported the compromise, and then, after the caucus, Kennedy and Daschle went to the floor to discuss the Benedict Arnold loophole and the amendment to restore education funds. The first vote they decided was going to be a sense of the Senate resolution to eliminate the Benedict Arnold loophole, and by voting for this resolution, we could give a clear and resounding message to the members of the Finance Committee so this egregious loophole would, in fact, be closed at the next possible opportunity. That passed by a vote of 96-4. It didn’t repeal the Benedict Arnold amendment, but it was the sense of the Senate that that should happen. And then Dole offered his revised spending bill, which restored \$800 million for education and children’s programs, and the Senate voted 99-0 to pass this revised bill.

So we never really learned which Republicans broke with Dole behind the scenes, but we know that they did because he came in and offered the \$800 million restoration. That’s a far cry from the \$17 billion that was being rescinded, but it was a step. It gave the Democrats some sense that they could fight back, and that was Kennedy’s doing from the beginning. So we’re now at the end of March, and we’ve had all these skirmishes, each one of them led by Kennedy.

**Young:** A point of detail. Earlier you had referred to the four Republican votes you needed, and you said they divided up who would work with—

**Littlefield:** To go and talk to each of those four.

**Young:** Yes. Whom did Kennedy talk to?

**Littlefield:** I don't know, but I've mentioned who they were: the two Maine Senators, plus Jeffords, Chafee, and Specter. Kennedy enlisted all the members of the Labor Committee to talk to these Republican targets, so I guess all of them, everybody, talked to those five.

**Young:** Would you, as staff director for the minority, would you have been in on those discussions?

**Littlefield:** No. Probably the members would talk to the members directly, but I might have been talking to the staffs if I knew them, and I would have been keeping track of when we got a report back from the Senators. I would have kept track of all that.

Meanwhile, the Republicans are trumpeting their revolution, 100 days since the Republican takeover, and the key players, the roles of the key players, the main actors, were beginning to be defined. Gingrich, leading the House, Dole stumbling to get things done in the Senate, Kennedy staking out his ground as the relentless opponent of the Contract with America program, Clinton still unknown exactly where he was going to come out.

**Young:** Would you say on the fence?

**Littlefield:** Clinton gave a speech on April 7, in Dallas, where he said that in the first 100 days it fell to the House of Representatives to propose. In the next 100 days and beyond, the President has to lead the quiet, reasoned forces of both parties in both Houses, to sift through the rhetoric and decide what is really best for America. He then commented on several of the Republican initiatives, beginning with taxes. He said, "This \$200 billion tax cut is a fantasy. It's too much. Do you want a tax cut for the wealthy or for the middle class?" He said that the House Welfare Reform Bill was "weak on work and tough on kids. We can do this. We're near historic change, however. We can break the culture of welfare."

He said he would resist the reversal of the commitment to put 100,000 new police on the streets, which he had done in the first two years. He said, "But I don't want a pile of vetoes. I want to surprise everyone in America by rolling up our sleeves and joining hands and working together." So he was saying he wants to work with Republicans where he can, but not on the most extreme tax cuts, for example.

**Young:** So he was not being the Democratic Party spokesman.

**Littlefield:** No.

**Young:** He wasn't taking the Kennedy line, which was, "Stand up for what we've stood for in the past."

**Littlefield:** Right. He was not doing that. He was going to study their proposals, examine them, work with them where he could, oppose where he thought they were most extreme, but he was not staking out a lot of specific ground at this point, just laying out these broad positions.

Now here was an interesting call. The day before—well, during the recess.

**Young:** This is the Easter recess?

**Littlefield:** Yes, in '95. Senator Kennedy was out of town. Secretary of Education, Richard Riley, former Governor of South Carolina, called to speak to the Senator but couldn't reach the Senator because he was out of town, so he spoke to me instead. He said to me, "Please get word to the Senator about how much we appreciate what he did on the education fight. He led the fight, we won, and everyone agrees it was the right thing to do." So even though everyone still wasn't on board and we never had a test case on how Democrats would vote on that restoration of the education funding, and we only got \$800 million back, some of the vital elements of the resistance were slowly being defined.

There was another big issue that Kennedy was going to rely on. We have the draconian cuts; we opposed them. We have worker protections like reversing striker replacement protection and Davis-Bacon; we opposed them. We have education; we support funding for education. The other leg of this stool that Kennedy was creating with specific issues to rally Democrats around was Medicare. Kennedy felt that the Republicans would be most vulnerable for what their budget cutting strategy would do to senior citizens and the Medicare services that they depended on. The tax cut of \$200 billion that the Republicans were proposing was widely understood to mean large cuts to Medicare. The question was how to translate that into a powerful issue that senior citizens and the rest of the country would rally around.

The Republicans kept talking about Medicare during the early months of their control of the House and the Senate. Their plans were to cut Medicare by \$250 billion in the Senate and by more than \$300 billion in the House. If they were going to move forward with their tax cut for the rich, they had to find the money somewhere, and Medicare was their target. The Democrats recognized this as a juicy opportunity because the amount of the cuts they were proposing in Medicare were, in fact, the same size as the tax cuts they were going to make for the wealthy. So we were able to argue, and Senator Kennedy obviously led the charge on this, that the Republicans weren't cutting Medicare to save it for the future, but were cutting Medicare in order to fund the tax breaks they wanted for the wealthy. We met with Daschle's policy chief, Ron Klain, who supported the idea of using Medicare very strongly.

**Young:** Supported the idea?

**Littlefield:** Of using Medicare as an issue for Democrats to rally against the Republicans.

We began to get some traction back in the districts during the Easter recess, working through some of the seniors' groups. When the Senate came back after the Easter recess, on April 25, the Republicans had moved toward rolling back government regulations in the areas of environmental health and worker safety. Senator [Orrin] Hatch was responsible for moving Senator Dole's so-called Regulatory Reform Bill, which would actually repeal regulation of



cancer causing chemicals, chemicals in processed food, scale back laws on occupational safety and health. But this moved through the Judiciary Committee with Republican support.

We had another meeting of the staff directors on April 24 and we were briefed on the results of a poll by Mark Mellman, which basically indicated that the public perceived the Democratic Party as a failure; even if the Democrats believed in the right thing, they couldn't get it done. People thought the Republicans should be given a chance, because they didn't fully understand the Contract with America. Mellman advised the Democrats to form an agenda that protected working people against greedy corporations, a message along the lines of, "I won't let this go through because we need to protect the middle class against the Republican propensity to give to the greedy rich and greedy corporations. Democrats should fight against greed."

Then in early May, Gingrich announced that the cuts to Medicare would go forward, \$300 billion cut from Medicare in the House. At the same time in the spring, the Republicans began to move their budget, and it just seemed as if this would be their budget for 1996, which began on October 1, 1995. And once again, it seemed they hadn't learned lessons about the power of the education issue and their budget was intent on large reductions in federal education spending. Plus, members of the House and Senate, including Senator Dole, were still advocating the elimination of the Department of Education. Kennedy arranged a meeting of White House, Department of Education, and Congressional staff to talk about the Republican attempts to cut education, and everyone agreed there would be no unilateral disarming in the area of education. We would not turn our backs on education. It was a very simple theme and we would say it over and over again. "We will not abandon education to pay for tax cuts to the rich." Senator Kennedy made more floor statements, including a statement on May 10.

**Young:** So the White House, Clinton as well as Riley in the Department of Education, were all aboard on this one, on education.

**Littlefield:** They were. The fact that Riley had to call the Senator to tell him that he was glad he had done what he did suggests that if Riley had really been involved, we would have heard from him before or after the fact, telling us, "I'm glad you did what you did." But Riley was not a freelance operator. He had to operate with the White House behind him.

So basically these debates went on and on. There was a long debate at the end of this period between Senator Chafee and Senator Kennedy, where Senator Chafee said on the floor, "It seems to me that it would behoove everyone to come up with a plan; that is, if the Senate and the Administration do not like the Republican proposal for doing something about balancing the budget by 2002, all right. How about the Democratic Senators coming up with their plan?" Senator Kennedy responded, "I am mindful that this comes from voices that were not there when we saw a \$70 billion deficit reduction program in the 1993 Budget Resolution under President Clinton." Clinton had a budget deficit reduction program, and the Republicans all voted against it, so Kennedy was just pointing that out, but the posturing and the debates would go on throughout 1995. We felt by that time, we'd begun to lay the groundwork and the grassroots were beginning to kick in. But the big fight would now be over the Republican budget.

**Young:** Where were the affected activist groups on these cuts?

**Littlefield:** Well, it was everybody. It was all the children's groups, the education groups, the healthcare groups. They were beginning to get involved. Part of our effort was to be in touch with them, to keep them engaged.

The labor movement obviously was an important part of the resistance, but the big item was going to be the budget. Literally from May until the end of 1995, Congress and the White House were engaged primarily in attempting to enact the budget and appropriating funds for 1996. The Republican budget proposed these drastic cuts to domestic programs, including Medicare and education and the environment, primarily to pay for tax cuts, which Democrats characterized as being primarily for the wealthy. And because of the rules of how the budget, as opposed to any other legislative matter, finds its way through the Senate, there was no possibility of a filibuster. There could be no filibuster of the budget under the Senate rules.

So the only way to stop this was Clinton, with a veto, because the Republicans would get 51 votes, which was all they needed, and we could not filibuster the budget. These other items—Kennedy had a certain filibuster leverage. He did not have any leverage with regard to the budget. So the issue now became what would happen with the budget. The consequences of there being no budget and no funds appropriated to keep the government operating would be that the government would shut down, because they would have no funds to operate, and that outcome was what in Washington they referred to as the train wreck. There was an enormous amount of skirmishing on the subject of the budget, and Kennedy was deeply into this.

It is a long process, the budget process in the Congress. There are at least seven stages in the appropriating process and in the budgeting process. I won't go through those but they're all set out in the rules of the House and the rules of the Senate. We have the budget process and then we have the appropriations process, and the budget provides the framework for all the funding decisions that the Congress makes.

**Young:** So the head of the Budget Committee at that time was [Peter] Domenici?

**Littlefield:** It could have been Domenici, it could well have been Domenici.

Normally, the appropriations bills get through the committees and go to the floor one at a time in June and July, so they can go to conference and be completed well in advance of October 1. So, as the budget resolution from the Republicans, with the big cuts, was going through, the drafts of the appropriations bills were also being worked out in the individual committees. There were staggering cuts that were proposed in the Senate Appropriations Bill—for health, human services, education, and labor, basically a 25 percent cut across the board for all the health programs, all education programs, all worker training programs.

**Young:** Did this track from the House cuts or was this independent?

**Littlefield:** It was separate, but they were related. It was independent but they were related, because the House was doing the same thing and even more dramatically. There was another front that Kennedy was establishing for his resistance, which had to do with opposing Republicans' attempts to undercut food safety and environmental regulations. These initiatives actually turned out to be disastrous for Republicans because the new rules that they proposed would have reduced inspections of meat, scaled back measures intended to improve testing of

seafood, allowed carcinogens to be added to food, allowed pesticides that could contain carcinogens to continue to be used in foods. David Kessler, the Republican Head of the FDA [Food and Drug Administration], commented that these proposals are an assault on 40 years of consumer protection. These anti-regulatory provisions turned out to be an easy target for Senator Kennedy and those who were looking for ways to expose the extremism of the Republican revolution.

On July 12, Kennedy went to the floor to oppose the deregulation of food safety, and he had a long story about a woman who became very ill because of E. coli in a hamburger that she ate. There was the first skirmish on the floor over environmental protection standards, since there was a Republican provision in the deregulation bill that Dole was pushing that would stop cleanups of hundreds of toxic waste sites across the country. Republicans defeated an amendment to that bill, to eliminate the provision. The week of July 18, the Republicans moved ahead on their appropriations bills and used those bills also to revoke nearly 20 environmental laws and restrict enforcement of statutes like the Clean Air and Clean Water Act.

**Young:** These were not now just budget cuts, these were—

**Littlefield:** These were appropriations that would result in dramatic cuts.

**Young:** I mean, to repeal the law or just not fund it?

**Littlefield:** No, these were to repeal these laws.

**Young:** As part of the budget?

**Littlefield:** As part of the appropriations process. They were sticking these amendments or legal requirements onto the appropriations legislation. For days, the debate on the Dole deregulation bill continued on the Senate floor. On July 17, Republicans attempted to take up additional legislation that would place additional restraints on regulations in the environmental area. Dole couldn't get the 60 votes he needed to close out debate. Senator Kennedy kept going down to the floor and reviewing the restrictions on food safety that the Republican bill would have imposed. "Why," he asked, "should we allow additives to food that could cause cancer?" He didn't make any headway with the Republicans, however.

On July 19 the Medicare issue popped back up, because the Democrats decided now was the time to hammer on that. Kennedy and Daschle, at a press conference, were talking about Medicare as a trust fund, not a slush fund for tax cuts for the rich. By this time, President Clinton had issued his own alternative budget, with \$124 billion in Medicare cuts, and for the most part, the reaction among Congressional Democrats was outspoken disagreement. They were very upset.

**Young:** So the Republicans had proposed \$500 billion?

**Littlefield:** Three hundred, I think.

**Young:** And Clinton comes out with—

**Littlefield:** One twenty-five, and the Democrats were really up in arms.

**Young:** So you weren't getting through to the budget making in the White House.

**Littlefield:** No, but interestingly enough, poll numbers kept coming in during July, which showed Democrats gaining on the Republicans, particularly among the elderly and women, who were now favoring Democrats by 51 to 39 percent. So it seemed as if we were making headway. Then on July 30, we celebrated the 30th anniversary of the signing of the law creating Medicare by President [Lyndon] Johnson, in Missouri at [Harry] Truman's house.

Meanwhile, just incidentally, there's a little Ryan White digression here. We're up in '95 now, and the Ryan White Bill has been such a success that despite all of this disagreement on all these issues, it came back to be reauthorized in 1995, with over 65 Senate cosponsors. So that was something positive that actually did happen.

I mentioned the 30th anniversary of Medicare on July 30, and that provided a tailor-made opportunity for Democrats to attack Republicans over their \$270 billion cuts to Medicare to pay for tax breaks for wealthy Americans. At this point, the Democrats were pulling way ahead of the Republicans in polls focused on Americans over 50 years old. Three quarters of Americans believed the Republicans were breaking the promise not to cut Medicare.

So for the week leading up to the Medicare anniversary, the Senate Democratic Policy Committee released background information for Democrats on the Republican Medicare plan, and the Democrats held a national Medicare birthday celebration in the Cannon Caucus Room, with all the Democrats in the House and the Senate, and Clinton and Gore. The room was packed with seniors and other Medicare supporters, and support for the cause of protecting Medicare was enormous. Democrats had found their populist issue. They were united on the message, and the public, according to the polls, was overwhelmingly on their side. Meanwhile, the Republican Majority Leader, Armey of Texas, was saying, "I deeply resent the fact that when I am 65, I must enroll in Medicare. It's a part of government that teaches dependence, and a program I would have no part of in a free world." Clinton spoke about protecting Medicare in his radio address on Saturday.

**Young:** Has he now switched?

**Littlefield:** No. He's saying, "You do need to protect Medicare from going bankrupt, but we don't have to bankrupt older Americans to do it." Again, both sides of the coin.

**Young:** But he's still on the \$124 billion cut?

**Littlefield:** I guess.

**Young:** But that's to save Medicare, not—

**Littlefield:** That's how he would put it, right. Republicans started fighting back on the Medicare issue during the August recess, but Medicare became the big focal point for many of these months in '95. Their message was that Republicans had promised to "preserve, protect and

improve the program.” But, as Senator Kennedy kept saying, “That’s a hard sell since the bottom line is that they are trying to cut the program by \$270 billion.”

Kennedy, meanwhile, continues leading the opposition and the resistance to the Republican revolution. By this time, he has made some real headway with getting Democrats united behind a minimum wage increase and behind the Kassebaum-Kennedy insurance portability legislation. Kennedy was asked about Kassebaum-Kennedy insurance portability legislation and he said, “I’m eating a little crow on incremental health reform. I’m back to doing what’s possible. Eighty-one million Americans have a preexisting condition; as many as 25 million are affected by job lock. I don’t know what the overall outcome of these debates will be. With Medicare, the public is gradually realizing what is occurring. Why would the Republicans want to knock five million children off Medicaid?”

So we have the budget and Medicare out in front now, and meanwhile, we’re looking for other issues to focus on in terms of exposing Republican extremism. The Republicans had a bill that moved through the House on August 1 to limit the enforcement activity of the EPA. The *New York Times* reported that the provisions in this bill, approved by the House, would prohibit the EPA from spending any money next year to regulate commercial development in wetlands, air pollution from refineries, water pollution from city sewers, pesticides in foods, and the like. Still, Senator Dole can’t get his deregulation legislation passed through the Senate, and as the budget process moved ahead through the committees, education continued to be a major battleground, with almost as much attention focused on it as on Medicare.

I remember during the beginning of the August recess, I met with Paul Kirk, who was formerly chairman of the Democratic National Committee and a Kennedy chief of staff, and now a Boston attorney, as of 1995. His concern was whether Clinton would show sufficient resolve and leadership. It seems as if there is too much political calibration. We have to lay out, on the menu, the differences between the parties. Let’s compare our priorities with theirs.

**Young:** “Theirs” being the Republicans’?

**Littlefield:** Yes.

**Young:** Or the Clintons’?

**Littlefield:** No, the Republicans’. I’ll have to listen to that sentence again. Paul ended up by saying, when I talked to him, “When you get the Republican crowd so intensive and mean spirited, you need a clear and compelling voice out there, and that’s Senator Kennedy’s role and it’s how he’s performing. It would not be consistent with Senator Kennedy’s record or career to be muffled. He should lead the fight as long as the rhetoric is not too hot.”

After Labor Day the Senate reconvened and Senator Daschle called a meeting with Senator Rockefeller and Senator Kennedy to discuss the Senate’s Medicare strategy. Daschle revealed he was under intense pressure from the moderate Democrats to come up with a Democratic Senate proposal to cut Medicare. Daschle was concerned. He said, “The Republicans have convinced the press that the Medicare system is broken.” He asked Kennedy and Rockefeller what we should be suggesting. Shouldn’t we come up with \$89 billion in cuts so that we could be for something? Rockefeller said, “It’s easy to come up with \$89 billion in cuts, which can solve any

problem for the Medicare Trust Fund through the year 2005. That's ten years. I'll propose a plan for \$89 billion in the Finance Committee and it will be voted down, but we will have made some policy improvements to Medicare and it will give us our own position to support." Daschle said, "We need to devise ways of breaking through on the message of the \$270 billion cuts the Republicans are proposing. How are we going to create a message strategy?"

Senator Kennedy pitched in, "This is the number one issue for Clinton and the Democrats. Ultimately we may need an alternative, but we need to keep the focus on the Republicans' proposal for the longest period of time. We are ahead on this. If we have a plan for cuts ourselves, it's more difficult to put into sharp relief our differences with the Republicans. We should focus on and put attention on their cuts. We should not take the position that there will be no increases in costs to beneficiaries. We can cut down on fraud and abuse, but if you have to have a plan, hold it for now. We have to keep focusing on this issue, day after day, and dragging it out so the public has a chance to understand it."

**Young:** That's a considerable difference then.

**Littlefield:** In terms of strategy, right.

After Labor Day, the Senate turned back to the welfare reform issue. Many Democrats, particularly Senator [Daniel Patrick] Moynihan and Senator Kennedy, were upset by the harshness of the legislation, but President Clinton was for it—this is the welfare reform—as were a majority of the Democrats overall in the Senate. So there was little likelihood the bill could be held off. There were, however, important ways in which the bill might be improved, one of which was to restore funds for childcare. So Kennedy and Senator Dodd went to the floor to support an amendment to restore childcare funds. And in doing so, he noted that they had labeled the first welfare bill earlier in the year—which I mentioned before as the "Dole 'Home Alone' bill." Kennedy described this new welfare proposal—as it required parents to work but did nothing about childcare. It left children home alone, and then, as he put it, "This was the sequel, Home Alone II."

**Young:** All right. Now this was Clinton's proposal?

**Littlefield:** This was the Republican proposal, which Clinton was for.

**Young:** He was for it—OK.

**Littlefield:** Home Alone II, the sequel. Then Republican leaders sought to address the need for childcare by exempting mothers with babies under the age of one from the work requirement of the welfare bill. And then Kennedy responded, "But once you reach the age of one, you're old enough to care for yourself, they claim. You do not need childcare. You are on your own. This is the 'Home Alone by two' bill. This is a continuing nightmare for the mothers of preschoolers and school age children."

And now, the welfare bill, being a revenue bill and therefore an occasion to debate budget balancing priorities, the Senator again raised the topic of corporate welfare and corporate tax expenditures, and he went through a long list of giveaways, as he viewed them, to corporations in the Tax Code. Agricultural subsidies, the peanut program, depreciation loopholes, and this

became one of his major themes: that every time the Republicans wanted to cut, the cuts came from children and families, whereas there's all this money in corporate welfare, corporate giveaways, corporate tax loopholes, that could have been reclaimed.

The welfare debate continued into the week of September 18, and by the end of the week, Kennedy and the Democrats had worked out a compromise with Senator Dole on childcare and they were able to restore \$8 billion in childcare, at which point Senator Daschle indicated that he would now reluctantly vote for the welfare bill. Moynihan was very upset, "I hope the President will veto this bill. It's sure as hell cruel on the lives of American children." But on September 19, the Senate approved the Senate Welfare Bill. Kennedy joined Moynihan, [William] Bradley, and other Democrats in criticizing the legislation.

**Young:** And voted against it?

**Littlefield:** He voted against.

**Young:** So the leadership was for—

**Littlefield:** The leadership went along with the Welfare Reform Bill as it was revised. Senator Moynihan was very worked up about it and then ultimately there was a big debate about whether Clinton was going to sign it or not, and he did sign it, at which point, the attention turned back to the budget and the showdown on the budget, which was fast approaching. If there wasn't a budget and there weren't appropriations by the end of the year, we were heading for a train wreck.

By September 18, the President was now beginning to step up his traveling around the country to emphasize the Democrats' message on Medicare and Medicaid particularly. The President seems to now have bought into the Medicare message somewhat. At this point, there was another staff directors' meeting on September 25, and John Hilley of Daschle's office talked about, "Our message is key and the message is that the Republican budget is extreme. They are using Medicare cuts to fund tax breaks for the rich. The Democratic plan is to save the trust fund by cutting \$89 billion. That is the responsible position. Democrats are for a balanced budget in the mainstream way." So the Daschle forces are moving somewhat towards the Republicans, but still drawing the line about the extremism of their budget.

Then Pat Griffin, who was the President's chief advisor for Legislative Affairs, discussed the issue of a continuing resolution, which would be necessary if the budget hadn't been passed. The continuing resolution would continue funds going out at a certain level, and the question was—during the continuing resolution—what would be the funding levels? Would the Republicans be able to get their way if the continuing resolution contained the cuts that they had wanted in their appropriations bills? And maybe they could avoid even passing the budget and appropriations bills by just using a continuing resolution.

**Young:** At this point were the Republicans still thinking that the possibility of a government shutdown is not a bad thing?

**Littlefield:** Absolutely. The right wing in the House feels that way and they're saying so. I think I have some specific quotes to that effect coming up, as we get closer. Then there was another

front created by Senator Kassebaum in the committee, because she was going to propose cuts to student loans totaling \$10 billion. Kennedy went after that proposal, saying on the floor, “The Republican Congress has no business picking the pockets of students and working families to pay for tax cuts for the rich.” Medicare then erupted as an issue because the Republicans had to concede that their Medicare proposal in their budget would double premiums on Medicare users. Simultaneously, Republicans in the House and Senate completed their conference report on the appropriations bill funding environmental programs, which cut funding for the Interior Department and eliminated numerous provisions protecting the environment.

Then the budget issue itself reached a fever pitch by September 18 because Gingrich proposed that he would hold hostage an increase in the federal debt limit as a means to force Clinton to accept the Republicans’ budget plan. He would not let the debt limit rise, which in essence was a threat to put the United States in default on its debt for the first time in its history. So this essentially meant that the Speaker was threatening the President with shutting down the government if he didn’t accept their budget, with its unprecedented cuts to Medicare, Medicaid, children’s programs, the restrictions on government actions to protect the environment, food safety, worker safety, and the myriad other radical changes in government policy. So he was saying if the President doesn’t accept the budget, we’re going to put the U.S. in default on its debt for the first time in history, and there will be no budget, in which case the government will have to shut down.

Meanwhile, however, the Republicans were falling behind on getting the appropriations bills done, and there were skirmishes during this period on student loans, on the \$10 billion cuts from student loans, and on immigration, where the Republicans had proposed the stiffest new curbs on immigration, restricting automatic entry into the United States for relatives of immigrants and cutting, by almost half, the number of immigrants allowed into the country each year. Meanwhile, the Medicare issue kept coming up. Kennedy kept going to the floor to make statements on Medicare, to keep that hot.

Then at one point the Labor, Health and Human Services Appropriation Bill came to the floor, and the Democrats had a field day attacking it because it cut back education and student loans by \$10 billion. One-quarter of the schools participating in the school reform program would lose their federal funds. Head Start would be cut by \$132 million by October, as these drastic cuts in appropriations bills began to go through the Congress.

On October 3, the President issued the first of his vetoes of Republican appropriations bills. It was a small appropriations bill in comparison to the larger bills, but it was a warning shot across the bow of Congress by the President. This was on the appropriations bill to fund the administrative expenses of Congress, so the President thought that was a good one to make as a warning shot because he could say he didn’t think the Congress should take care of its own business before it took care of the people’s business and pass the other appropriations bills. Since the government wasn’t being funded, the President didn’t see why Congress should be funded. There was a continuing resolution passed at the end of September, which kept the government alive as we headed into October.

Senator Kennedy held meetings with the grassroots organizers. He held a forum in the Senate Caucus Room, where the AARP [American Association of Retired Persons], the College of



Physicians, and a coalition of businesses that provide health insurance to workers spoke up about cuts in Medicare.

Kennedy also held an event to focus on Republican actions to repeal federal standards for safety and care of seniors in nursing homes. He had a very highly publicized forum in the Senate Caucus Room, where he focused on the unsanitary and unsafe conditions in nursing homes and how the Republicans were now seeking to repeal these minimal standards.

Kennedy held other meetings, with the AMA [American Medical Association], the AARP, the health centers, all trying to rally them to be more active on the budget issues, but the AMA wasn't going to join the Democrats in opposing the Republicans. They were being too cautious and they indicated that they would support the Republican plan to reduce Medicare spending, because they received assurances that the cuts to physicians would be less than they had originally appeared. So much for the AMA.

Meanwhile, Kennedy is poring over the Republican appropriations bills to find issues to raise on the floor, and he found in a job training bill that the Republicans were trying to eliminate the Job Corps Program, so he made a big stink about that, resisted that. We're now, by mid-October, getting to the endgame on the budget. Senator Kennedy, to fine-tune his strategy, invited several Democratic strategists to his home to discuss the Democratic strategy on Monday, October 16. The discussion was revealing because it demonstrated each of the different approaches that different segments of the Democratic Party were urging on the President. What it showed is that Washington insiders, conservative Democrats, and leaders of the New Democratic coalition still took the position that it was important for the President to show that he could work with the Republicans, meet them halfway, reach a budget deal—even if more on their terms than on Democrat terms—do anything to avoid a train wreck.

Kennedy, however, felt that he and other liberal allies needed to do everything they could to strengthen the President's resolve, to show him that the best way to close down the Republican revolution was to stand our ground in opposition to it. All the work that had been done over the summer to highlight the extreme measures proposed by the Republicans in Medicare, for nursing homes, in education and the environment, had educated the public. Polls were beginning to show that the public was becoming educated on these issues. "Now," Kennedy said, "we need the final coup stroke to break through in the public consciousness," and that has to do with standing our ground on the budget.

**Young:** Who were these Democratic strategists?

**Littlefield:** Well, for instance, one was Robert Reischauer, former director of the CBO [Congressional Budget Office], cautious economist, pragmatist. And he talked about a process that would go on until December, where the President would sign half the appropriations bills and veto some of the others. They would all be wrapped into a continuing resolution to avoid shutting down the government. The Republicans would say to the President, "If you veto this package you're shutting down the government." He expected the President would veto the bill and then negotiations would start between the White House and the Republicans, and after his veto of the first bill, he would have the high ground and he would want to show the public that he could make a deal, and he would make a deal with the Republicans.

**Young:** That was Reischauer's scenario?

**Littlefield:** Yes. And then Barney Frank said that Clinton would end up signing this budget reconciliation bill, but under protest, and would make it the theme for '96, that he went along with this terrible budget in order to keep the government from closing down. That was Barney, the pragmatist, actually—although he's a strong liberal, needless to say.

**Young:** So he was suggesting this course of action?

**Littlefield:** No, he predicted it. I'm not sure that he took a position on it.

**Young:** Well, I would assume, right?

**Littlefield:** I would have thought he would have been against signing the terrible budget.

**Young:** He's saying, "If you do this, this is what will happen."

**Littlefield:** Yes. Frank represents the liberals, who have little faith in Clinton, and they assume that Clinton will sign it and then say, the next year, "It was an awful thing. I had to do it to keep the government from shutting down."

**Young:** That's what I'm trying to clarify.

**Littlefield:** Yes, you've got it.

**Young:** Was it a prediction or a recommendation?

**Littlefield:** It was a prediction.

**Young:** Important.

**Littlefield:** Very important. It's a telling prediction because it shows the little faith that the liberals had in Clinton. Then Robert Shapiro of the Democratic Leadership Council, the conservative think tank, thought it was in both sides' interests to get a budget reconciliation they could both agree to. Clinton could say he was able to work with the Republicans, and the Republicans wanted to have Clinton share in the pain by accepting their budget proposal. Shapiro said, "The worst outcome for Democrats and for the economy would be to have no reconciliation bill."

**Young:** Shut down the government, in other words.

**Littlefield:** Yes. The worst outcome for Democrats would be if the government shut down. That's what the conservative Democrat is saying. Now a liberal Democrat, Celinda Lake, a Democratic pollster, was an advocate for a strong stance against the Republicans, because she believed in that position and her polls told her it would work. It's clear the Republicans are going too far. Democrats have to make the Medicare cuts understandable and contrast them to the tax cut.

Days later Kennedy assembled another group of strategists to talk about how this was going to play out. Jeff Faux, Director of the Economic Policy Institute and one of the leading liberal economists in Washington, made the general point of how from World War II up to 1973, America had been marked by rising income and rising wages for the middle class, but from 1973 up until 1995, a male high school graduate had lost 30 percent of his wages. This is the problem of income stagnation. People are working harder but their income has gone down. He said, “That’s 40 percent of the problem. The other 60 percent of the problem is the distribution of income has gotten much worse.”

**Young:** That’s the gap between rich and poor.

**Littlefield:** Right, has grown. Tom Glynn, the Deputy Secretary of Labor, a liberal ally of Kennedy’s from Massachusetts, talked about a training tax and job training to find ways of gains sharing and tax incentives for employee stock option plans. Bob Shrum, Senator Kennedy’s close friend and former staff member, now speechwriter, responded that, “People don’t ask for a diagnosis, they look for solutions.” As far as he is concerned it’s “wages, wages, wages, not jobs, jobs, jobs. People are profoundly unhappy. They are not feeling the economic recovery. We need a new, big economic idea.” Then Tom Donnelly, another liberal political consultant who worked with Bob Shrum, said, “We need to be on the side of the middle class against the concentration of economic power.” I am summarizing, just picking one quote.

**Young:** This is very good.

**Littlefield:** Because there were a whole series of thoughtful—

**Young:** And it’s good that you have the names too.

**Littlefield:** Well, there was a whole lot more that was said by each of these people, so I don’t want to misrepresent what they’re saying. I’m just highlighting the overall point. Shrum asserted that, “If Senator Kennedy doesn’t put out a story and answers that, we can’t win; we can’t run as the party of status quo. Roosevelt, Truman, and Kennedy had their story and they told it.” What about this? My company is screwing me. Isn’t anyone going to stick up for me? We are going to fight for you to get what is rightfully yours. Unemployment is not the problem, underpayment is, wages are critical.

Kennedy then met with John Sweeney, the new president of the AFL-CIO [American Federation of Labor and Congress of Industrial Organizations]. He talked about how they were going to organize for the next election like they never had before, and he was very complimentary for the lead that Senator Kennedy had taken on all of the issues the whole year of ’95.

So while Kennedy and the progressives were thinking about their strategic responses to the Republicans and their big ideas for the country, the signs were that President Clinton was waffling on taking a hard line against the Republicans over the budget. There was more talk and speculation about his triangulation strategy, which had first surfaced in July when, over the objection of Congressional Democrats, he had proposed his own alternative budget, moving a considerable distance toward the Republican position. In October there were reports in the press that Clinton was truly committed to the triangulation strategy.

Then at a staff directors' meeting in late October, Hilley, representing Daschle, said that the Democrats "had to think about what their position would be after the President vetoes the initial bill. What is the Democratic alternative? There will have to be a negotiation scenario. We have to come up with a deal that a majority of Democrats can vote for. Senate Democrats need to agree to the principle of a balanced budget by a certain date." Hilley's comments were ominous for those of us who wanted the Democrats and the President to stay with the hard line against the Republicans, which we believed was succeeding.

On October 17, at a fundraiser in Texas, President Clinton made a remark that worried Democratic strategists who wanted him to take a strong stand against the Republicans. He confessed that he had raised taxes too much in his first budget in 1993. "Probably there are people in this room still mad at me at that budget, because you think I raised your taxes too much. It might surprise you to know that I think I raised them too much, too." Democrats in Congress, remember, had stuck with the President in 1993 on the budget. Many actually had lost their seats in the 1994 election, feeling it was because of that vote. Congressional Democrats were furious with the President yet again, as Washington now headed into the endgame on the titanic struggle with the Republicans over the budget.

**Young:** So, I didn't hear anybody in your comments—just to say this is something I didn't hear—was it because it wasn't expressed or it was implicit in all of this, that it might be a good thing if the government did shut down.

**Littlefield:** No.

**Young:** Nobody thought that?

**Littlefield:** Well, I don't know whether they thought that or not.

**Young:** I mean politically.

**Littlefield:** People weren't saying it.

**Young:** Would it be the worst of all possible—

**Littlefield:** People were not saying it.

**Young:** They were not saying that. They were saying instead, take a firm line, take a firm stand.

**Littlefield:** The liberals were saying take a firm stand. The moderates and the conservatives were saying you've got to negotiate something; we've got to come up with something and meet them halfway.

**Young:** So, what was the logical consequence of taking a firm stand? In the eyes of these people, what would that get you?

**Littlefield:** The ultimate was this train wreck. Democrats certainly didn't expect or want that to happen. I think they thought that the Republicans would back down if the President held the line. So finally, on October 19, House Republicans voted to approve the Republican leadership

budget, including the plan to cut Medicare by \$270 billion. The President was sending mixed signals, as previously noted. He was saying it was possible that he and the Republicans could indeed balance the budget in seven years, if only they made lesser cuts in health, education, and the environment. It was the first time the President had indicated that he might accept the Republicans' seven-year timetable to balance the budget.

Finally, on October 25, the House and the Senate actually started voting on the Republican budgets. Senate Democrats are ready with their key amendments during the 50 hours allocated to pass the budget. The debate rolled on, on Medicare, with Senators Kennedy, Rockefeller, [Paul] Wellstone, [Barbara] Boxer, Democrat after Democrat coming down to the floor to attack the Republican plans to cut Medicare. The *Times* published a poll on October 26, showing that by more than two to one, the American people rejected significant cuts to Medicare, even for the purpose of balancing the budget. Senator Dole described the debate on the budget, "This is the most historic moment in my memory in the Congress of the United States." Kennedy shouted, "No one is fooled by this Halloween trick! If the Medicare plan is so great, why won't they let us vote on it now?" Because Republicans, taking advantage of Senate rules, had managed to duck a vote on Medicare.

Then Dole gave the Democrats more ammunition for their focus on Medicare. On October 24, in a speech to the American Conservative Union, Dole, now a Presidential candidate, bragged, "I was there fighting the fight, voting against Medicare, one of 12, because we knew it wouldn't work, in 1965." Democrats jumped all over Dole's statement. The Republican Medicaid cuts would cut Medicaid by 30 percent, and Senator Kennedy accused the Republicans, saying, "They basically pulled the rug from under the children of America. No longer will there be guarantees of prescreening services, no longer the range of different health services for children in this country. Why are we doing it? To provide tax breaks for the wealthiest corporations, companies, and individuals." Every day Kennedy went to the floor and drove home the contrast between the Republican budget and the needs of working families.

On October 26, the budget passed the House by a vote of 227-203. Two days later, early Saturday morning, October 28, the budget passed the Senate by a vote of 52-47. Clinton responded in his radio address on Saturday, swinging back on to the offensive, "Back off your cuts in the vital areas of Medicare and Medicaid, the gutting of our commitment to education, the ravaging of our environment while raising taxes on working people. Back off your cuts in these vital areas. Until you do, there is nothing for us to talk about." There was Clinton, swinging back. I thought there was a definite skill, although maddening, in his method at this point.

By October 31, Republicans still hadn't passed 11 of the 13 appropriations bills for the fiscal year that began on October 1. They were way behind. So on November 1, Republican leaders went to the White House and had a private discussion with Clinton. Democrats touted a poll on that same day, from the *Wall Street Journal*, that reported 61 percent of the American public wanted Clinton to veto the Republican budget. Seventy-three percent of Americans preferred smaller Medicare and education cuts, and only balancing the budget over ten years instead of seven, which would have less of an impact because the cuts would be smaller.

**Young:** Is it possible that Clinton was getting people to tell him that the way he was headed was the wrong way, so he could do it?

**Littlefield:** I think he saw the polls that showed that the Medicare cuts were viewed as very extreme, and so he was going to make—

**Young:** No, he had said that much earlier, in Texas.

**Littlefield:** That's right. It was that the polls were—Kennedy's strategy of relentless battering of the Republicans on very simple, clear-cut dividing lines.

**Young:** I see, yes.

**Littlefield:** Medicare. No cuts to Medicare to pay for tax cuts for the rich. Education. No cuts to student loans, no cuts to school reform programs. Kennedy had created this entire scenario. He had identified the issues and he was now relentlessly leading the charge, while the whole rest of Washington was dithering.

I suppose the debate is now at fever pitch, and the President is moving from one position to the next. One day he's strongly critical of the Republicans, the next he says he wants to work with them to reach a balanced budget in seven years. Maybe this was a masterful strategy. Keep the Republicans guessing; appear reasonable and Presidential. That would have been fine to Kennedy and the rest of us if we weren't so concerned about where it would end up. We thought that it was better politics and strengthened our hand for the ultimate negotiations, to clearly identify our differences with the Republicans and expose the extremism and harshness of their proposals repeatedly. That's the difference in strategy.

The next Sunday, Senator Kennedy is scheduled to be on *Meet the Press* with Tim Russert, today the late Tim Russert. Kennedy at that time didn't usually accept invitations to appear on the Sunday shows. He's usually up in Boston or on Cape Cod at home on the weekends. It's more difficult to tape the shows from outside Washington, and when he's in Washington, he prefers to spend time with his family, go to church on Sunday morning, generally relax and regroup and prepare for the week.

But occasionally he appears on a Sunday news show. He had an invitation to appear as basically the leading spokesman for the Democrats on November 3, and Russert told the Senator that the other guest that day would be Senator Dole. So Kennedy thought this would be a good opportunity to highlight his views on the Republican budget. And there would be extra attention focused on *Meet the Press* that day, since Bob Dole was the Senator Majority Leader and the leading candidate for the Republican nomination for President. So this would be a great match-up; Kennedy for the Democrats, Dole for the Republicans, and *Meet the Press* went wild with ads for the whole week beforehand—Ted Kennedy and Bob Dole face off. The liberal Democrat from Massachusetts and the conservative Republican from Kansas tackle tough questions on Medicare, taxes, and the role of government.

The Senator always prepared very carefully for these shows. We discussed the themes he wanted to focus on. We talked to various advisors and allies to get their sense of what his strategy for the session ought to be. This was an interesting tightrope the Senator had to walk, because he wanted to bring the President along to his position at the same time as he wanted to have a clear difference with Dole. We met with him on Friday night and he was full of ideas. "I'm not here to criticize the President, but to stand here with him on the basis of Democratic values on

healthcare, education, and wages. You can ask the question as many ways as you want, but I am not going to criticize the President. I am going to fight very hard to defend Medicare.” Pretty good. A pretty clever guy.

Meanwhile, Dick Morris was the notorious advisor who was whispering in Clinton’s ear about the triangulation strategy. So what is Kennedy going to say when he’s asked about Dick Morris? And Kennedy says he’s going to say, “Don’t ask me about Dick Morris. Medicare is more important than Dick Morris. This might not be the answer you want but it is the answer you’re going to get.” On Clinton, “If I’m asked about President Clinton being someone who changes his positions, I’m not going to criticize the President. But look, if you want to talk about someone who changes his positions, look at Senator Dole. Earlier in his career he was for civil rights and voting rights; now he’s against affirmative action. Earlier he was for the Americans with Disabilities; now he’s for blocking new regulations to implement that act. He is the master of changing positions, not just in rhetoric, but in reality. Oh, but there is one issue he has never changed on, and that is Medicare. He has always been against it.” Pretty good, I thought!

On Colin Powell running for President, the Senator said, “Well, he’ll make his own decision. Frankly, from the things he has said, he sounds more like a Democrat than a Republican.” Kennedy also said, “The Republicans have a responsibility to pass the debt limit increase. The debt limit should not be a political football.” Should there be negotiations between the President and the Republicans? “It’s always useful to talk, but the President needs to stand up on fundamental principles. No draconian cuts to Medicare to pay for tax breaks for the rich. Don’t slam the doors of college to middle-class families. Do not abolish the Department of Education and don’t cut funding to the schools.”

“The Medicare battle,” the Senator said in preparation for *Meet the Press*, “is all about whether government will serve the interests of the many or the privileged. This has been the enduring struggle in American politics, going back to the beginning of the Democratic Party. We’ve stood for serving average Americans, not just the privileged. These are enduring ideas on which Democrats have always won elections and on which they will in 1996. We are in favor of better jobs and wages, healthcare, and education. I make no apologies for these values.”

On Saturday, we went back to the Senator’s house for another few hours of preparation, and we left at about 4:00 p.m. The Senator had three parts to the message he was planning to convey and he reminded us of what his brother Robert Kennedy had said about these Sunday morning shows. Kennedy said, “You decide what you want to say and go in there and say it, no matter what the questions are.” So the Senator had three themes. One, he is not there to criticize the President; the President will stand tall against the Republican budget. Two, the main issues that differentiate Democrats and Republicans are Medicare, education, tax breaks for the rich, and the environment. And three, Senator Dole has changed his position on many issues over the years. Republicans are much too tight with the special interests and their programs are much too extreme to be accepted by the American people.

I remember that afternoon I got home about 5:00 and my stepdaughter called to say that Yitzhak Rabin had just been shot and killed in Israel at that moment, and we were horrified, of course. Then there was the question of were they going to scrap the Kennedy-Dole show the next day, in favor of a tribute to Rabin. We talked to Russert and he said they were going forward with the

show and they would have a tribute to Rabin in the beginning of the hour, and then interview the Israeli Ambassador prior to turning to the Kennedy-Dole segment.

So the next morning we met the Senator at his house and then headed to the NBC Studios. Kennedy and Dole listened to the tribute to Rabin and the Q and A with the Israeli Ambassador. Obviously, the death of Rabin was a terrible blow, an unspeakable tragedy, and very hard on Senator Kennedy because he knew him, but also for what he had stood for, and of course it reminded the Senator of other assassinations. I'm speculating on that, but I could tell the Senator was very concerned and upset.

Dole came first, and David Broder, who was one of the questioners, asked Dole about his vote against Medicare in 1965, and Dole stated that he believed Medicare hadn't worked very well. It was a fair idea but it had cost a great deal of money. Dole finished his interview by saying that he and Kennedy were good friends but with different philosophies. Then it was the Senator's turn after the commercial break. He first talked about Rabin, and then he turned to the Republican Medicare cuts, repeating that the Medicare cuts would raise premiums and undermine the quality of care, and that the Medicare cuts were going to pay for tax cuts for the wealthy. At the end of the questioning of Kennedy, the discussion turned to the 1996 Presidential race, and Kennedy predicted that it would be a Dole-Clinton race, with Clinton winning.

Meanwhile, the Senator had made the decision to attend Prime Minister Rabin's funeral in Israel. There was going to be a Congressional plane leaving Andrews Air Force Base several hours after the Senator finished taping *Meet the Press*. The Senator had invited his son, Patrick, to go with him, so the two of them were going to represent the Kennedy family at the funeral. He was at his house, getting ready to go to the airport, and the Senator asked those of us in the room if there was some special gift he should take to Mrs. Rabin. We thought of roses or other traditional Kennedy mementos.

Vicki [Reggie Kennedy] then inquired about tradition at a Jewish funeral and several people in the group knew that at the end of the funeral, mourners walk up to the grave and pick up soil from around the grave to drop on top of the grave. She had an idea. Could the Senator take a small supply of American soil, possibly even soil from the area of the Kennedy graves at Arlington, to Jerusalem, to place on Rabin's grave? This might be a powerful gesture of solidarity between Americans and Israelis, and a gesture from the Kennedy family, which it went without saying had experienced the tragedy and horror of assassinations. The question was whether we could get soil from Arlington in time for the flight. So Patrick Kennedy and I drove ahead to Arlington Cemetery to the area of President Kennedy's grave, and from a dirt patch 20 feet beyond the grave, we filled two small brown bags with soil. The Congressman hurried back down to the end of the road leading into Arlington, and the Senator was waiting to pick him up for the ride to Andrews and then to Jerusalem.

As it turned out, the gift of soil from the Kennedy grave to Mrs. Rabin, and the act of transferring the soil from Arlington to the grave of Rabin, was widely carried in the Israeli press as well as in accounts in United States newspapers of the ceremony. We hoped that that small gesture of respect for and solidarity with Rabin and the Israeli people from the Kennedys brought some comfort to the Israeli people.



It was on the trip back from Israel, on Air Force One, where Gingrich—who had been invited to accompany the President and Mrs. [Hillary] Clinton to the funeral—had become upset that he had not been invited to ride with the President in the President’s suite at the front of the plane, but had ridden with other passengers from Congress in the back of the plane. He complained about that, and that became a whole other area of criticism of Gingrich.

Now, the shutdown is approaching, because the continuing resolution that kept funds flowing to keep the government operating was to expire on Monday, November 13. The absence of a deal by then would shut down the government that day. Meanwhile, the White House and Democratic leaders in Congress were feverishly scheduling events to highlight the budget issues. At a meeting of staff directors in the Senate, we had a report from Senator Daschle’s staff on a meeting that they had held at the White House on the previous Thursday, which would have been November 2, where the President had met with Democratic and Republican Congressional leaders. Daschle had reported to his staff that the President was the strongest he’d ever seen him. He quoted the President as saying to Republicans, “I have gone the extra mile to understand your priorities, but I ran to protect healthcare, education, and jobs. These are my priorities. I’d just as soon Bob Dole have this job as be blackmailed.” So there’s the President being very strong, according to Daschle. But we’re in November. We’re ten days out from the government shutdown.

Democrats were now holding events to publicize the harshness of the Republican budget. On Tuesday, children and how they would be hurt under the Republican budget. On Wednesday, busloads of seniors had been invited to the White House for a rally to protest the extreme Medicare cuts. Research and development was the next day, and on the next day the retirement system was the focus for Democrats. At one point during that week, Kennedy met with Daschle, and Daschle told him that on the plane back from Israel, he had had a conversation with Senator Dole, and Dole had told him that Gingrich wanted to deal on the budget more than anyone. He wanted to show that he is the Speaker who could get things done. They would be willing to go down to \$124 billion in cuts to Medicare. Dole believed that the message from Clinton was also to get a deal. As Kennedy pointed out to me later, “Dole’s conversation with Daschle turned out to be far from an accurate description of what actually would happen.”

**Young:** So Dole was with the President, but Gingrich wasn’t—I mean, after some conversing.

**Littlefield:** It looks like Dole and Daschle, wherever they were, they were on the plane together. I don’t know that the President was with them. After everybody came back from Israel, during the week of November 6, the House and Senate Republicans continued to meet in secret, to decide the final shape of their budget, which they were working out in conference committee. Meanwhile, Tuesday, November 7, was Election Day, and there are always—in these off years, there are several Governorships, and Democrats won the Governor’s race in Kentucky, which had been previously held by a Republican, and held off expected Republican gains in state legislatures in Virginia, New Jersey, Maine, and Mississippi. These were all good signs for Democrats. On Wednesday, Colin Powell announced he would not run for the Republican Presidential nomination, thereby eliminating what might have been Bob Dole’s and then President Clinton’s strongest opponent. So much is happening politically.

Then on Thursday, November 8, the Republican House passed a resolution to allow the government to continue spending money through December 1. On Friday, Democrats received news that they greeted with considerable enthusiasm. Frank Luntz, the Republican pollster who had been credited with putting together the Republican Contract with America, revealed that the Contract with America was designed with slogan testing, not the intensive polling research that had previously been claimed.

Democrats pointed to polls that showed them running six points ahead of Republicans for Congressional elections. Fifty percent of the American people think the Republican budget goes too far, and 62 percent of Americans believe Medicare will be jeopardized by the Republican budget. Gingrich was now at an all time low in popularity. Fifty-six percent of the public had an unfavorable opinion of the Speaker, and by a 60-33 majority margin, American people told the President he should veto a Republican budget intended to balance the budget in seven years, cut taxes, and cut the rate of spending on programs like Medicare and Medicaid. Seventy-five percent of the public opposed cutting the rate of spending on Medicare. Seventy-four percent opposed cutting loans for student college loans.

By November 11, there were no discussions going on that appeared to be able to lead to an agreement between the Republicans and the President, and the train wreck appeared likely. The government shutdown loomed. The press began reporting on what a shutdown of the government would involve. The press began reporting that veterans' benefit checks would be withheld, the Smithsonian Museums in Washington and national parks and monuments across the country would close; applications for Social Security would not be processed.

On Saturday, November 11, the President and Dole talked on the phone, but it was apparent that no progress was made. Dole claimed the President had said in effect on the telephone, get lost. The President asked his Chief of Staff, Leon Panetta, to meet with the Republican and Democratic Congressional leaders that afternoon, but he said, "I will not allow them to impose new immediate cuts in Medicare, education, and the environment as a condition of keeping the government open."

The Republican debt limit extension and continuing resolution to keep the government open were moving through the House and the Senate, but the Republicans found it impossible to resist adding certain riders to the legislation, which they knew would be unacceptable to the President. If the President refused to accept the Republican proposals by Monday, November 13, then a government shutdown would loom. First, the Republicans passed and sent a debt limit extension to the President, but Clinton on Monday vetoed the bill, as he had said he would, because the bill, in the form sent to him, actually increased the likelihood of a default on America's obligations for the first time in our history. Clinton also said that the bill also obligated the government to pass the Republican Congressional Budget Plan, with its huge cuts to Medicare and Medicaid, education, environment, and its tax cuts on the wealthy and increases on working families.

On the floor, Senator Kennedy was offering motions to instruct the conferees on the budget to eliminate certain giveaways to the pharmaceutical industry and to eliminate the weakening or eliminating of federal nursing home standards that were included in the bill. Meanwhile, the Republicans and Democrats were continuing their argument over the level of funding that would

be allowed during the continuing resolution. Republicans were using each continuing resolution as a way of ratcheting down funding levels. The first continuing resolution provided that cuts could in no case be more than ten percent, but by the time of the second continuing resolution, the funding floor for programs was down to 60 percent of the 1995 levels. The staff directors were briefed by Daschle's staff, John Hilley, who said, "The meetings at the White House over the weekend produced no results."

Then Mellman and Hilley reported on the poll numbers, which showed that we're winning this debate now by a 20-point margin. Just as an editorial aside on my own—one can understand why the President suddenly found religion on this.

The following day, Tuesday, November 14, the day after Clinton vetoed the Republican version of a debt limit extension, the *Washington Post* carried a poll that showed that two-thirds of the American public blamed the Republicans for the impending shutdown. Now, again, this was what Senator Kennedy had achieved with his strategy and with his relentless advocacy of that strategy, and it's hard to believe that this is where it ended up, considering where it all began.

The Democratic Senators met later that day, one day before the government shutdown would begin. They met with members of the President's Cabinet, including Treasury Secretary [Robert] Rubin. Senator [Jack] Reed of Rhode Island opened by asking the Cabinet members to tell the President to hang tough. "Don't let the Republicans take away your Medicare." Dodd reported that the Democrats had done very well in the lower case election races the previous Tuesday. In Mississippi, where we used Medicare ads, we won in the legislature. Newt Gingrich had given us a lift. We were on the right track. We were talking about the issues that cause people to vote for Democrats.

**Young:** There's the bottom line that you were articulating a few moments ago.

**Littlefield:** Right. Daschle said that Dole would be bringing the budget reconciliation bill to the Senate floor on Thursday. The leadership would focus now on organizational substance and message. There would be a daily staff meeting every morning during the crisis. Daschle commented on the flap over Gingrich's remarks about him being insulted on the plane ride back from Israel.

Daschle said that after the President vetoed the debt limit on November 13, Gingrich and the Democratic Congressional leaders went to the White House at 10:00 p.m. Gingrich was as confrontational and non-cooperative as I had ever seen him. Gingrich said, "I won't even schedule the debt limit or the continuing resolution for the foreseeable future." Daschle added that seven-year budget balancing is not possible. "We can't be tied down that way. It's not doable with such large tax breaks. We shouldn't agree to a seven-year budget." At the meeting Daschle said it was agreed that the principals would keep talking, but Daschle added that it was premature to predict how long Gingrich would hold out. He had no design to negotiate an agreement on anything other than his own terms.

Secretary Rubin described that without a debt limit extension, the United States would default on the full faith and credit by borrowing from the thrift fund and the civil service retirement fund. If we can get to December 1, this is coercive pressure on the President to get him to sign the budget

bill. The President is not going to do what they want him to do. Even the threat of default would be seen in the international markets for years to come. This is very serious business for the country. Dodd suggested that Daschle should go out onto the Senate floor on an hourly basis and offer a clean, continuing resolution that would keep the government funded on a day-to-day basis. The Republicans would object, and that would show who was, in fact, responsible for the shutdown.

Later on that Tuesday, Democratic staff members met again with Hilley and Mellman. The continuing resolution had come over from the House. It provided a 40 percent cut in health, education, commerce, housing, veterans, and labor programs. The Democratic Caucus was united in the position that Democrats should counteroffer with a clean, continuing resolution lasting until December 22, with the funding formula from the first continuing resolution, which was 95 percent of last year's spending.

On Tuesday, again, both Democrats and Republicans went to the floor to argue their side of the dispute. Senator Kennedy said, "It is reckless and wrong for the Republicans to effectively shut down the government because they cannot get their way in balancing the budget. The Democrats categorically reject balancing the budget on the backs of senior citizens, students, working families, and the environment."

In sum, the current shutdown of the Federal Government is taking place just as Speaker Gingrich has been planning and boasting about all year. The government shutdown is part of a long-term strategy by the Speaker and the radical Republicans in Congress to force President Clinton to approve their extreme measures to destroy Medicare, cut education, limit health and safety protections that have built up over 30 years. As Gingrich said, "Medicare should wither on the vine."

Then on Wednesday, November 15, with no continuing resolution in place to provide funding to keep it open, the government shut down and nearly half the civilian functions stopped operating. Democrats were ready with talking points. The House Democrats described how, on day one of the government closing, more than one million Americans would feel the impact. Twenty-eight thousand seniors and workers were unable to apply for Social Security or disability benefits. Two hundred thousand Americans who called Social Security's health line got no answer. More than 7,000 American veterans had been unable to file compensation, pension, and education benefit claims. Seven hundred and eighty-one thousand people had been turned away from national parks and monuments. Seventy-five thousand Americans had not been able to get their passports.

Then Senator Kennedy met with other Democratic Senators to discuss Democratic strategy in the Senate, when the reconciliation bill ultimately did come to the floor. Daschle outlined a possible Democratic proposal for a seven-year balanced budget, which some conservatives and moderate Democratic Senators said they felt compelled to support. Now it was some Senate Democrats who appeared ready to accede to the Republican position.

Senator [Paul] Sarbanes and Senator Kennedy resisted. Some liberal Senators, including Senator [Russell] Feingold, joined the moderates, however. Senators Chuck Robb and [Dianne] Feinstein said that they had been for a balanced budget and they couldn't vote against this proposal. "Why

aren't we getting a proposal from the President?" Senator Bob Graham of Florida asked. Senator [Paul] Simon, the liberal Senator from Illinois who had led the fight for the balanced budget amendment on the Democratic side, said he would have to vote for it. This is a possible Democratic proposal, which Daschle was putting together, with a seven-year balanced budget. Other Senators came out on both sides of it, but at the end of the meeting it was apparent that Daschle would hold 85 to 95 percent of the Democrats for his substitute budget.

On November 15, Kennedy went back to the floor. "The fundamental issue that divides Democrats and Republicans is not whether to balance the budget but how to balance the budget. We can debate these issues responsibly. It is reckless and irresponsible for the Republican majority in Congress to shut down the Federal Government because they can't get their way."

On November 15, 1995, the long-anticipated train wreck finally occurred. Those who said the President wouldn't dare veto the Republican bill and those who doubted he would have the stomach for the fight were proven wrong.

The train wreck has now occurred and the government is shut down, and Democrats have essentially won the battle for public opinion. The Grand Canyon is shut, the very popular exhibition in the National Gallery of Art in D.C., of 25 of the existing 35 paintings by the Dutch artist [Jan] Vermeer, that was shut. It was the most popular exhibition in the history of the National Gallery, I think, that was shut down. Passport offices were shut down. And the public was blaming the Republicans. The core of the strategy of the Republican revolution had been that President Clinton wouldn't have the stomach for the fight, that he wouldn't dare veto the Republican budget if the consequences were a government shutdown, and they turned out to be wrong.

The question for Democrats as the budget shutdown continued was, should they propose an alternative budget to the Republican budget, and if so, how much detail to include in it? Many Democratic Senators actually wanted a budget agreement to be reached with the Republicans, and they were insisting that Democrats come up with their own plan. From the signals we were getting from the White House, getting an agreement was also the course the President preferred.

**Young:** Now this is while the government is shut down.

**Littlefield:** Yes. There was also a group of Senators who took a middle ground position. They didn't feel strongly one way or the other about getting an agreement, but they wanted to appear reasonable, because they thought appearing reasonable was important to maintaining public support for the Democratic position. They wanted to maintain unity within the Democratic caucus, and if the way to do that was to be for an alternative budget, then they were willing to be for an alternative budget.

The third group of Democrats, which included Senator Kennedy, did not want an agreement, believing that any agreement now, negotiated by the President with the Republicans, would be a bad agreement. We were winning the public relations battle, why give in? We should keep up the drumbeat on attacking the extension of the Republican budget, letting the Republicans know that the public was blaming them. We could get a continuing spending resolution for this year only

and fight out the public relations battle over budget priorities and Republican extremism into next year, up to the elections. Let the 1996 election be a referendum on Republican extremism.

We didn't want to have a Democratic budget alternative because we believed it would a) give up too much ground, b) blur public relations, and c) make a bad agreement with the Republicans more likely. But if there was going to be a Democratic budget in order to maintain unity among the Democratic caucus, we'd go along, so long as the alternative was as palatable to us as possible. So there was a Daschle-led taskforce to work out a seven-year balanced budget amendment or agreement.

By Thursday, two days after the shutdown began, Kennedy was again back on the floor of the Senate, retracing the history of the Republican budget, repeating once again the cuts to education, Medicare and Medicaid, and the environment that the Republican budget would require. As Kennedy said, "Eighty percent of the cuts go to the bottom 20 percent of Americans, and 80 percent of the benefits go to the top 20 percent of Americans." Kennedy said that he hoped the budget bill would be vetoed by the President, the point being that the shutdown was because the continuing resolution had been vetoed. The budget had not yet been vetoed.

By Friday, day three of the shutdown, the Republican budget was ready, and Senator Kennedy was back on the floor for one of his Friday afternoon broadsides against the Republicans. "The Republican budget plan is a program to sacrifice senior citizens, students, children, and working families, in order to pay for lavish tax breaks for the wealthiest individuals and corporations in America. It is a program to destroy Medicare to benefit the rich, slash aid to education, and trash the environment." Democrats were winning the public debate. The *USA Today* poll showed Democrats running ahead of Republicans by a 50-39 majority. By 76-17, the country said that Republicans should compromise with the President on the budget, and by 2-1, the President should veto the budget.

Over the weekend, President Clinton and his staff met with Republican leaders to discuss some sort of compromise to end the government shutdown, and on Monday the compromise was announced. The shutdown would be ended. Clinton would accept a continuing resolution to fund the government for a short period of time while the House and Republicans negotiated toward a balanced budget.

Democrats in Congress were deeply alarmed when they learned that the President apparently had made some major concessions to the Republicans. The President had basically agreed to accept the Republican position of balancing the budget in seven years, and in return the Republicans had promised to work with him, to protect his priorities in the areas of healthcare, education, and the environment. Republicans claimed the President had given in to them and they had won the debate.

Once again, John Hilley spoke to the staff directors' meeting. He said it was good that we had gotten the government back to work over the weekend. We had agreed to nothing that was binding, but we did have to go more than halfway to the Republican numbers. Our message should say we are for a balanced budget.

The Senator was meeting with his staff to talk about keeping the drumbeat alive and the message clear. He would do more Sunday shows and the nightly *McNeil/Lehrer NewsHour* and continue to emphasize holding on to the basic Democratic priorities of Medicare, Medicaid, education, and the environment.

On Monday, November 20, the President went to the Capitol to meet with Democrats. Republican leaders were spinning then that the agreement was a capitulation by the President, but Democrats were emphasizing the fact that the President could back out of his commitment to balance the budget in seven years if the Republicans refused to honor their commitment to protect Medicare, Medicaid, education, and the environment, whatever those generalities meant. Then there was the Thanksgiving recess, by which time the government had reopened, and on November 24, Chief of Staff Panetta wrote Gingrich, confirming the President's agreement to work toward a balanced budget over seven years but making clear that we cannot agree to any plan unless it protects our commitment to healthcare, education, the environment, and tax fairness. These priorities, according to Panetta, were enshrined in the continuing resolution agreement.

After Thanksgiving, the members of Congress came back to Washington, but the budget impasse was still unresolved and no breakthrough was in sight. Frankly, Senator Kennedy's schedule was more intense than ever as the budget impasse dragged on. He met with the President and Leon Panetta on Tuesday. The President and the Senator also talked about Ireland on that date. The Senator urged the President, when he traveled to Ireland, to have a picture of himself with Gerry Adams and not just David Trimble. Panetta made clear to Kennedy that there was going to be a meeting at 6:00 p.m. every night, with the working group moving forward with the budget negotiations. At the end of the day, we needed an alternative Democratic budget. That was the White House's position.

**Young:** Was Kennedy accepting of that?

**Littlefield:** He didn't like it, but he believed in Democratic caucus unity, and it was clear that a majority of the caucus members wanted some sort of an alternative budget. Kennedy kept telling the other Senators, "We need to try to be close to where the President comes out in his plan. We have to work in common ways, in the ballpark of the President. We know we need to protect Medicare, Medicaid, welfare, and education. The flexibility comes in the budget assumptions and the scoring numbers in the tax cut, in the defense budget, and in corporate welfare. These are the places we can find additional funds to reach this balance without savaging our four priorities of Medicare, Medicaid, education, and the environment."

There was another meeting with the Democratic Senators, which Kennedy got actually quite worked up at because Senator [Kent] Conrad had said, "The problem for Democrats is we don't have anything that adds up to a balanced budget. If we're serious about having a position that balances, we need a starting point and then a bottom line." Senator Bob Kerrey said, "We Democrats need to negotiate in good faith. We have to be prepared to get an agreement. We want to get a much lower cut to Medicare and Medicaid." Daschle then said that there would be breakout meetings for the group working on the Democratic budget alternative, and there would be a meeting at 10:30 the next morning, Wednesday, to discuss Medicare. Senator Kennedy

interrupted, “Am I hearing right? We are discussing cutting Medicare more?” Senator Daschle, “We have to talk thoroughly about Medicare and following the agenda.”

Kennedy continued to be a one-man band, highlighting the consequences of the Republican budget to different groups of Americans. He met with health writers on Thursday, November 30, and with seniors’ groups that same day. On Friday, he held a public forum on the budget’s impact on nursing homes. On Thursday and Friday he held substantive briefings for reporters on the consequences of the Republican budget’s education cuts. The first week of December he held a press conference to raise how the Republican budget would allow the looting of workers’ pensions by corporate raiders. On Tuesday, December 5, he conducted a forum on the budget’s impact on children.

**Young:** So he is not part of the working group?

**Littlefield:** No. He’s kibitzing with the working group. I mean there is still indecision among the Democratic Senators about the right course. Kennedy met with the ranking members on the various committees at the biweekly Wednesday lunch hosted by Mikulski. The Senator reported that the ranking members—these are the top Democrats on each of the committees, who met with Senator Mikulski every Wednesday—those ranking members were 180 degrees away from the Daschle budget working task force and whether Democrats needed to have an alternative budget. Senator [Ernest] Hollings, for example, said, “We don’t need a balanced budget. We can’t get to a balanced budget proposal of our own without jiggling the funds. It’s poppycock. I don’t see why we would waste our energy.”

**Young:** The President had already agreed on this course, so the unity is fading.

**Littlefield:** On November 30, I remember Kennedy, Rockefeller, and Graham spoke at a health reporters’ breakfast. They focused on Medicare and details on what the cuts would mean. Meanwhile, the Daschle group continued meeting.

[BREAK]

**Littlefield:** I want to clarify that Kennedy was, in fact, part of the Daschle working group. Everybody was. We learned about another concession the White House had apparently made to the Republicans, which was to concede the question of who was going to score the final product in terms of dollars. It had been conceded that CBO would do the scoring. This made Democrats very nervous and progressives particularly because CBO was controlled by Gingrich, because it was the Congressional Budget Office.

So the scoring of everything—this means that a Medicare savings that the Democrats think would save \$100 billion, if it was scored saving only \$25 billion, you’d need to do four hundred percent more. So scoring meant everything. It felt to us like one more unnecessary concession to the Republicans. CBO was notoriously conservative in its estimating, and it turned out two years later that they had been vastly underestimating the strength of the U.S. economy. So when you’re



talking about balancing the budget, they were requiring much more in cuts than ultimately turned out to be necessary.

So now we're learning that the White House's position is that the understanding is that the framework is a seven-year timeframe, with CBO scoring. It was getting very tense at these meetings. There was a workgroup now that was meeting between the White House and the Republicans and the Democrats from Congress. There were about four people on each side and they were meeting every day.

**Young:** All together?

**Littlefield:** That group. There is an official negotiating group at this point, with a small group of Republican Senators and House members, and a small group of Democratic Senators and House members, and the White House.

**Young:** Staff or Cabinet?

**Littlefield:** No.

**Young:** Budget Director?

**Littlefield:** The agreement was that Daschle and Dole, I guess, had worked out an understanding that there would be meetings with Republicans, between the Republicans and Democrats, to try to negotiate a consensus. Daschle said that the Republicans wanted to limit the negotiators to four people on each side. The Republicans were going to have Dick Arme; [John] Kasich, who was a Republican Congressman; Domenici; and Dole's designee. Panetta wanted Rubin and [Alice] Rivlin. Daschle's representative would be Senator [Byron] Dorgan, and Gephardt's representative David Bonior, and they would meet daily to go over exactly where they were going on the budget. So that was the negotiating group: Arme, Kasich, Domenici, Dole, Rubin, Rivlin, Dorgan, and Bonior.

Meanwhile, the Democratic pollster, Mark Mellman, is telling Democratic staffers that we're dealing with this issue from a position of strength. If we could get a continuing resolution for this year and take the Medicare issue to the election, that would be a success. There is no evidence in the polling data that on the subject of a shutdown, Democrats should blink first. Then the Democratic Senators were going to come up with more events each day of the week. Again, higher taxes for low-income people through earned income tax credit, education, nursing homes and rural health, Medicare and Medicaid, the environment.

So Kennedy was still concerned about getting Democrats to continue to hold the line on the budget, to persuade them to do so. This is the sort of inside-inside game here, because we knew we had allies sprinkled throughout the Senate and the House, both among Democratic members of Congress and their staffs. We knew there were people at the White House even, who shared our point of view, although we knew at the end of the day they would protect the President and do what he and his budget hawks decided. So as long as Daschle and Gephardt were involved in negotiations, we knew we could get fairly accurate information on what the President and the White House were proposing, but there was always uncertainty as to whether Daschle and Gephardt would actually be involved or whether the President would be off doing his own thing.

**Young:** Yes.

**Littlefield:** There were various staff members working for each of these offices who had access to information but wouldn't share it with us because their power was increased if they knew and we didn't know what was going on. Plus, they were afraid the progressives in the Senate Democratic caucus, like us, would be publicly critical if concessions were made to the Republicans that these progressives thought were unnecessary. So it was very complicated to be able to rely on the information we were getting. Within their own circles, they would never want to be perceived as giving Kennedy information that he would then use to contact the key players to stiffen their resolve. So these key staff members were basically trying to keep information from Kennedy, knowing that if there was any sign of unnecessary concessions, he would raise holy hell. Information meant power. Information meant the ability to better focus on one's own strategy to effect the end result. So those of us on Kennedy's staff were continually talking with every source we had to attempt to pick up the information that we could use to toughen the Democrats' and the President's position.

David Nexon, of Kennedy's staff, talked to Chris Jennings of the White House. There was no motion to put anything on the table on Medicare and Medicaid right now. Whew, that's a relief. I talked to Gephardt's chief of staff. We're going to sit with the Republicans in the next ten minutes. Gingrich is going to come down on his tax cut. That's good.

There was no change on Medicare and Medicaid, but this won't be a CBO seven-year budget. That's OK with us, but on the Democrats' proposal next week, there will have to be movement on Medicare. Uh, oh, that's bad.

A bipartisan group of Governors was opposing the Medicaid cuts. That's good. On education, there's a meeting at 11:30 among Panetta, Rivlin, and Domenici, and they're scheduled to go item by item through the budget. There was no change in direct loans. That's good, but there's a big scoring difference with CBO on Medicare and Medicaid and on the possible revenue from selling the spectrum for radio TV rights. That's dangerous.

This is the kind of news that's getting passed back and forth, and those are my little reactions to each little bit of gossip that we heard. But nothing was reliable.

**Young:** Were you getting any sleep during this period?

**Littlefield:** I don't remember, probably not a lot.

Staff directors met again on Monday, December 4. Hilley reported that negotiations were awaiting the re-estimate by CBO, of the economic assumptions, and Pat Griffin from the White House said that the President would veto the Republican reconciliation bill this week. Dole meanwhile, recognizing the danger to the Republicans from another government shutdown, was trying to set up a framework to keep the discussions going without another shutdown. The question became whether Senate Majority Leader Dole or Republican Majority Leader Armer from the House was in control of the Republican strategy. This is very interesting. Now there's beginning to be a split between the Republican Senate and House.

There were more press events every day that week by the Democrats, and now there were several Democratic budget proposals in front of them. There was the conservative Democrat, or blue dog budget, in the House. There was a progressive Democratic budget in the House. The Daschle working group continued to meet in the Senate. So there were different budgets coming from all directions. Then we heard from the Senate Budget Committee that the White House was preparing an offer to the Republicans but they weren't willing to show it to the Senators. Hearing that made us very nervous about what they would propose. There was concern they would agree to raise their proposed cuts to Medicare and Medicaid. So once again we went through a fire drill to keep the White House firm.

The next day there was another Daschle-Gephardt briefing for Senators, House members, and the budget working group, but the bottom line was that in the week leading up to December 6, there had basically been no negotiations. Republicans were waiting for the President's proposal, and it appeared they were running out the continuing resolution to bring another shutdown even closer. Then, on December 7, as expected, Clinton vetoed the initial Republican budget, and Democrats complained that Republicans had yet to produce their own seven-year budget that protected Medicare, Medicaid, education, and the environment, as they had agreed.

On December 8, Alice Rivlin of the White House confirmed that the Democrats had indeed put out a balanced budget plan. Kennedy urged the negotiators to hold firm. "The shutdown gives you a strong hand. Don't bargain with ourselves." We were briefed on the details of the budget plan that President Clinton had finally given to the Republicans. It balanced the budget over seven years and included \$124 billion in cuts to Medicare. So now the difference is that the Republicans wanted to cut Medicare by \$270 billion, the White House by \$124 billion. Republicans wanted to cut Medicaid by \$163 billion, the White House by \$54 billion.

Many Democrats in Congress were upset that the President had actually proposed a budget, believing that it was better to negotiate over the Republican plan. There were other cuts that Clinton had proposed. Republicans wanted to cut food stamps and school lunches by 50 percent, or \$10 billion more than the White House, but the White House was willing to cut. Republicans wanted to cut \$32 billion from the Earned Income Tax Credit. The White House wanted to actually expand the program but cut \$3 billion over tightened error control. Each day, Democratic Congressional offices continued to release lists of particularly obnoxious elements of the Republican budgets. There was just a whole series of issues that we kept beating the drum on.

So now, as the deadline of December 16 for the government shutdown approached, Dole said, at last, after almost three weeks of getting nowhere with budget talks, that serious negotiations would begin again between the White House and Republican leaders on Friday December 15, and they would try to reach agreement by Monday, the 18th. The existing continuing resolution lasted only until midnight on Friday, but the government would close, and the closing wouldn't really hit until Monday morning, when federal workers would be sent home.

**Young:** So this was the second—

**Littlefield:** The second shutdown. The absurdity is that there had been three weeks when they were supposed to be negotiating and basically it didn't happen until the 15th, the night before the

continuing resolution was getting ready to expire again. So there had been skirmishing, but no progress. On Thursday, December 14, the Children's Defense Fund and other organizations held a circle of conscience and candlelight vigil for children outside the White House, publicizing Republican budget cuts to children's programs.

On December 15, Daschle and the Senate working group met with House members, and the opinions ran the gamut on what Democrats should do, from those advocating resistance to those advocating capitulation. Senator Kennedy felt that the negotiations were more in flux than ever, and he felt the need to obtain more information on the White House strategy. So we met with Gene Sperling of the President's economic council, who said, "We're not moving on Medicare, Medicaid, and we're showing caution on CPI [Consumer Price Index]." Kennedy thinks that's good. "On corporate welfare, we could propose a commission that would cut \$50 to \$70 billion." That's good, too.

We were all reaching out to other sources at the White House, and then on Saturday morning, December 16, after the shutdown had begun, I guess, President Clinton convened a meeting at Blair House, with 40 Democrats, members of the House and Senate, to discuss the budget. The President opened, "We've been trying to negotiate while trying to protect our priorities." Everybody had their point of view. Kennedy said, "The Democrats are all together. We need to be able to defend our position, fairness for working families. They're the ones who are being hurt. Corporate welfare is untouched. \$60 billion for such tax breaks that are moving jobs overseas."

Clinton accused Republicans, in his radio address on that same Saturday, of "closing the government in an effort to force through their unacceptable cuts in healthcare, education, and the environment. I won't give in to that threat." Dole responded, "The President can stop that garbage that he's spewing out on his radio program and everything else."

The second government shutdown began on December 16. At one minute past midnight on Saturday, December 16, the government was shut down again, and on Monday, over 250,000 federal workers were put on furlough. Kennedy was back on the Senate floor on Monday, December 18, reiterating his basic themes: cuts to Medicare and other programs to pay for tax cuts for the rich, a scorched earth policy on working families. Tax increases on low-income families, cuts to Head Start, college aid, low-income heating, and nothing about reducing tax breaks for corporations or corporate welfare. Each day more federal employees were sent home and more federal offices closed.

Gingrich and Dole released a statement saying that they hoped to meet with the President to discuss fulfillment of the commitment he had made 29 days ago to enact a seven-year balanced budget using nonpartisan Congressional CBO estimates. But with the government shutdown, the discussions among Democrats at every level went on and on, more intensity day after day, more and more meetings. Following developments was a full-time job. There were taskforces to meet on CPI and corporate welfare, on tax entitlements. Kennedy and other Senators and members of Congress met with White House staff, including [George] Stephanopoulos, Laura Tyson, Leon Panetta, Alice Rivlin, and Chris Jennings.

We were informed that President Clinton was going to call Senator Dole to tell him we've got a CBO budget that balances in seven years, but we want to know what you are going to do with Medicare and Medicaid. Clinton was going to urge Dole to let a continuing resolution go through. If we're moving ahead, keep the continuing resolution. Panetta asked for a reaction. The President is now up to \$124 billion in Medicare cuts, \$65 billion in Medicaid cuts. He's cut almost \$50 billion in corporate welfare cuts. "What about more cuts to corporate welfare and defense?" said Kennedy. Everybody else has their points of view. Democrats must agree to stay here and the leadership must stay here next week. Kennedy is now working with Labor Secretary [Robert] Reich on corporate welfare. Let's get the Congressional Democrats to keep the heat on the Treasury Department, keep the pressure on. The more corporate welfare they'll agree to, the less we'll have to cut for Medicare and Medicaid to get to that seven-year balanced budget. So Kennedy is now focusing on this corporate welfare opportunity.

Then Kennedy met with Stan Greenberg, who was one of the President's pollsters, to see if he could get more intelligence there, and Greenberg said, "There's a troubling development. The President does not know whom to meet with among Republicans. He's talked twice with Dole, but House Republicans don't agree with Dole. We don't know whom to trust. Gingrich has turned down a framework agreement."

Meanwhile, Kennedy is working his corporate welfare angle and business leaders are running an ad saying they want a balanced budget agreement. The business leaders take out an ad in the *Post* and *Times*, etc. The CEOs of a number of America's largest corporations, including Xerox, Goldman Sachs, the Equitable Companies, the Blackstone Group, and the Business Roundtable called for a balanced budget in no longer than seven years. They called for the leaders to have everything on the table, including long-term entitlement programs, as well as the size and shape of any tax cut.

Senator Kennedy, however, wrote an open letter back to the CEOs, pointing out that they were asserting that every form of spending should be on the table. He asked whether these large corporations would be willing to accept some reduction in their tax entitlements and corporate subsidies. "Surely," he said, "if elderly couples depending on Medicare and having an average income of less than \$17,000 a year would be required by the Republican plan to pay an additional \$2,500 in Medicare premiums to balance the budget over the next seven years, corporations can be asked to contribute their fair share."

He proposed that since the Republican plan would provide a reduction of 17 percent in the federal budget over the next seven years, the corporate leaders should agree to a 17 percent reduction in tax subsidies for corporations. He observed that if the 17 percent reduction were applied to only one-quarter of tax expenditures, it would save \$170 billion, more than enough to balance the budget in fewer than seven years. He urged the CEOs to appoint a taskforce to review these tax entitlements and put together a proposal that would lead to the corporations bearing their fair share of budget reductions. He sent the letter to the six principal cosigners of the corporate advertisement, and he heard nothing back from any of them.

On Tuesday, December 19, Dole and Gingrich reached an agreement with the President. Later that day, Clinton and the Congressional Republican leaders pledged that there would be more face-to-face talks, and they would become personally involved in negotiating an agreement on

the budget. But some House Republicans didn't like what they heard and pulled the rug out from under the Speaker.

This was another critical moment. The actions of the most extreme Republican members of Congress confirmed what Senator Kennedy had believed for months. The new Republican House Majority wanted to shut down the government. That was their goal. As hard as it is to believe, their refusal to go along with their own leaders to reopen the government over Christmas demonstrated just how extreme they were and just how out of touch they were with the wishes of the American people.

So there was an agreement by the leaders on December 19 to reopen the government, have more face-to-face talks, but the freshmen Republican Congressmen—73 men and women who were elected to Congress for the first time, in the Republican sweep of November, 1994—rejected the enactment of a further continuing resolution to reopen the government while negotiations were undertaken by the President and Congressional leaders. As Clinton said, “The most extreme members of the House of Republicans rejected our agreement. These Republicans want to force the government to stay closed until I accept their deep and harmful cuts.”

So as the government would continue to stay shut down, Kennedy and his staff began a new round of meetings with the public interest advocacy groups, education groups, seniors' groups, and there were more discussions leading up to Christmas in that week. But they went nowhere. The budget talks were suspended. Both sides put out their spin, both sides said they were available any time. Clinton said, “We've arrived at a point where all sides have agreed on enough cuts to balance the budget. We made progress. The balanced budget is within reach.”

The shutdown however, continued over Christmas week, and it was more than a month since November 21, when President Clinton had conceded to the Republicans that he would agree to a seven-year balanced budget using CBO numbers. Republicans had not come forward with new proposals to protect Medicare, Medicaid, education, and the environment as they had agreed. There was no progress to report.

The Republican National Committee, the week before Christmas, started running an ad implying that Mrs. Clinton supported the deep Medicare cuts in the Republican budget. Senator Kennedy went to the floor immediately to set the record straight. As Christmas approached, President Clinton was hopeful that talks were showing progress, but there was still a 67-page list of disagreements between the two sides. Members left Washington for the Christmas holiday, not expecting to come back until after the New Year. The government remained closed.

On December 29, Gingrich said House Republicans would not agree to any contemporary continuing resolution to open the government until the budget had been agreed on. So the shutdown would continue at least until January 3. On January 3, Republicans in the Senate agreed to reopen the government, but House Republicans refused to go along. We were seeing a good cop, bad cop routine out of the Republican Congress. One day it was the House that would vote to reopen under limited circumstances, but the Senate would reject it. The next, the Senate would make a proposal and the House would reject it.

By January 3, day 19 of the second shutdown, House Republicans refused to reopen the government, rejecting Senator Dole's proposal, which had been adopted in the Senate. On January 4, back from the Cape, Senator Kennedy went to the Senate floor to discuss the government shutdown. As he pointed out, "The closing is nothing but a charade, because the government is saving nothing from the shutdown. Even our Republican friends acknowledge they are going to pay all these individuals eventually, so it is really not a shutdown. The taxpayers are going to pay these people." But the Senator held little hope that the House would go along with Senator Dole's proposal for reopening the government. Later that day he went back to the floor and laid out the basic case against the Republicans one more time.

Hilley then came up to the Senate and went through all the details of the negotiations. Again, on January 4, the House Republican leaders seemed to be on the verge of acquiescing and reopening the government until March 15, but the freshmen Republican Congressmen revolted again and rejected the proposal.

Then on January 5, Republicans abruptly changed course. Feeling the heat from the public, the Republicans abruptly agreed to a temporary provision to reopen portions of the government, including the national parks, funding for medical research, veterans' pensions. On January 6, Clinton offered another budgeting, noting, "You can balance the budget and still provide adequate protection for Medicare, Medicaid, education, and the environment." But the Republican Budget chairman in the House, John Kasich, said the difference between the Clinton plan and the Republican plan was vast.

On January 10, there was another budget meeting, more press conferences. Daschle and Gephardt were waiting for a Republican response. On January 14, Kasich said the Republicans now had agreed to the debt limit and raised the debt ceiling, but on January 17 Republican leaders called off the budget negotiations again, so that by January 18, Republicans hadn't agreed on what steps to take to extend the debt limit or to keep the government open.

On January 18, we talked again to the President's office and we were concerned, and the President was again talking on moving on Medicare, or so we heard. More meetings, more briefings.

By January 21, the Republicans were now halfway through the first Congress of their revolution, and the *New York Times* ran a report card on where their major legislative initiatives stood. Adam Clymer, in the lead story in the paper, summarizing the status of the GOP revolution, wrote, "The Republican revolution is stalled on Capitol Hill, blocked by an ideological appetite bigger than its majority can fulfill, by an unexpectedly determined Democratic opposition, and by the public's resistance to sacrifice." Dramatic shifts in the polls in terms of Democrats versus Republicans.

On January 23, the President gave his State of the Union speech. This is when he made the declaration that the era of big government is over. I'm just trying to see, had the government reopened by then? It seems hard to believe.

**Young:** We can't end this with the government still closed.

**Littlefield:** No.

It does seem that the government reopened. I said that on January 5 the Republicans abruptly agreed to a temporary provision to reopen portions of the government: the national parks, funding for medical research, and veterans pensions. So on January 5 the government reopened, and then, through all this skirmishing, there still was no budget and still no debt limit extension, but the government was reopened. Now we're into January 21, when the *Times* made that summary.

**Young:** But that is not the end of the story.

**Littlefield:** Well, there are ongoing budget developments.

**Young:** I mean that the government reopens but the issues remain.

**Littlefield:** The issues remain.

And just to wrap up. We were told by the budget staff, after the State of the Union, that they were now talking about another continuing resolution through March 15, with a floor of 75 percent of last year's budget. On January 25, two days after the State of the Union, the House Republicans and the White House agreed on a measure to continue the partial reopening of the government for 45 days, thus averting a third federal shutdown. As Kennedy noted, "This is the fourth temporary funding measure for the fiscal year and it's taking a terrible toll, particularly in the area of education. Uncertainty simply means it won't work when you're planning school budgets." So essentially, the budget debate ends not with a bang but a whimper.

**Young:** Yes.

**Littlefield:** They're passing one-week extensions as we get into March, and the budget struggle finally wound down. Eventually, the President and the Republicans agreed to compromise the appropriation bills in all areas of government, but the budget bill was postponed for a year, when, as it turned out, the thriving economy provided all the additional funding necessary to bridge the two gaps between the two sides. Republicans didn't get any of their riders, any of their restructuring of Medicare or Medicaid, or their cuts to education or their rollback of environmental regulations, but they did extract the statement from President Clinton that the era of big government is over, and they did put ever greater emphasis on the drive toward a balanced budget.

Democrats came out way ahead after this long, contentious, and difficult year. The Republicans were blamed for the shutdown, and the misguided notion that the public would welcome the Republican shutdown turned out to be as far from the truth as anything could be. They were forever tarred with extremism, with recklessness, with irrational and threatening conduct, and it alienated large numbers of Americans from constituencies across the spectrum.

**Young:** So this part of the story ends up with the Republican revolution stalled.

**Littlefield:** Yes.

**Young:** Or stopped. Is this the end of—?



**Littlefield:** I think what history has told us since 1995 is—how this great struggle played out. What is clear is that at the beginning of the year, none of the Washington insiders would have predicted that American politics would end up where they did.

**Young:** Yes.

**Littlefield:** Only a year later, Senator Kennedy's agenda of fighting for working families in the areas of jobs, education and healthcare, carried the day.

**Young:** Yes, and those things he accomplished, after the Republican revolution stalled, are the things where he was on the offensive, right?

**Littlefield:** Right, which were minimum wage, portable health insurance and preexisting exclusion limitations, and ultimately, children's health insurance coverage.

**Young:** Yes. So the offensive as opposed to defensive part of the story is yet to be told, except in minimum wage.

**Littlefield:** I told about the minimum wage on May 4.

**Young:** Yes, I know you did.

**Littlefield:** What I have not told is the story on healthcare. I've told it somewhat but not in detail, and I don't know that it needs to be, but the big story yet to tell is children's health insurance, which is 1997.

**Young:** OK. So that remains for a future interview.

**Littlefield:** That remains for a future—if you're back in Boston, I'm always here, if you want to talk about the leaders. You had asked me to talk about the leaders.

**Young:** That is very good. OK?

**Littlefield:** Thank you for being patient. Well, we're finished.

**Young:** We're finished.

**Littlefield:** We just had this extraordinary saga. The question is, what is going to get out first, the oral history or my book? Probably the oral history, since I don't have time to work on the book.