



## **WILLIAM J. CLINTON PRESIDENTIAL HISTORY PROJECT**

### **INTERVIEW WITH ALICE RIVLIN**

December 13, 2002  
Washington, D.C.

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# WILLIAM J. CLINTON PRESIDENTIAL HISTORY PROJECT

## TRANSCRIPT

### INTERVIEW WITH ALICE RIVLIN

December 13, 2002

**Riley:** We're absolutely delighted that you would take this time to be with us today for an interview for the William Clinton Presidential History Project. I have one thing that I need to do first, and that is to get a voice check on everybody because the transcriber will try to match up the voices. So John and Jim and Stacie and Dr. Rivlin, if you would—

**Gilmour:** I'm John Gilmour.

**Pfiffner:** Jim Pfiffner.

**Rivlin:** Alice Rivlin

**Pettyjohn:** Stacie Pettyjohn

**Riley:** With that out of the way, Jim, would you like to get us started?

**Pfiffner:** Even though the most important and interesting stuff is going to be the Clinton stuff, is there anything in your experience at HEW [Health, Education, and Welfare] that helped you later on? Any insights from then that made it easier for you when you were in the Clinton Administration?

**Rivlin:** Yes, actually. HEW was a fascinating experience. It was my first experience inside the Federal Government. What I learned most that has been a theme in the rest of my career is how difficult it is to make policy—especially social policy of the HEW sort—from Washington, because the country is so big and so diverse, and the interaction with states and localities is difficult. It was an eye-opener.

We were in the middle of the “war on poverty” and all of the activism of the '60s. I came into HEW in '66. All the big legislation was passed in '64-'65, actually. It was on the books. We were trying to make it work. This was all the Great Society stuff. It wasn't all in HEW, but a lot of it was. So I became much more skeptical of the ability of the Federal Government to run things centrally, and very interested in what could be done at the state level and things like revenue sharing and other programs. I wrote a book about it in the early '70s.

**Pfiffner:** The *Systematic Thinking*—

**Rivlin:** *Systematic Thinking for Social Action*, where some of those themes come in. Twenty years later, I wrote a book called *Reviving the American Dream*, which is heavily focused on dividing the responsibilities between the Federal Government and the states in what then seemed to me a more sensible way. Bill Clinton was a Governor, and he loved it. He read that book, and as you know, when he reads something, he really reads it. So our first conversation—not our very first conversation, but our first conversation when he was interviewing me for the OMB [Office of Management and Budget] job—related a lot to that subject. He kept coming back to it as the Presidency progressed. I can tell you more about that later, but I think that’s the thing I mostly carried away from the HEW experience, which became important in my intellectual development and was important to my thinking in the Clinton Administration.

**Gilmour:** I’d like to ask you a question about CBO [Congressional Budget Office].

**Rivlin:** Yes.

**Gilmour:** You were the founding Director of CBO.

**Rivlin:** I was.

**Gilmour:** And it developed very quickly a reputation for honesty and integrity—and I don’t mean to disparage Congress too much—but it’s interesting that a congressional agency that could be under a lot of political pressure was able to develop this kind of reputation and not kowtow to the political needs of the members of Congress. I was wondering if you could explain how that came about.

**Rivlin:** It came about because the CBO was created explicitly as a nonpartisan agency to deal with that problem. But when you’re running a nonpartisan agency that works for intensely partisan people, you have something of an advantage. I could always rely on the position that we are nonpartisan, and that’s the way the law reads, and we have to be nonpartisan. So it was a protection. And if you’re getting pressure from both sides, you’re in a better position than if you work for the President, for example, where your boss is a political figure, and he appointed you and you know that. I found it much more difficult to be OMB Director—and still be able to say what I really thought or what the analysis showed—than CBO Director. CBO was easy because the concept was there in the original legislation, and the committee chairmen really helped me establish the nonpartisanship from the beginning, especially Ed Muskie and Henry Bellmon, who was the ranking Republican on the Senate budget committee.

The House was a different story, but not very different. But I had the support of Muskie and Bellmon in resisting any political pressure, particularly on the original appointments. They made it clear to their colleagues that the CBO was to be a technical, nonpartisan agency. We were to hire people on their merits and not because of their political connections. I really needed the backing of the committee chairmen to make that clear. But once it was clear, it was pretty easy.

I would get résumés sent over from members of Congress all the time, and they would say, “Please consider my very able and qualified constituent, John Doe.” And I would write back, “Thank you very much, and we really appreciate the input.” But I didn’t have to hire this person.

Occasionally the nominees were really well qualified, and we were able to do so. But mostly not, and everybody understood the game. The Congressman had gotten the résumé off his desk and onto mine and was able to say, “I have referred your résumé to Dr. Rivlin.” That was what he wanted, and he got a nice letter back from me. I didn’t have to do anything unless this person was just the most amazingly qualified person, in which case that was terrific. There were maybe two or three incidents of that.

**Gilmour:** When the CBO would come up with, say, a deficit projection that was larger than was politically convenient, I would imagine that you might have bipartisan unhappiness. Both Democrats and Republicans would find that projection stifling their plans.

**Rivlin:** We did. And that resulted occasionally in what was called “directed scoring,” which meant that the budget committees would tell us what economic assumptions they wanted us to use. They were never too wild because that would have impugned their credibility. I can’t date this one, but there was one year in which the economic assumptions on which the deficit projections were to be made were actually voted by the two budget committees. That struck all of us as a little curious—to have a congressional vote on what the economic assumptions should be. That was a way of doing exactly what you said, but it didn’t happen very often.

**Riley:** Jim, do you have anything you want to follow up with on that?

**Gilmour:** Maybe just a little bit about gearing up such an important agency so quickly and how you put together the administrative infrastructure to do that in a very short period of time.

**Rivlin:** Yes, we did gear up very quickly. We were told we had to gear up very quickly. The CBO started a little bit behind the curve because they took a long time making up their mind who should be the Director. They had very stupidly done something which is a typical congressional thing. They had two search committees, one in the House and one in the Senate. They never did it again, but that first search process was elaborate, both in the House and in the Senate, and they held hearings and interviewed the candidates and voted. I was the candidate of the Senate, and a wonderful man named Sam Hughes, who was the Deputy Controller General and had been at OMB, was the candidate of the House.

So then there they were. They had two perfectly plausible candidates, and they didn’t know what to do. So that caused a long delay. If you don’t know the story of how it was resolved, I can tell you that because it’s sort of fun—

**Riley:** Conference committee?

**Rivlin:** No, there were lots of discussions back and forth over a period of months. This thing all occurred, I think, in the fall of ’74—maybe even the summer of ’74—and dragged into the winter of early ’75. I was a senior fellow at the Brookings Institution. I was perfectly happy there, and every once in a while I would call Ed Muskie and say, “You know, I have a job. I don’t really need this one, and if it would facilitate your problem for me to back out, I’d be happy to do that.” Ed would say, “No, no, no, we really need you. You’re the right person for this job. Please don’t do that.” And so nothing happened for months.

Then we had a totally accidental event. Wilbur Mills, who was chairman of the Ways and Means Committee, had his famous incident of jumping into the Tidal Basin after the stripper named Fannie Fox. Stacie may be too young to remember this. But that was all over the front pages, and it forced the resignation of Wilbur Mills. Al Ullman, who was the chairman of the House Budget Committee, then moved over to take the chairmanship of Ways and Means.

Brock Adams became the chairman of Budget. And Brock simply did not care. He hadn't been involved in the original search process, and he was not committed to Sam Hughes. He just wanted to get the problem solved. He said to Ed Muskie, "If you want Rivlin, it's okay with me." So I owed my job to Fannie Fox. [*laughter*]

However, that was the reason that CBO started so late and had to gear up very quickly to get staff on board. We had to get people on board to produce an economic report by the end of the fiscal year, which was then June 30. I don't remember why it was so important to do that, but that was what we were gearing toward. So we did assemble a staff very quickly. I got Bob Reischauer, who was working at Brookings at the time, and he and I went over to Capitol Hill together with his research assistant and my research assistant and two secretaries, and the five of us were the CBO for a little while. Then we began collecting résumés. We also put together a small team of people who we thought would be sensible advisors—some academics and some people in government—and sat down and drew up organization charts.

We had a Saturday meeting where we did the organization charts on the blackboard and figured out roughly what structure we wanted, what kind of people we wanted. Then we just began networking and saying, "Who do you think would be good for this? Who would be good for that?" and calling our friends in academe and calling our friends in government, and it wasn't hard. It was a slightly doldrums period: the Gerald Ford Administration, the economy was a bit down, we were the new game in town, and adventurous people were interested in being in on a new thing. So we were able to hire a senior team, and then they hired junior people. So we were up and running, as you say, remarkably quickly.

We also didn't have Civil Service rules to deal with. We were a congressional agency. We were to run, the statute said, under the personnel rules of the House of Representatives. Well, the personnel rules of the House of Representatives are, "You hire who you want to." And we had no other rules. We had to make up the rules. The day that Bob Reischauer and I remember clearly is very early on, when we were sitting in one office in the Dirksen Building, and people kept coming in and leaving their résumés. A young woman came in named Lois Smith and said she was a secretary at the Commerce Department and she was looking for a new opportunity. Bob said, "You're a secretary? Sit down." He hired her on the spot because we just needed people to help us cope with this flood of résumés. It was great fun.

**Gilmour:** In the early days, when you were setting up CBO, were there any key decisions that you made about perhaps different alternative views of how CBO should be structured?

**Rivlin:** Yes, there were, at least two. The structure was something we went back and forth on. We had basically two jobs, as we read the law. One was what would now be called number

crunching, doing the score-keeping and the estimating, the bill-costing. And so we needed people with a statistical bent, but some knowledge of programs. So that was one thing, which became what we called the budget analysis division.

The other thing was analytical work on estimating program options—basically, analysis of program options. There was a third thing, which was forecasting the economy, but that wasn't controversial. The real question on the structure was whether to integrate the number crunching and the analytical work. One could argue that the people who were the number crunchers really had to be involved with the analytical work, and the analytical work had to be involved with the number crunching, and therefore you should set it up programmatically. This was not what we did, but you could imagine a CBO that was divided into, say, three parts: social programs, environmental and infrastructure, defense and international, and did both functions under each of these programmatic rubrics.

We decided against that, and we took some criticism for it. We decided to put the number crunchers all in the budget analysis division and then have program divisions that did the analytical work. That was basically the OMB model. We thought in the end that it was the best one, but I had to defend it, both internally and externally. There's a Harvard case, actually, on this, which is, like most cases, a bit of over dramatization, but it gets students to really think about this structural issue.

The other thing that was really important about the early CBO decisions—which was not so much structural—was, I think, the most important I ever made. It was that the CBO would not make recommendations. It would offer options but not make recommendations. I think that was what made it possible to protect the nonpartisanship of the agency. And it's still where they are.

**Riley:** I'm not an expert in this area at all, but one of the things I remember about budget politics during this period was the controversy over Presidential impoundment. Did your job in any way involve monitoring of executive branch decisions over expenditures? And secondly—something that I think we'll want to come back to frequently today—is the relationship between the congressional budget-making process and what's going on in the White House. I wonder if you could talk a little bit about what your early experiences were, if any, from the congressional end on that institutional relationship.

**Rivlin:** You're right that impoundment was a very important impetus for the passage of what was actually called the Congressional Budget and Impoundment Act. People forget that. They call it the Congressional Budget Act, but it was the Congressional Budget and Impoundment Act of 1974. It basically came into being in large part because Richard Nixon was impounding funds, not spending appropriated funds at all when he didn't approve of the purposes.

We were supposed to monitor that, but by the time the CBO got created, Nixon was out, Ford was in. Ford was a congressional person, and I don't think he was about to impound anything, besides which it had been made clear that it was illegal. There may have been a Supreme Court pronouncement in there somewhere—

**Gilmour:** There was.

**Rivlin:** So basically that piece of the job dropped out. They weren't doing it any more, and we didn't have to worry about it.

**Riley:** Okay, the broader question was about relations with—

**Rivlin:** Oh, there were lots of relations. We were exploring the ins and outs of the congressional-executive relationship at CBO, as it's always evolving. But one thing that surprised me—it wouldn't have surprised a real congressional scholar, but I wasn't one—when I came to the Hill was the depth of the hostility and the distrust that the Congress felt for the executive branch.

Now, that was partly because of the Nixon experience. There was a lot of recent history that intensified distrust, but it went deeper than that and had longer roots than that. I guess the other thing that surprised me was the hostility between the House and the Senate, and the competitiveness and the frequent disdain of one body for the other, which I've since learned is typical of legislatures. You run into it in any bicameral legislature. But it's very deep.

But back to the question. We at CBO were budget professionals, and some of the people who staffed the CBO had worked in OMB. We felt that the best way to run this operation was to communicate a lot. The other element was that the executive branch had thought—at the beginning, I think—that the creation of the CBO was somewhat threatening to their power. I thought, at the time, and I think most people would now agree, that actually the creation of the budget process and the CBO gave the executive branch somebody to talk to. Particularly the OMB had, until the creation of the CBO, no opposite number on Capitol Hill.

So OMB put all this effort into doing the President's budget, and then what? It went to different committees. There wasn't anybody really on the other side of the table to talk to about the macroeconomic priorities, the strategy of the budget at all. So the CBO and the budget process really solved a problem for the executive branch. It gave them somebody to communicate their strategy to, which hadn't been possible before. I was eager that our staff have a good communicating relationship with the budget professionals on the other side, both in the OMB and in the agencies, and we did. And they still do. They talk to each other all the time. When CBO is making estimates, they call over and say, "Here's what we think, what do you think?" or "Can you give us some more information on X?"

And it all went very easily at the working level, at the staff level. I just assumed that was a good thing. But I did discover that my committee bosses, the members, were quite suspicious. There was a very dramatic incident late in my CBO history—it was the [Ronald] Reagan Administration. David Stockman was the Budget Director. I'd known Dave when he was in Congress. We'd had a huge controversy in early '81 over the Reagan budget deficit and how big it was. They were minimizing the deficit. We said it was going to be a little bit bigger. We were both way wrong. It was much bigger.

But, in any case, we'd had this big set-to in '81. So, the next year we decided we shouldn't do this again. Dave called me and said, "Let's sit down and talk about what we think about the assumptions in this next budget, how you're thinking about the economy, how we're thinking

about the economy.” This would have been fall of ’81, early in the next budget cycle. I said, “Fine, let’s have a meeting.” He got Murray Weidenbaum, who was Chairman of the Council of Economic Advisors, and maybe a couple of other people, and I had at least the good sense to bring the two budget committee chief economists with me—

**Riley:** This meeting took place where, in the White House?

**Rivlin:** It took place in Stockman’s office, in the OMB—later my office. So we went over there, and we had a perfectly good conversation. We didn’t agree on anything, but Murray said, “Here’s how we’re thinking about the economy.” And we said, “Here’s how we’re thinking about it.” It turned out that they weren’t very different. They’d gotten burned the year before. They were eager not to be way out there.

Anyway, we had this meeting. We had a good long conversation. I come back to Capitol Hill. My secretary is in an uproar. Chairman [Peter] Domenici wants to see you right away, in his hideaway, not in his regular office. So I go pattering over there, and Domenici has Fritz [Ernest Frederick] Hollings, who was the ranking Democrat, and they’re both furious with me. They said, “What’s this about going over to talk to Stockman?” They really chewed me out, up and down. I was just flabbergasted. The Senate was still in the control of the Republicans—what was this all about? They were afraid that we would collude. This was the congressional independence from the executive branch, overcoming the party loyalty. They just treated me like a naughty child. I’d been called to the principal’s office, and I was chewed out in the most vociferous way for having had this meeting with Stockman, in Stockman’s office.

They accepted my explanation that we weren’t colluding, that we were only exchanging information. But they said, “It looks bad. We can’t explain this to our colleagues.” It was amazing, and it was a really forceful demonstration to me of how deeply they cared about the independence of the congressional branch from the executive branch.

**Pfiffner:** Now Domenici was more of a traditional economist as opposed to the supply-siders, right? So even though he’s a Republican, he probably disagreed with some of Stockman’s—

**Rivlin:** Oh, yes. And Domenici had actually been very sensible, as had Bob Dole, who was the majority leader at the time and had really taken on the crazies in the Reagan Administration and managed in part to mitigate the damage—although the House thought about it differently.

**Pfiffner:** To mitigate, you mean with the TEFRA [Tax Equity and Fiscal Responsibility Act] in ’82 or—?

**Rivlin:** Yes, TEFRA in ’82.

**Riley:** Jim has written about the kind of politicization of the OMB. Did you notice something materially different about working with the Reagan OMB as opposed to the [Jimmy] Carter Administration OMB? Did you get the sense that there was more cooking of the books in the latter instance than the former?



**Rivlin:** The ideology was at the top. It wasn't the OMB so much as there was just this very strong supply-side ideology that permeated the top of the Reagan Administration. I don't know whether they believed or hoped that they were right that a big tax cut would jump-start the economy to such an extent that they wouldn't have big deficits. It was very unrealistic. I think they mostly believed it, and some believed it more strongly and ideologically than others. That was what drove the economic forecasts. The economic forecasts were what drove the whole thing. Given a very positive economic forecast that there was going to be very strong growth, then the budget numbers followed from that. I don't think anybody at the OMB working level was cooking the books, but they were doing what could be done with the assumptions they'd been given, which were very unrealistic—the first time around, not the second time around. By '82, they were okay.

**Riley:** Stockman had had a kind of ambiguous position in this. He's publicly selling this, but then he's got the problem with the *Atlantic Monthly*.

**Rivlin:** Then he starts talking to Bill Greider. I haven't read this in a long time, but I don't think they really backed away from the economic forecast. They were piling on the spending, the defense spending. I think Stockman was basically appalled at how much the defense folks wanted, Reagan was backing them up, and he was caught in the middle.

**Pfiffner:** He got snookered by [Caspar] Cap Weinberger, he said.

**Rivlin:** But it was that issue rather than the economic forecasts that I think he got taken to the woodshed for saying.

**Riley:** Any other questions in this area? John?

**Pfiffner:** I'd be ready to move on to the Clinton Administration.

**Rivlin:** I'll give you one connection though, a segue. This goes back to the independence of the CBO. I think I did come out of the CBO experience with a reputation for being a straight-shooter and somebody who called it like it was. In some ways, I got lucky in that the confrontation with the Reagan Administration, at the end of my tenure at the CBO was very dramatic. What people remembered was that we had said the deficit was going to be bigger than the Reagan Administration said it was, which was true. But we didn't really figure out how big it was going to be. Nobody did. But anyway, I came out of it with that big reputation, and that was nice. Except that when I got to the Clinton Administration, what the press expected was that I was going to differ with whatever the President said, and I was trying like crazy not to do that.

I mean, if you join the President's team, you're a member of the team, and you make your views felt inside the Administration, but you don't go out and say, "I don't think this is a good idea." And basically I never did. But any little thing that the press could pick up was interpreted, because I had this reputation that Rivlin tells it like it is. And they made up stuff that I never said.

**Riley:** Some of which appears in the briefing book.

**Gilmour:** So maybe this is a good way to turn to the Clinton Administration. You had a reputation in the Clinton Administration as a voice for deficit reduction.

**Rivlin:** Well, that was true. That was definitely true. I felt, having lived through the Reagan experience, that the Reagan tax cuts, plus the big spending increases in defense, plus the recession of the early '80s, had given us this huge budget deficit, which was very deleterious to the economy—high interest rates for a long time, and slow growth. I felt very keenly—having come through that and opined lots during the late '80s that we ought to get this budget deficit down—that the big problem facing the Clinton Administration was how to get the budget deficit down. At the beginning, I didn't know whether the President really understood that. He had liked my book. When I say the beginning, I mean November, December of '92, when the possibility of going into the Administration was first coming up.

The Clinton campaign had been fairly ambiguous about the deficit. It's a big problem, we're going to do something about it, but not explicit about what they were going to do. They were talking tax cut at that point—sort of a middle-class tax cut—and the numbers didn't square very well. But that was a campaign. So after they won—

**Riley:** Had you been involved in the campaign at all?

**Rivlin:** No, no, my only involvement in the campaign was occasional calls from Gene Sperling—and if you haven't interviewed Gene, you should— You'd have fun with Gene, and he really is a great repository of knowledge of the whole—because he was very heavily involved, both in the campaign and in the Administration.

**Riley:** How did you know him?

**Rivlin:** I didn't know him. He reminded me later that he'd been to parties, at least one party, at my house because he was a friend of one of my sons, and we had high school parties, the Georgetown Day School. Gene didn't go to GDS, but he knew one or both of my sons; I think it was Allan. But I didn't remember him.

I didn't know Gene. He was a whole generation younger, obviously, as was most of the immediate Clinton campaign staff, like George Stephanopoulos. But Gene had a whole list of economic experts he consulted, and once in a while during the campaign, he would call me—usually late at night from some airport somewhere or something—and talk about the budget deficit or health reform or whatever was the topic of the day. He was very good at collecting input from academics. So that was actually my only contact that I remember with the campaign. I'm not quite sure why. A campaign group is a groupie little group, and I wasn't in it.

I had met Clinton once before, some years earlier while he was Governor. Peter Edelman, whom I knew well, called me one day and said, "There's a really terribly bright, charismatic Governor of Arkansas named Bill Clinton, and I think he's a potential Presidential candidate, and I'm setting up some interviews for him to meet important policy people in Washington. Would you be willing to meet with him?" And I said, "Sure."

I'd never heard of Bill Clinton, but they had a hotel suite, sort of like this, somewhere up on Capitol Hill. I went over and spent about an hour with Clinton and was bowled over. I just thought he was terrific. He asked all the right questions. He was very personable, all the Clinton things. And I just thought, *Wow, this guy is really something terrific.*

**Riley:** This would have been '91?

**Rivlin:** No, it would have been earlier because it was before the famous, much too long speech that he made, which was at the [Michael] Dukakis convention. So this was probably '87.

**Riley:** He was considering a run in '88, correct?

**Rivlin:** Yes, that was the context. Long shot, nobody had ever heard of him. But Peter knew him because Marian Edelman was on the Children's Defense Fund board with Hillary [Clinton]. Well, Marian ran the CDF, and Hillary was on her board. That was how Peter knew Bill. I came away totally bowled over, and I called my friend Donna Shalala, and I said, "I just met this really smart, charismatic Governor of Arkansas. Do you think he's a Presidential possibility?" And Donna says, "Well I know Bill Clinton"—because she also was on the CDF board—"and he's terrific, and everything you say is right, but he's never going to be President of the United States." And I said, "Why not?" She said, "He's got a woman problem." [laughter]

**Riley:** Did you probe?

**Gilmour:** I think that's why he didn't run in '88, because he was afraid of the woman problem.

**Rivlin:** That may have been. I don't remember whether I probed. All I remember is Donna saying that and sort of filing that in the corner of my brain.

**Riley:** Well, he was a very young—

**Rivlin:** It came back later. He was very young then, he was very inexperienced, he was not a plausible Presidential candidate at that moment. And yet he did seem to me to have all the right intellectual qualifications and charm qualifications, as indeed he did. But that was the only time I had met him.

To come back to the point I was making, in '92 when the press made lists of who might be in the Clinton Cabinet, I was on the list. And the reservation in my mind was, is this President sufficiently committed to deficit reduction? When I got called to go down to Little Rock for an interview for the OMB directorship, which I dearly wanted to do—that had always been what I thought I wanted to be in some Administration—I had this question in my head. I got to the Little Rock airport, and the car which was to take me over to the Governor's mansion was also taking Roger Altman, whom I knew slightly. I think we were the first two interviewees. He was being considered for Treasury, I for OMB. Neither of us got it, but I believe we were the first two interviewees.

We had meetings with Warren Christopher and so forth, and then went to see the President-elect. I remember saying to Roger in the car, we shared our concern about this. I said to Roger, "Do you really want to do this?" And he said, "Well, I have this question about what the commitment to deficit reduction really is." And I said, "So do I." So when I got into the interview with the President, I was delighted that he led with deficit reduction. He was quizzing me about how important I thought this was. He really was committed to the deficit reduction. He referred to my book, and I got the very strong impression from him that the reason he was interested in me was that he wanted somebody to lead the charge on deficit reduction.

And so I came away reassured on that point. We talked about some other things, including the relationship with states. He was, at that point, very enamored of the separation of powers idea and giving states more power. That faded as he got to be President. But we talked about that and about deficit reduction and about independence. He asked me, "Do you think the OMB Director should defend the President's budget?" And I said, "Absolutely. The OMB Director has to be up there on the Hill defending the budget and arguing for it." And he said, "I want an OMB Director who will give me the straight information." And I said, "I think you can have that. The OMB Director has to give you the straight information privately and in the decision meetings going into formulating the budget. But once the budget is done, the OMB Director surely has to defend it."

I think, years after the fact—I may be saying it better now than I said it at the time—but we had this back and forth about that very real problem that an OMB Director has. Because you win some and you lose some, and if you don't like what is actually going on in the budget—and I often didn't—you still have to defend it. But I remember that we talked about that in that very first interview.

**Riley:** So you got the sense that he had a fairly sophisticated appreciation for the President's relationship with the OMB Director? Or is this illustrative of something else?

**Rivlin:** Yes, I think the answer to that is yes. But I certainly got the impression that he was interested in somebody who would give him the straight story on the deficit.

**Pfiffner:** I'd like to step back just a little, but it's related, before we get to the summit in Arkansas and the decision on you and so forth. You led the commission on deficit reduction of the economy or something in the late '80s, and then George Bush sort of dismissed it. It seems that there are big, thick documents about laying out options for reducing the deficit. It must have been '87, '88, and it seemed, the National Economic Commission, I can't remember—

**Rivlin:** I didn't lead that.

**Pfiffner:** Were you on it?

**Rivlin:** No, I wasn't even on it. I may have testified—

**Pfiffner:** Maybe that was it.

**Rivlin:** In fact, I'm sure I did testify. I think everybody on it was elected officials, but I might be wrong about that. But the staff director was the guy from GAO [General Accounting Office]—who later went to the OECD [Organization for Economic Cooperation and Development].

**Pfiffner:** David Matheson?

**Rivlin:** David Matheson, exactly.

**Pfiffner:** I'd like to take you up to your conversations with Clinton, your impressions of him, then what happened next in terms of both your selection and how you found out, and then the economic summit. I'm not sure of the timing and so forth—before we get into the January '93 budget battles and deficit reduction. What happened between? When did you find out? How did you come away from that interview with Clinton?

**Rivlin:** I came away from the interview with mixed feelings about my own performance. I thought I could have done a better job of selling myself. In retrospect, I remember thinking about that coming back on the plane—things I wished I had answered better. But I thought it went reasonably well. There was press scuttlebutt afterward that it hadn't gone well, and I didn't know what that meant at all. The President is so charming and so able to make everybody feel good in an interview that I may have misread the situation. But I thought it went fine.

I thought that basically we were communicating well, that he was asking good questions, that I was giving reasonably good answers. Some of it was sort of down a few alleys that I didn't know much about, that he happened to be interested in. I don't remember what. But most of it was on budget things that I did know about and he knew about—and on the book. He kept coming back to the book. And he kept coming back to the book later.

**Gilmour:** Did he say what it was that he found so appealing in the book?

**Rivlin:** Well, remember he was Governor of Arkansas, a small state, but a state with interesting problems. And what I was suggesting in the book was more power for Governors over a range of things. I think it was not surprising that as a Governor he really liked that, and he was conscious of the problem that I highlighted in the book of such mixed responsibilities between the state and federal level that nobody knows who's in charge. There are all these state grant programs, and programs like Medicaid are joint, and there's constant controversy between the states and the Federal Government about exactly what can be done. And states who want to do something that they view as particularly relevant to their state have to get a waiver of the federal regulations. The spirit of my book was let's divide these responsibilities more clearly so we get out from under this red tape and confusion and controversy.

Clinton had a particular negative feeling about the HCFA [Health Care Financing Administration], the agency—it now has a new name—but the agency in HHS [Health and Human Services] that runs Medicaid. That kept recurring later when we were in the White House, that he had these very negative feelings about HCFA. That came from his Governorship. I don't remember whether we talked about that in the interview. But it was my proposals to give

Governors clearer authority over some range of things that as a Governor he really liked. I can come back to what happened, how his views evolved on that, later.

**Riley:** I hope you will. Did you get the sense at the time that he was giving serious consideration to trying to take some of your proposals and run with them? Or was it the case that this was something that this individual found to be intellectually stimulating, and he wanted to run with it as an intellectual exercise?

**Rivlin:** I don't know, and I don't think he knew. I think he just thought it was very appealing and that maybe we could do something with it as we got into looking at new programs. But as the Administration went on, I think a very interesting thing happened in the evolution of his ideas. He was constantly being bombarded with proposals to do some new federal thing, and the extreme example was crime. The political folks—and I don't know how much the President had thought this through before he got to be President—but the political folks were saying repositioning the Democratic Party to be tough on crime is a really important thing to do. And they evolved this, "Put 100,000 cops on the street." Now I thought that was crazy. If there's any function that is obviously local and not federal or even state—it's street crime. Getting the Federal Government involved in beefing up local police forces was going in the opposite direction that I was recommending in the book.

But I came to realize that the problem for a President is that the issues that are most on people's minds are actually very local. People are worried about crime in their neighborhood, or deteriorating housing, or water pollution in the local stream, or whatever it is. That's what's most on their minds, and if you're running for President and you don't talk about any of those things, you talk about national defense or the macro economy—that does resonate. But if you talk about the things that are really federal functions, then you lose people in the campaign audience in the local place. The other example is education. Both candidates in that election, every election, go out and say, "If I'm President. I'm going to fix your local school." That's nutty. A President has almost no power to fix the local schools, and yet if that's what people care about, you've got to say something about it. Then you get elected, and you have to do something about it.

Well, what do you do? You have another federal program. So the dynamic of this local focus of voters, and the need for a President to relate to it—and the subsequent need to follow through—is really what gives us this plethora of federal programs that mostly can't affect what's going on the local area very much.

**Pfiffner:** Tell us the timing, then, after you left Little Rock in terms of your being notified. And then there's the economic summit going up to the beginning of the Administration. What happened in there? What was the timing?

**Rivlin:** I had my last class at George Mason probably the day after I got back from the Little Rock interview. I was unprepared, and because it was the last class and I hadn't really thought through what I was going to do, I just decided, *Well, okay, this is a public policy group.* I said, "I'm just going to tell you what happened to me yesterday."

And all these other meetings that I'd been involved in that were going on at the time, I've now forgotten. We were beginning to do transition, I think. Was I involved in that? I don't know. I may not have the timing right. But anyway, I used the last class to talk about what was going on in the new President-elect group, and they loved it. We had a great discussion.

But, what happened next? Nothing for a while. There were all these press rumors, [Leon] Panetta was a candidate for OMB. There may have been others, I don't remember—there seemed to be a plausible list. I didn't hear anything for a while. I don't remember exactly how long, but it seemed like a long time. Then I got a call from Vernon Jordan. I'd known Vernon for quite a while, and he was involved with the transition with Christopher and so forth, as you know.

Vernon said, "The President has decided to go with Panetta, and he wants you to be deputy. Do you want to do it?" And I said, "Gulp, I'm going to have to think about that. I don't know whether I want to be the deputy or not." I knew and liked Leon, and I thought that was a very plausible thing for the President to do at that moment. I was very disappointed, and I didn't immediately react to Vernon's proposition. But they wanted to know right away. There was some urgency about it, like 24 hours or something.

So I called my husband who was away, and he was sort of ambivalent about whether I should do it. I had lunch with both my sons, together, and they advised me not to. They thought that coming in as deputy when I'd been CBO Director was sort of a lesser post, and that it would be very difficult, which was true, and I'd be better off to stay outside and sort of be the guru on the outside. But I decided the other way. I was very eager by that time to be part of it. I liked Leon and had had a good relationship with him when he was Budget Committee chairman. He wasn't chairman when I was CBO Director, but he was later. We knew each other. I knew him when he was in the Congress. And so, what did I do? Did I call Vernon back? Probably—I don't remember that—and said, "Okay, I'll do it."

Somewhere in there I decided that before I made that decision I should talk to Leon, which seemed only sensible. I called Leon and said, "Congratulations, and the President has offered me this deputyship." Leon was very standoffish. He hadn't heard yet. I think he hadn't heard the final decision on him, let alone that the President wanted him to appoint me. And Leon said, "Gee, that's interesting, I hadn't heard that yet." And we had a sort of non-conversation. He wasn't unpleasant, he was just nonplussed. I don't remember this as a fact, but I think what happened was I called Vernon back and said, "Okay, I'll do it, but you better clue Leon in on this because he didn't seem to know about it." So then about a day or so later it all got announced.

**Riley:** Were there other members of the President's economic team that had already been publicly named? Treasury or—

**Rivlin:** There were a lot of press rumors, but actually I believe they announced the whole economic team together. There was a first set of economic appointments, and I was in it. It was [Lloyd] Bentsen, [Robert] Rubin, Altman, and me and Panetta. That was all done. We flew down to Little Rock, and there was a thing there. I suspected—and the press also speculated on this—that one reason they wanted to get the whole team in there and they wanted me in it was they didn't have any women. The reason for getting the economic team in place was obvious. They

really wanted to focus on the budget, and they wanted to get a fast start, but they didn't want to announce four white guys. So they made sure they had the deputies in there, too.

When was Laura [Tyson]? I have the feeling that Laura was not in that first group.

**Riley:** That's checkable.

[BREAK]

**Gilmour:** ...nothing happened of significance before the Little Rock economic summit. I just had this impression of that as Clinton showing that he wanted to deal seriously with the issues and bring in a range of people and so forth, and it seemed to me like a good idea. But what happened? Were you involved in putting that together? How did that fit into the eventual economic policies of the Administration?

**Rivlin:** We had a meeting in Little Rock at which we talked about having the summit. I remember being slightly skeptical about whether it was really a good idea, but I don't remember feeling strongly about it. I wasn't particularly involved in arranging it that I remember. I think the decision had basically been made to have it. Gene Sperling would probably be the best source on that. But probably we suggested names of who should be on it and who should be there. It was quite large. I think Laura Tyson was probably in the middle of setting that up. Probably Gene and Laura would be the good sources on that.

But in that period Leon and I were much more concerned with staffing the OMB. We were talking with the transition team. They had set up these transition teams, and there was already a sort of "OMB team." They were hanging out in some hotel down around here somewhere, and we went over and talked with them. Who was the principal? I can't remember. There was some personnel person for OMB. There was a personnel person who was handling all top-level staffing. But then there was this young guy, Matt Miller, who was assigned to pull together OMB names. And I liked him so much I hired him as a special assistant to me at OMB. But mostly I remember Leon and I were trying to get focused on OMB. I actually moved into an office at OMB—

**Gilmour:** In the old EOB [Executive Office Building]?

**Rivlin:** In the old EOB. The outgoing team was dispersing already, and they had empty offices. We were really trying to get cracking at having a team in place and being ready for the budget. Leon elected not to come into OMB, but to keep his congressional office. So I decided to move into OMB, but I was going back and forth up to the Hill to talk to him. He had this little team that he was going to bring with him that he'd been working with for a long time, John Angell and Martha Foley and Joe Minarik, whom I knew—I didn't know the others—and maybe two other people who had been his chief congressional staff people at the Budget Committee. He was really proposing to bring them wholesale—not proposing, he was deciding to bring them wholesale into OMB. I was worrying about staffing the other positions. Who were we going to get to do health and environment and so forth?



So the summit—I was there, I played a role in it, but it wasn't something I was organizing.

**Gilmour:** And it didn't seem to have a big impact on either your thinking or his thinking about the direction of economic or budget policy?

**Rivlin:** No. It was a chance for the President to show he cared about the economy and the Vice President cared about the economy. It was very Clinton-[Albert, Jr.] Gore. I thought it came off magnificently because the President is so good at interacting with people of different points of view. He's in his element when he's orchestrating that kind of thing, publicly or privately. Though I'd been skeptical at the beginning, I thought it was a huge success in several dimensions. One was the PR dimension, showing that the President was really smart and really understood these issues and was really able to do a lot of interchange, and the Vice President, too.

The other was that there were a lot of people. There was audience. There were a lot of people brought in from around the country who were carefully selected to be representative of ordinary citizens: older people, younger people, students, labor, you name it. They were all there, and they had a good time, and I interacted with some of them. Even later I'd run into people who said, "I met you in Little Rock. Can I come and see you?" It made a whole bunch of people feel connected to policy rather than just to the campaign. So it was quite a success, and we all thought it was a success, and we replicated it later with regional summits. We had one in Atlanta, and we had one in Ohio, and we had one in Portland. There may have been others, but those were the three I went to.

**Gilmour:** I'd like to ask you some questions about the development of early economic policy. You said that when you spoke with Clinton in your interview, he seemed very committed to deficit reduction. My recollection of what I've read about it suggested perhaps the accounts of it are incorrect, because they indicate that there was a huge battle within the Administration over deficit reduction.

**Rivlin:** The battle was about how much deficit reduction.

**Gilmour:** I guess I would just like you to talk about your perception of changes, if any, in Clinton's thinking in the first few months about economic planning and deficit reduction versus tax cutting.

**Rivlin:** Well, what was clear at the beginning was that we were going to have a deficit reduction package. Bob Rubin was charged with putting together the package. This was a new role. He was to chair this National Economic Council, which was a new animal. He was to get everybody together and put together a package that would be the President's first budget, and which would show progress on deficit reduction. Bob orchestrated this extremely well. We started meeting in Little Rock, and then we moved here. It was very early on. I don't remember exactly the timing, how it overlapped with the economic summit, but we had at least one meeting in Little Rock and then moved to meetings in Washington.

The first question was how much deficit reduction. There was a spectrum of views about that even among the economic team. We had at least one meeting in Little Rock at which we explicitly discussed how much deficit reduction, because you needed to decide that before you put the package together. We debated different formulations.

The deficit for fiscal year '92 was \$290 billion, and all the projections showed the deficit rising. It didn't much matter what you assumed about the economy, it was headed up to very high levels, through \$300, \$400 billion over the next several years. I think everybody felt strongly that that couldn't be allowed to happen. We had to reverse that. So there were various proposals about the goal.

The one that finally won was that we would reduce the deficit in half in four years. So half of 290 is 145. But there were those who thought that was too much reduction. Laura Tyson and Alan Blinder were concerned about the macroeconomic impacts of that. The economy was weakish in '92. It wasn't actually as weak, it turned out, as we thought it was.

**Riley:** We hear that a lot when we interview [George] Bush Administration people. [*laughter*]

**Rivlin:** Well, they're partly right. The economy was beginning to recover, and it wasn't as evident how strong it was, even in '92. I think this "half the absolute number" was a Bentsen proposal. I may even at some point have wanted to go further than that. But the others—the less aggressive group was saying, "Let's be less aggressive on the deficit." Laura and Alan were saying, "Well how about cutting the deficit as a percent of GDP in half?" That was less aggressive. It all sounded sort of esoteric, but it really was a question of how much risk you want to take of another recession.

We went back and forth on that. I was on what was considered the hawk end, along with Leon and Bentsen—as I remember it—and Bob Rubin. Bob was actually very strong on deficit reduction, but was trying to play his honest broker role here and get all the arguments on the table. Somehow I believe at that Little Rock meeting, we came out with this \$145 billion by four years from now, which I guess we interpreted as fiscal '96 or '97. That was the compromise.

However, that's just the economic team. You also had the political folks who had been running this campaign and talking about all the things that the new President was going to do: a middle-class tax cut, a big investment in infrastructure, national health insurance—although that wasn't the word they were using. Everyone was going to get health insurance. There had been a lot of campaign promises in this document called "Putting People First," of which Gene was the principal author. The political folks were saying, "Hey, wait a minute. We've got to deliver on these promises that we made in the campaign, and if you're doing all this deficit reduction, you can't do that." So that was really the fight.

There was a discussion within the economic team on how much deficit reduction, but then, as the package was being put together, and the political folks realized this means no money for all the things we promised to do. They were very upset. Because there were infrequent meetings between the two groups, I think I didn't realize how upset they were at the beginning.

**Riley:** Is this before you actually took office? Or is this after the inauguration?

**Rivlin:** It overlaps. I don't remember.

**Gilmour:** I want to clarify something before you keep going. When you reached this decision to try to reduce the budget deficit by \$145 billion over four years, was that just the economic team, or was the President involved?

**Rivlin:** Oh, the President was in all of these meetings. The thing that's really important to understand about Bill Clinton is that he was a full participant in all of these budget meetings. Bob Rubin's role was to orchestrate it a little bit so that the meeting did move from one subject to another and had a clear agenda. But Clinton was running the meeting, all these meetings, and they went on and on—

**Gilmour:** He would have been cognizant of the impact of this decision on the "Putting People First" program.

**Rivlin:** Well, yes, as it moved along he would have been, but we were all experimenting. We decided on the number, and then you had to go through the budget and say, "Well, all right, how do we get there? How much tax increase and what kind? How much spending cut and what kind?" So the implications for the spending side of the budget in detail were not immediately apparent. They had to be worked out in this marathon series of meetings that went on forever and ever. Those were, as I remember it, mostly meetings with the economic team, and separately the political folks were fussing at him and saying, "You can't do this. This is a disaster."

Now, there was some overlap. George Stephanopoulos, I think, was in all the meetings, and Gene by this time now, by the time we got to the White House, was Rubin's deputy. But he had also been very much a part of the political team, so he was in both. But then there were the political consultants like Paul Begala, who felt very strongly. They were doing polls, and they were saying to the President, "This deficit reduction, nobody cares about deficit reduction. The polls don't show that you have to do this, and it's a disaster for what you want, what you promised to do." I wasn't in most of those meetings. The political polling folks were meeting separately with the President and saying, "You're going down the wrong track here, and these economic team people are just green eyeshade folks who don't understand politics."

But at the beginning at least, I was unaware of how strong the pull was from the other side, because I saw the President only in the economic meetings. There, he was working with us to try to figure out, okay, how do we do this. And we were spending hours talking about alternative tax proposals, energy tax, BTU tax versus gasoline tax, and various other tax options. There were a lot of them. The characteristic of these meetings was that somebody would prepare a paper that would have a whole bunch of options in it, and then you'd talk about them.

The tax ones were coming out of Treasury, the spending ones were coming out of us, and then everybody would look at these things and debate them. We had a lot of debates. My memory of all this is that the process of meeting—the economic team and the budget discussion—is what was dominating my thinking. It was pretty continuous from the Little Rock meetings through the

Roosevelt Room meetings where we finally put together this package. Things like the summit and the Inauguration were kind of a side show.

My confirmation hearings—we had to be prepared for that, had to write a good statement, had to do all that stuff. But that was an interruption, in a way, in what I thought of as the main game. I guess from Leon's and my perspective, there were two main games. One was getting up to speed in OMB, and the other was playing in this economic team discussion. Then every once in a while you got dressed up and went to some ceremonial event. It was absolutely exhausting. The meetings would go on—they usually convened late in the afternoon and went on through the early evening. Then the President usually had to go to some event.

My main memory is being very hungry, because they would go through the dinner hour. Every once in a while the President would get hungry, and then he would call for something to be brought in. It was usually fruit and cookies. These things would be put on the table, and it was like a bunch of kids—Cabinet officers. We were all starving. We would be grabbing for the cookies, and they would disappear very, very fast. And the meeting would go on. That was my main preoccupation in the first few months of the Administration.

**Pfiffner:** So this battle was taking place mainly in Clinton, because the economic team wasn't talking directly to the domestic policy, you-have-to-keep-your-promises team. They weren't clashing. You're talking to Clinton, and then Clinton was talking to them, and it was settled—

**Rivlin:** There were some bridges, and Gene was the main bridge. I thought of Gene at the time as the keeper of the flame. He was the one who always said, "But Mr. President, in 'Putting People First' you said—" And he didn't even have to have the book, he knew exactly what was in there.

**Pfiffner:** Because he wrote it.

**Rivlin:** He was always reminding the President of what he said in the campaign and how important it was to deliver on these campaign promises. But I was only peripherally aware of the Begala stuff on polling. One other aspect of the budget that was very important at the time—sort of faded later—was the so-called stimulus package. We were genuinely worried—we, the economic team—that aggressive deficit reduction would harm the economy.

Bentsen and Altman were convinced that deficit reduction would be good for the markets and would bring the interest rates down and that the interest rate stimulus would offset any negative fiscal effect. But Blinder and Tyson were not so convinced of that. What we decided on was, "Okay, we do this deficit reduction package, which reduces the deficit over four years, but we also want to do some investment in some of the things that the President had talked about in the campaign." By then I think we realized we couldn't have a major infrastructure package. It was just too expensive. But we had some infrastructure—there were some roads and bridges in there. But mostly it was human resource investment. Investment became a term for anything good we wanted to do. These were plausible things in work force development, education, health—not health insurance, but health services—and so we put together this deficit reduction package on

the one hand and this short-run stimulus, which was bringing forward into fiscal '93—summer of '93, really—some of the things that we would have been spending in the next fiscal year.

That was the answer to the question, “How do you know you won’t tank the economy with this deficit reduction?” Unfortunately, the stimulus package got very loose, not in terms of the total number, but in terms of the definition of what was in it. Probably in shopping it around the Hill, it began to look like a wish list of social programs that were not terribly expensive—because we didn’t have all that much money to spend—but were all over the lot. Some things got put in there that then made it seem silly, like midnight basketball. Midnight basketball was a perfectly plausible idea about having activities for inner city youth—get them off the street in the evening—but it sounded silly.

There was also some CDBG [Community Development Block Grant] money, and then, of course, the opponents said, “What does CDBG money get spent for?” CDBG money gets spent for anything mayors want to do, basically. So they could find examples of CDBG money that had been spent for swimming pools or something, which could be made to sound frivolous. So when it was finally announced, there was ridicule of the stimulus package, and then with the economy strengthening, and the interest rates coming down—which they did—the stimulus package really proved unnecessary and was not enacted.

But it was not implausible at the time. There was genuine worry that the deficit reduction would be excessive.

**Riley:** I’m looking at the interview that you did with CNN [Cable News Network] in February that shows up in the briefing books, and there’s a question about deficit reduction. Your reply is, “Because in the first two years we also have a stimulus program to get the economy going, we’re not really focused on deficit reduction in the first couple of years.”

**Rivlin:** I read that last night, and I was surprised that I said that. But apparently I did.

**Riley:** My assumption is that the transcript is correct.

**Rivlin:** I assume that it is too—

**Riley:** It may not be, but I was surprised to see that also. And have wondered. Obviously your memory of this is different.

**Rivlin:** Well, I raised the stimulus package because I think we’ve all tended to forget that it was part of the original package. Because it was rejected and because it proved to be unnecessary, it slips out of everybody’s memory. But it was very central to what we thought we were doing at the time. The Republican reaction was, “Oh, this is just a bunch of Democrats. Democrats are big spenders. They want to do all this silly social spending.” But from the point of view of the economic team, that wasn’t how it started. It started with a genuine worry that we would overdo the deficit reduction and get a weak economy.

**Gilmour:** I'd like to talk about interest rates for a minute. You mentioned how interest rates were coming down. I think it was in the '93 State of the Union that Alan Greenspan sat next to the First Lady—or maybe it was at a later speech.

**Rivlin:** There were two speeches, I believe. One was the State of the Union, but the other was the budget speech.

**Gilmour:** In some quarters that was seen as a Greenspan endorsement of the Clinton budget plan and also, in Bob Woodward's book, he, I think, says that there was some communication between the White House and Greenspan about how much deficit reduction was necessary to get interest rates down. I'm curious if that was true, if there was any kind of an arrangement.

**Rivlin:** There was no arrangement. If you know Alan Greenspan, you know that he wasn't going to make a deal with anybody. I've talked to Bob Woodward about this. I don't believe that there was an explicit arrangement. But there were certainly conversations. Greenspan, rightly, was concerned about the deficit, thought that the deficit reduction was the right thing to do, thought it would produce lower interest rates, as we all did, eventually, and certainly urged the Administration to reduce the deficit.

He'd done that publicly and may well have done it privately. It's the next step that Woodward takes that says that Greenspan "agreed" to lower interest rates if the deficit came down, or something like that. That is so un-Greenspan that I don't believe it.

**Gilmour:** Perhaps he suggested it was likely to happen.

**Rivlin:** I think it's more likely that he suggested that if the deficit came down, interest rates would come down, which was not a very unusual idea.

**Riley:** I want to ask you a question, also on the same topic, and that is, Bob Rubin is often viewed as a crucial person at this point—

**Rivlin:** He was.

**Riley:** But you had suggested that the two names that you had mentioned were Bentsen and Altman in this regard. Was it the case that he was speaking quietly to the President on this?

**Rivlin:** I don't know. When I saw Rubin in his National Economic Council role, he was very eager to keep out of the substance because he saw his role—I mean, we were all for deficit reduction, and he certainly was for that. But I saw him, as he put it himself, as the honest broker. His job was to get everybody saying what they thought was the right thing to do in front of the President, so the President could decide. This was a President so capable of decision that the process made huge sense. There was no way we were going to have some back-room discussion and then come to the President and say, "Here's what we think you should do, Mr. President." People might have done that with Reagan, but they sure weren't going to do it with Bill Clinton. Bill Clinton was right there, into every discussion, all the time.

**Riley:** I guess the puzzle is how someone who views his role as an honest broker is also attributed with credit for moving the President in the direction of embracing something with respect to—

**Rivlin:** He was the honest broker within the economic team. He wasn't trying to broker the problem of the political folks versus us. In that discussion—if there was one, and I assume that there was, and that he was part of—I'm sure he was defending the position of the economic team.

**Riley:** Oh, that explains it then, thank you.

**Rivlin:** We really felt we were “the economic team.” And when you get to health, that becomes important, because we were viewed by the health folks as “the economic team” and “the enemy.”

**Riley:** But once the decision is taken, at that point he becomes the advocate within the larger confines of the Administration for what the team—

**Rivlin:** He was head of the economic team, although he wouldn't have said he was head of it. He really, to a fare-thee-well, played this, “I'm the honest broker. I'm just the facilitator here, not the decision maker.” But he was clearly the key figure in the economic team.

**Riley:** And you felt that the NEC [National Economic Council] then served the President's purposes very well in this instance.

**Rivlin:** I do.

**Riley:** Was that a surprise to you? Because you chuckled when you said it was a new creature—

**Rivlin:** Well, it was a new creature. None of us knew what to expect. I think it was very necessary for a President like Bill Clinton—who likes to be very heavily involved in all decisions, but is not very disciplined himself in decision-making. He desperately needed a Bob Rubin to get the thing organized for him. Otherwise it would have been a cacophony of voices.

And indeed, I observed early on, when Hillary was still in the meetings, that she was often useful in moving things on. The President would let the talk go on forever. He would listen to arguments and get into the discussion. I remember at least one instance in Little Rock, where Hillary simply said, “We have to decide something here and get this moved on.” And the President would look sort of, “Well, all right.” But she was the one. She had more discipline than he in getting to a decision.

**Riley:** Sometimes in White House the Chief of Staff plays the role of the disciplinarian.

**Rivlin:** Yes, and later Leon played it. But Mack McLarty was not in that mode at all.

**Pfiffner:** I've got a couple of things before we get to the healthcare stuff. Three quick ones: One, on Begala, [James] Carville, [Mandy] Grunwald, and [Stanley] Greenberg, the campaigners,

having access to the President. [Bob] Woodward's book plays this up. Without any White House staffer, these were all outside people bending his ear without anybody saying, "Well, this has budget implications." Do you have any recollection or impressions of that and how it affected policy-making of the President?

**Rivlin:** I was totally mystified by it. I didn't understand what was going on because I was part of this economic team. That seemed to be functioning. We were having all these meetings, the President was making decisions, we were putting together this package, we were going up and defending it. That all seemed to be just terrific. It was, as I've told students, as good a decision process as I've ever seen in government.

On the other hand, what I didn't understand was there was all this other stuff going on, including things that were aimed at me personally. There was some stuff in the press about how I wasn't a team player, and I wasn't loyal to the President. I couldn't figure out where that was coming from, and I was very upset by it. I had friends in the press, because I had worked at the *Washington Post* in an earlier incarnation. Some of my friends at the *Post* would call up and say, "You know, there are some people in the White House"—they wouldn't tell me who, because they don't divulge their sources—"who are really saying bad things about you." I couldn't figure out where this was coming from.

Sometimes it got back to other people. I remember Bob Reischauer calling me one day and saying, "There's a rumor going around that you personally killed welfare reform." I said, "What?" He said, "Well, I didn't think that could be true because I knew you were for it." There was an undercurrent of negative press about me—small things—but I couldn't figure out where this was coming from.

It wasn't really until I read *The Agenda* (Bob Woodward's book) that I figured out what was going on here, that it was those political folks. I don't know why they focused on me rather than Panetta. Because he's a politician, Panetta's a wonderfully likable man. And he was the Budget Director and I wasn't. It may have been that I was thought to be an easier target. If they could get rid of me, maybe Panetta would be not so strong on the deficit reduction. I have no idea.

But I was very concerned about this kind of undercurrent of "White House sources say" kind of stuff. There was one point where there was something in *Time* or *Newsweek*, "Sources say that Rivlin will be out by the end of the year." The year in question was '93. "No one pays any attention to her, and she'll be out by the end of the year" was the quote. I was losing a lot of sleep over this.

I didn't know where it was coming from or what to do about it. I was trying really hard to be a team player, and to get this job done and knocking myself out—along with all these other people, with whom I had a really good relationship. Sometimes it was a little tense with Gene, because he was such a defender of the flame. But Bentsen and Rubin and Altman—we all liked each other—and Laura and Alan Blinder. We all seemed to be working together well, and the President was in all these meetings, and he was always very friendly. I couldn't figure out what was going on.



**Gilmour:** Could you explain the development of the Deficit Reduction Bill, the Reconciliation Bill in 1993, and your role in that?

**Rivlin:** Well, it was again a collective role. The specifics of the bill—which were very specific, as you know—we used the reconciliation tool, pioneered by my friend Dave Stockman years before. That requires that you actually put in exactly where you’re going to cut programs and what your tax package is. That came out of these marathon meetings in the Roosevelt Room, where we would go down lists. Leon and I—but Leon was the lead spokesperson—would come in with lists of possible cuts. We were trying to get to this magic number of \$145 billion for the deficit in four years. We had estimates of how much cutting this program or that program would contribute to that, and we’d go down the list. People would say things, but often the President would react. One of the things that struck me very much at the time was how much he knew, in enormous detail, about programs that affected states, and particularly that affected a small, poor, agricultural state like Arkansas.

If we were talking about food stamps or Medicaid or some kinds of fairly esoteric agricultural programs that I didn’t know much about, he knew all about it. So we’d go down these lists and talk about, “Can we cut this, can we cut that?” That conversation would be political, but not in the Begala sense. It was the politicians in the economic team—I thought at the time, *We’re playing at parliamentary government here*. We’ve got a Secretary of the Treasury who has been a Senator. We have a Budget Director who has been a Congressman, and even on the periphery we had some others like Les Aspin and Mike Espy. We’re trying to figure out, like we were the British Cabinet, how we pull this off in the Parliament. And the President was very much part of that discussion: “This won’t float on the Hill, the Governors won’t like that”—so a lot of it was rejecting things.

**Riley:** Can you tell us who else would be in the room for these discussions? Was this just the economic team and the President, or were Cabinet officers routinely brought in? Were the legislative counsels?

**Rivlin:** Well, we were just getting Cabinet officers at this point, so it was a shifting group. At the beginning, we didn’t have very many Cabinet officers, so it was just the economic team. By the end, I guess, we had everybody. But they joined the party in progress. Yes, by the time we were getting to the end of this, we certainly had Donna Shalala in the room. She was one of the earlier Cabinet appointees. Ron Brown got in there fairly early, and the room began filling up with Cabinet officers as it went along. But there was a fairly long time before we had the full Cabinet.

We had a retreat at Camp David. I don’t remember what the date of that was, but it’s ascertainable, probably February some time. It wasn’t on the budget, but it was a “get to know each other, working with each other.” We had substantive sessions, but we didn’t have the full complement of Cabinet officers at that point. That was, I would guess, end of February, something like that. We were eager to get this budget package put together. What was the date on that? The date when the budget package was released? It wasn’t very long. It was February, I think. We were really cracking in that period. And the answer to your question is, if there was a Cabinet officer, he or she was probably there. But there may not have been.

**Riley:** Jim, did you find that date?

**Gilmour:** It looks like February, the release and the speech.

**Rivlin:** Then there were details to follow.

**Riley:** February 17, Clinton unveils—

**Rivlin:** February 17. That was the night of the speech, and that was the night Greenspan was there, if I'm remembering correctly. He and the First Lady were sitting in the front row. Roger Altman and I were sitting together about three or four rows back, and we were both exhausted. I mean, we had just been crunching on this thing around the clock, and I didn't realize I was on camera. I had calls from friends in different parts of the country saying, "My God, you look exhausted." But that was only because I was.

**Pfiffner:** I'd like to pick up on John's point and how that whole budget package worked its way through Congress, coming up to some very, very tight votes. But also the stimulus package—it seemed to me in watching this, that the Republicans were able to frame that in a way that looked bad, sort of slowed down the whole process—and then filibuster it—and that Clinton had a chance to compromise on it. It started out at \$30 billion but [Robert] Byrd or somebody told him, "Look, we've got to have the whole thing." And then it came down to just \$4 billion and the unemployment extension. How did the budget process go in getting it through Congress through the stimulus package and then through those very tight votes in the spring and summer?

**Rivlin:** I was not heavily involved in the Hill end because Leon was carrying the ball there. Leon, working with—was it Bernie Nussbaum? Yes, it was Howard Paster. He and Leon were leading the charge on the Hill, and Bentsen. I felt a little bit out of that, in part because—I was a Hill person, too. I'd run the Congressional Budget Office for eight years, and I knew a lot of people on the Hill. I was disappointed that they weren't using me more. I think it was fairly natural. Leon, after all, had been Budget Committee chairman, and Bentsen had been chairman of Finance in the Senate, so they thought they had the bases covered, and they didn't need me. But I wanted to play more of a role in that and actually didn't.

**Gilmour:** There were lots of interesting discussions about taxes, especially the BTU tax and the idea of a carbon tax. How did the decisions on those tax proposals get made?

**Rivlin:** The Energy Tax was one that appealed to a lot of us, and the BTU tax seemed to be a good way to go. Who did the initial calculations on that? It wasn't us, but we had some pretty good staff work—probably came out of Treasury with some help from the energy folks and other people. That analysis, really, I thought was quite persuasive, that a BTU tax was a good thing for the environment, and a good thing for energy efficiency, and a good way to raise revenue.

So it seemed to be moving that way. Then, in part because of industry opposition and in part because it's a BTU tax—what's that? It sounds sort of weird. Everybody knew what a gasoline tax was, but what's a British Thermal Unit, for heaven's sakes? So probably the testing of the political waters, probably by Leon and Bentsen and others, shifted the conversation to gasoline

tax, which, if I remember correctly, started larger and then got whittled away, down to four cents, which was almost not worth doing.

But there was enormous opposition from much of the West. The thing that would be reported back to the meetings was the western opposition—it wasn't so much the oil producers who were so worried about this, it was the farmers and the people who have to drive long distances to get to work. It was thought to be not very popular, and it got whittled down.

**Pfiffner:** But you say that it was almost not worth doing. How did you get the full numbers? It was very rich people, and then this. What other pieces of that tax were there to get it up to what you needed over the four years to put the deficit reduction package together, the revenue end of it?

**Rivlin:** Well, the revenue end of it was those things. It was the income tax surcharge, although that may not have been exactly the right word. But I guess it was the word we were using—the income tax surcharge, and the energy tax. But the energy tax did get whittled down. Were there other pieces there?

**Pfiffner:** I think those were the main ones.

**Rivlin:** I think those were the main ones.

**Pfiffner:** There had to be a chunk in order to make that package over five years substantial enough to really bring down the deficit. It seemed to me that that played a big role in the final balanced budget.

**Rivlin:** Well, it did. We like to say that the package was half spending cut and half tax increase, but in fact, if you netted out the spending increase in the stimulus package, there wasn't that much spending cut in the first couple of years, which is probably why I said that to CNN. I knew that at the time. I just forgot it later. There was a lot of discussion about whether the deficit reduction package was really \$500 billion and was that an over-optimistic estimate and were we being honest in saying it was half spending cut and half tax increase? There was a real separation in the minds of the economic team between the deficit reduction package and the stimulus, so that when we talked about the deficit reduction package, we were honestly saying, "Yes, it's half tax increase and half spending cut. And the stimulus package is over here, it's something else."

I realized, quite belatedly actually, when we put this thing together, that if you did what the Republicans immediately did and netted it out, then the claim of half spending cut wasn't quite true. It was quite a long way from true that it was half spending cut, certainly not in the first couple of years. That hadn't even really occurred to me because we were talking on such separate tracks about these things.

**Pfiffner:** That was supposed to be fiscal '93, immediately, anyway—

**Rivlin:** The stimulus, yes.

**Pfiffner:** And it didn't happen.

**Rivlin:** It didn't happen, and it was real up-front stuff. So anyway, there was that whole debate.

**Riley:** Were you observing the Vice President's role in the decision-making at the time?

**Rivlin:** Yes, and he was very active, in all of these meetings. The relationship between Clinton and Gore was excellent. The Roosevelt Room meetings were Clinton on one side of the table, Gore on the other, and the rest of us sort of arranged around. Gore was an active participant, and the President would defer to him on some things, especially environmental things.

**Riley:** The energy tax was something that he had had an interest in.

**Rivlin:** Yes.

**Riley:** Was he actively pushing to try to get as much of that through as possible at this time?

**Rivlin:** I think so, but I don't really remember.

**Gilmour:** Later on, Bill Clinton made an unusual comment. I think it was a speech in Houston where he said that the tax increase in '93 was too big.

**Rivlin:** Yes, and we were floored by that. It was, I thought, an example of something that happens to all of us, but Clinton was prone to it, as are all politicians. You're in a room full of business folks, and it's collegial, and you're talking. And they're hurting, because they feel very abused by this tax increase. You want to say something nice, and at that moment he went over the line. He didn't go over the line very often. There wasn't anything like Trent Lott's remark about Storm Thurmond, but at that moment, I think it was just sort of a momentary lapse of trying to say something that would be popular in the room he was in, but he forgot there were rooms outside. He was pretty good at not doing that, but I remember being absolutely appalled after that. *What did he say that for?*

**Gilmour:** Did he ever come back and explain what he meant by that? Or don't Presidents have to do that?

**Rivlin:** I don't remember. There was enormous opposition in the business community to the increase in the income tax. We all fanned out, after the announcement, to sell the program. Bob Rubin and I went to New York. He went to New York a lot, but on one occasion he and I went together. We had a whole-day program, which started at the Stock Exchange. We had a lunch at the Stock Exchange, and all these big Wall Street types around the table, all of whom were friends of Bob's and former colleagues and whatnot. It was a hard sell! They were convinced that the income tax surcharge was going to tank the economy, and we were going to have another recession and low economic growth, or whatever. It was very self-serving. Bob handled it well. But it was hostile.

Then we got back in the limousine, and we went up to Harlem. This was a big group in a community center in a Beacon School in Harlem. This was not Bob's element, and he said to me, "Why don't you speak first?" So I went out and talked about the President's program, and they loved it. There were cheers, and it was a love fest. The contrast between the Stock Exchange meeting and this Harlem meeting was one I've never forgotten.

**Riley:** This would have been in the spring of—

**Rivlin:** It would have been in the fairly early spring of 1993. After this February speech, we went on a number of these trips. Bob and I went to a coal mine in West Virginia. Sylvia Matthews set that one up.

**Riley:** She's from West Virginia.

**Rivlin:** She's from West Virginia. We actually went down in a mine. Maybe that was to tell them we didn't do the BTU tax after all, I don't remember. We did the mine trip and a community center or something or other in West Virginia. There were others of these kinds of trips.

**Riley:** Did you travel with the President at all during this period?

**Rivlin:** No, except to these economic summits, but I think that was the next year. That was not right away.

**Gilmour:** One of the striking features of the Reconciliation Bill was that it was the most important bill ever passed by Congress by such a close vote.

**Rivlin:** Yes.

**Gilmour:** Or at least in recent years, because it had no Republican votes and no votes to spare in either the House or the Senate.

**Rivlin:** Absolutely, it was a cliffhanger. We didn't know whether we could do it. Bob Kerrey, who now is the president of the university I teach in [New School University], was one of the key figures in this. The President was buying votes with various concessions to get the last few Democrats. I don't think we were trying for Republicans. We knew we didn't have them, but getting Democrats from close districts, Bob was one. Marjorie Margolies-Mezvinsky was another.

On the question, "Did you travel with the President?" One occasion on which I did was to go up to a meeting held at Bryn Mawr College, of which I'm an alumna, but which is in Marjorie's old district. That was a *quid pro quo*. Marjorie's price for her vote—and it was not enough—was the President should come to her district and make a speech about entitlement programs. So we did. I worked on that speech with him and arranged for the Bryn Mawr venue. We started with Villanova and ended up with Bryn Mawr. It was a great success in that we had a good time and

we had a good speech. Marjorie was trying to reassure her constituents that the President understood the long-term problem of entitlement programs.

**Gilmour:** Do you think it was a foregone conclusion that no Republicans would vote for a bill that included tax increases? Was there some possibility of getting a few Republican votes perhaps?

**Rivlin:** I don't know. But by the end that had disappeared, and we were struggling to hold the Democrats. I thought, early on—and continuing, actually, for a while—that the Administration was making a mistake in not working more directly with the Republicans. In fact, a few times I volunteered. Because, coming out of my CBO experience, I thought of myself as one who had good relations with Republicans as well as Democrats, and I thought that a centrist Democrat who wanted to be reelected should be building bridges with the moderate Republicans. I explicitly remember volunteering to help do that a couple of times and talking to Leon and saying, “Don't you want me to talk to so-and-so?” I can't remember who. There were still moderate Republicans in the Congress at that time, but neither Leon nor anybody else in the White House wanted to build those bridges.

I thought it was an opportunity missed. They were so concerned with keeping the Democrats in the fold that they really weren't focused on the Republicans. I remember feeling that that was not the right way to go. But I wasn't calling the shots on that.

**Riley:** They were afraid the concessions to moderate Republicans would cost—

**Rivlin:** I don't know, maybe. I don't know what they were afraid of. But I came to realize that if you are an elected official who is a Democrat—as Bentsen and Leon and the President all were—party loyalty is more important than I thought it was as an academic and somebody who thought that being a centrist and building coalitions was a good thing to do.

**Pfiffner:** There's also some remark by Bob Dole about not getting Democratic votes. I was always trying to figure out which came first, the Administration not wanting to deal with him or a remark by Dole that indicated, “Look, you're not going to get—there's a tax increase and you're not going to get any votes.”

**Rivlin:** I don't know the answer to that.

**Pfiffner:** Before we get to healthcare, just a brief question about Clinton's promise to cut the White House staff by 25%.

**Rivlin:** Oh yes, I'd forgotten that one.

**Pfiffner:** I wrote a memo in the transition saying, “Gosh, that doesn't make sense.” What was your perception of the promise and keeping it, and the effect of it and so forth?

**Rivlin:** I remember there was such a promise. I personally thought that the White House staff was on the large side, and that goes back to my own experience. The last White House I had had

any intimate contact with was Lyndon Johnson's, and that was a very small staff. There was [Joseph] Califano, and there was [Douglass] Cater, and there was Jim Gaither. You know, maybe six people on the policy staff. You knew who to call, and things got done. Then, in the interim, the White House staff had mushroomed, and there were an awful lot of people. I thought that the 25% was not implausible. It wasn't particularly my business how it was done. I also thought from the OMB perspective that fewer people to deal with over there would make life easier. So I was not negative about cutting the White House staff.

**Pfiffner:** And you didn't see any particular effects of it one way or the other as it went through? You didn't see problems over there, or improvements?

**Rivlin:** My reaction to the White House staff, especially at the beginning, was that it was too big and too loose, and there were all these children. There was a generational problem that so many White House staff were kids right out of college who'd worked on the campaign and had never had a job before. This was their first job, and they were doing important stuff in the White House and throwing their weight around. From the point of view of the older professionals like me, this was not an asset.

**Riley:** And it was also true that this, in some respects, played to a weakness of the President, in terms of his indiscipline in holding these meetings and so forth?

**Rivlin:** I think so.

**Riley:** I mean, we hear accounts periodically of there not being a very disciplined policy about who showed up at a meeting—

**Rivlin:** Yes, there were often lots of people in the room. The ones I particularly remember were before the President was giving a speech, a major speech, or even an announcement, we would gather in the Oval Office, and the President would have his speech draft. He'd be sitting there, usually at the desk, working at the speech draft. And everybody who wanted to get something in would still be talking about it. It was kind of chaotic compared to the economic team meetings, which were more disciplined because Bob Rubin imposed some discipline. We didn't all talk at once, at least. We may have talked for a long time, but there was an order. People were recognized, and they talked, and then they'd shut up and somebody else talked. That was not true in those Oval Office meetings. Everybody was shouting at once and saying, "Well, you ought to do this, and you ought to say that, and you ought to remember this." Maybe it would be before a press conference.

I just thought, *If I were the President, I couldn't stand this. I would say, "Shut up, you guys, and get out of here. I want these three people."* He never did that. He just let the chaos go on around him. Sometimes he would participate in it, and sometimes he would just tune out and sit there working on his draft and editing it—which he always did—and not listening to the chaos going on around him. I couldn't believe it. I just would never have done anything like that. But he is extremely good at absorbing a lot of different things at once and also tuning out and concentrating when he wants to.

**Riley:** So there was a certain method in the madness. You got the sense that he didn't cut this off primarily because he could take some advantage from having this around?

**Rivlin:** I didn't have a clue. I just knew that if it were me, I wouldn't be running things this way. And others of us—Leon and I, or Bob Rubin and I, or whoever—would go out of the room shaking our heads. But that was the way it was.

**Riley:** I'm trying to deal with a couple of topics because we're getting very close to lunchtime, and I think it might be advisable to hold off on healthcare, which will be a fairly extensive discussion, to deal with a couple of loose ends. I'm interested in some of the President's work habits. Another one that's sort of fabled is the long night, the long calls at night. You found this to be true also?

**Rivlin:** It was certainly true, but it was mostly, from my point of view, hearsay. I was not a recipient of the middle-of-the-night phone calls. But other people often were. Leon often was and would report at the 7:30 staff meeting that the President had called him at 2 a.m. And other people would report that. And it certainly happened. He's a man who needs very little sleep, and one thing that drove some of the White House people nuts was that he'd get on the phone at night and talk to friends of his in other parts of the country and say, "What do you think we ought to do about this?" and then report in the morning—or maybe even in the middle of the night, I'm not sure—"So-and-so thinks we ought to do X." And if you're on the White House staff, or you think you're in charge of something, and then the President is talking to somebody you never heard of—or if you did hear of him, you didn't like what he had to say—it's rather unsettling. So there would be a certain amount of that.

I didn't work on many speeches, although we always had input to speeches, but the one speech that I did work closely with him on—there was a speechwriter, but I was the principal substantive person—was the entitlement program speech that was the Marjorie thing. We had at least two meetings with the President on this speech, one where we said what we thought should be in it, and I guess I was the lead person. But there were several other people in the room with the President, and we had an interchange about what should be in it. I don't remember whether we had a preliminary draft at that moment.

Then we went back and worked on the draft and sent it over to him. He read it, and we had another meeting. He had clearly read it, and he'd marked it up, and he'd had some ideas about it. He wanted to add things. We added this and we added that. Finally he came up with an idea—I don't remember the substance of it, but it had something to do with Japan—that he wanted to put in. I said, "Mr. President, there are enough ideas in this speech already. It's getting too long." And he looked absolutely crestfallen. [laughter]

He accepted my judgment, but I remember thinking that I had hurt his feelings because this was a good idea, and I was saying there wasn't room for it. It was a metaphor for why the speeches got too long, and how the thing worked.

**Riley:** One of the things that I always like to ask people about is this question about his decision-making style in terms of reaching closure on an issue, because we get reports back from people



periodically that it was sometimes difficult. Someone would think that closure had been reached on an issue, and in fact there was input coming from channels that you didn't expect—which is echoing some of what you just suggested—

**Rivlin:** Yes, that's true, and it was very true in the Dick Morris period, which was later. It was after the '94 election. By then we were working with a Congress that suddenly wanted to do more deficit reduction, not less, and a different kind. We would work on what to do, and then there was this Dick Morris person who, at the beginning I didn't know. I eventually had some relationship with him, but at the beginning I didn't even know who he was. Leon, who was by this time Chief of Staff, was clearly uncomfortable that Morris was playing such a role.

Morris had budget ideas. After I finally got to know him, found out who this shadowy person was, he'd call me up and say, "Well, I have this idea about the budget, and we could do this, and we could do that, and we could do something else." It was always very rapid fire, and "How much would that cost?" or, "What would the savings be?" I don't do those things in my head.

I would say, "I don't know, Dick, I'll call you back." But it was that kind of conversation, and probably by the time I reached him back he was on to some other idea. I realized in part he was using me. What he wanted to do was go in and say to the President, "Well, I talked to Rivlin about this, and she says it's okay." But it was very odd.

**Riley:** Other than that though, the Vice President had an open channel to the President. Obviously Mrs. Clinton—and this is something that we'll come to with healthcare—Mrs. Clinton had her own policy interest. I'm just wondering if you had instances or could recall instances where you felt you were getting pretty close to a decision, and yet there were some external influences outside the regular decision-making process being brought to bear on what the President was doing. That may be too vague a question.

**Rivlin:** I'm inclined to say yes, but I'd have to give you an example, and I'm not quite sure that I can come up with one. I think it was rare, except for the Dick Morris period. In the period in which I was Budget Director and Leon was Chief of Staff, Leon ran a very disciplined process himself. He would have this 7:30 meeting every morning in his office—or was it 7 o'clock? It was God-awful early. I think it may even have been 7 o'clock. You had to be there. That was sort of "the team." It was Stephanopoulos and Sperling, and me and Rubin and Laura Tyson and Maggie Williams, who worked for the First Lady. Maggie's not a morning person, and she used to sit there looking sleepy. But she was there because the First Lady had to be represented in some way.

It was very Leon-like. You'd go through what's happening today, what are the decisions—what's the President's program, what are we trying to accomplish, what do we want the news to be? Sometimes you would get on to tomorrow, and occasionally there would be discussion of a longer-run issue. But usually there'd be a decision to have another meeting on that because the appropriate people weren't in the room, or it would take up too much time, or something like that. That's where Leon would sometimes say—or somebody else in the room—that they'd had a late-night phone call from the President, or the President had talked to somebody. I don't remember actual decisions that were made and then reversed.

**Riley:** So your sense is that Panetta was able to be successful in imposing some discipline.

**Rivlin:** Yes, absolutely. Panetta is an enormously disciplined person. Within OMB he did the same thing, and when I was deputy director, he used to come back from this 7 o'clock meeting and have an 8 o'clock meeting of the OMB staff. He had his own style, a yellow pad with a broad-tipped blue felt-tip pen. He always had a list. He'd go down this list, which was partly his own list, but partly what he'd picked up in the earlier meeting in the White House. He'd say, "You do this, and you do that," and that sort of thing. He was very disciplined—cross it off, get it done, who's responsible, that sort of thing.

**Riley:** Did you ever get the sense that the President chafed under this kind of disciplining influence?

**Rivlin:** Yes I did. I'm not sure I can give you an example. One of the things was his constant lateness. He couldn't keep to a schedule. We all learned to live with that. At the beginning, we wasted enormous amounts of time. There'd be a 4 o'clock meeting called, and we'd be standing around in the outer office of the Oval Office forever, chit-chatting and waiting for the President. Then we learned not to do that. We would have our secretaries call over at ten minutes to four and say "How late is he?" Sometimes they would say half an hour, and sometimes they would say, "I don't know, I'll call you back." So you didn't leave your office. You went on doing what you were doing and then got called over to the meeting. But it did mean that your schedule was disrupted. If you had a four o'clock meeting with the President on your schedule, but then it turned out it didn't happen until six, and whatever you were doing at six had to be rearranged. It was hard to live with.

**Riley:** Are there any other things you want to get out on the table before we break?

**Rivlin:** Let me give you one more thing about the lateness. I eventually got used to it, as I'm a fairly prompt person, despite being late this morning. But I eventually got used to this presidential style. Then I went to the Federal Reserve. Alan Greenspan is exactly the opposite. A 10 o'clock meeting at the Federal Reserve means that you are sitting in your seat at 10 o'clock, and Greenspan comes in, and you start talking. If you're two or three minutes late, nobody says anything, but you never do it again.

**Gilmour:** What was Mack McLarty's role after Panetta came in as Chief of Staff?

**Rivlin:** He was a utility outfielder—wonderfully pleasant man with a great relationship with the President. Everybody liked Mack, but nobody was disappointed when he wasn't Chief of Staff anymore, because he wasn't disciplined enough to counteract the Clinton indiscipline. But then he did a lot of other things. A lot of them involved Latin America. He was sort of "special jobs" guy, roving ambassador to difficult things.

**Riley:** Did David Gergen come in during the first year?

**Rivlin:** Wasn't it after the '94 election?

**Riley:** I think it was before, certainly before the elections.

**Pfiffner:** I think it was in May. I think it was '93.

**Riley:** I think it was '93 also.

**Rivlin:** I'd be surprised if it was that early—

**Riley:** May of '93. "David Gergen will serve as counselor to the President." So that would have been about the time that you were changing jobs too—

**Rivlin:** It was good to have David. David was also more organized, and I think it was part of the same attempt to get the message better organized. There had been some disasters that I wasn't part of—gays in the military, and other things that had happened. And everybody thought *We've got to get on top of this*.

**Riley:** There were some serious objections among some of the same campaign people—

**Rivlin:** Not me. I thought getting David was a great coup.

**Pfiffner:** The generational thing.

**Rivlin:** It probably was, again, generational. Let me give you one more anecdote, to come back to the budget. We put together a document for the February 17 speech. There was the speech, and there is also an OMB document that was the first presentation of the budget package. That's what we were crashing on basically for the last few days, because we wanted to get it out, either simultaneous with the speech, or the next day, or something like that. That was where I first really came to grips with the disconnect between the economic team and a lot of the White House staff.

I was the person in charge of putting together this document in OMB. It was hard, because the decisions were being made and changed even at the last minute, and we were trying to write about it at the same time we were doing it. So getting this all put together, and getting OMB staffed to help write it, was very difficult, and we were crunching on it. I mentioned this document to George Stephanopoulos and said, "I think you ought to take a look at this."

George said, "Nah, OMB document." He was not persuaded that this was important for him to play a role in—one of those dry things, budget stuff. I don't know what he said, but he didn't take me up on it. Then, at the last minute, I get a call. I don't remember whether it was from George or somebody else on the White House staff. It may have been Rahm Emanuel. All of a sudden, they'd discovered that there was this thing—it may have been Gene, actually—that this was going to be released.

So all of a sudden they were all over us. Where was it? Could they review it? So we gave them a draft. Then they called a meeting in the White House, in some basement room. I went over to

respond to questions, and I looked around the room, and I thought, *These people look really angry. What's going on here? What have I done? Why are they so mad?* And I thought, *Well, I guess they're mad because they've been the spokespeople, they've been running this campaign, and this is the first time they're not.* It was extremely hostile. They all just dumped all over this document. They didn't like it. What they really didn't like was the policy. They didn't like the deficit reduction, and they didn't like the fact that their programs that they'd been out there campaigning for weren't in it.

But they also didn't like the transfer of power: *We've been running this show and now all of a sudden these older folks we don't even know think they're running the government.* So we had that session, which I came away from sort of shaken. Then we had another session in my office, which went on late into the night, where we actually negotiated language. I don't remember now who the primary spokesperson for that group was—I think it was Bob Boorstin—but he had marked up this draft. And it was already in proof. It was page-proof from the Government Printing Office, so I was resisting too many changes. You can't rewrite a whole document at the page-proof stage and not get into all kinds of difficulties.

So anyway, we negotiated this out, and by the next morning we had a document. But it was very tense and very difficult. That was the first moment that I really realized how angry they all were. It was tense. In retrospect, I don't know whether I could have handled it better. It was strange.

**Pfiffner:** They thought you were hijacking their President.

**Rivlin:** Absolutely.

**Gilmour:** Over time, did this cleavage between the political staff and the economic team diminish? Did some of them go away, or what happened?

**Rivlin:** Some of them went away, and then the ground shifted after the '94 election. Not all issues went away, in some ways they got reinforced. Then we had the Republicans wanting to do more deficit reduction. But we were also coming up on the next campaign. The issue then shifted to the entitlement programs. George Stephanopoulos was the chief, and very articulate, spokesperson for "We can't do anything to Medicare" or—nobody really ever dared utter the words "Social Security," but—"We can't touch Social Security. We can't touch Medicare." And there was a subsidiary list of things that they were very eager to take off the table in any deficit reduction discussion.

Meanwhile, the economic team—and by this time I was Budget Director—were trying to reach a compromise with the Congress. The President was very ambivalent because I think there was some sense—I never heard him say this, but I did hear Hillary say it—that the Democrats lost the '94 election because of the deficit reduction package. If we hadn't done that, we wouldn't have lost. So there was all that.

**Riley:** Interesting attribution there. Let's break now for lunch.

[BREAK]

**Riley:** Getting us back on track. One would be healthcare, but I guess preceding that would be the shift in your job.

**Rivlin:** Yes. Healthcare was going on from fairly early on. We can take them in either order.

**Riley:** Whichever one makes sense.

**Rivlin:** The job thing was fairly simple. In June or July of '94, probably June, Leon went to Europe with the President for what I think was an anniversary of D-day.

**Pfiffner:** June 6?

**Rivlin:** June 6, '44, '94, that makes sense. When he came back, very shortly thereafter, one day somebody in the Oval Office called me and said, "The President would like to see you right away." It was an early morning. I'd just gotten there. They said, "Can you come over right away, and come to the residence." So I went traipsing over, and the President said, "Leon has agreed to be Chief of Staff. Would you take over as Budget Director?" It was totally a bolt out of the blue. So I said, "Gee, gosh, yes, I'd be happy to do that, Mr. President." And that was about it. He said, "I want to announce it today."

We had a press conference at 2 o'clock, something like that, to beat the news cycle, so it would be on the evening news. It was a very quick thing. Both my sons are public affairs types, and Allan [Rivlin] said, "You didn't know about this in advance, did you?" I said, "No. How did you know that?" And he said, "You wouldn't have worn that dress if you had known you were going to be on television." And he was right. It was summer, and I had a summer dress on, not the power suit that you're supposed to wear on these occasions.

That basically is the story. This was a *fait accompli*. Leon was moving his stuff out, probably by the time I came back from the Oval Office. He moved into the Chief of Staff office. I became the Acting OMB Director. I wasn't confirmed for several months, but I was really effectively the OMB Director from that moment.

**Riley:** Your confirmation was just a routine confirmation at that point?

**Rivlin:** The confirmation was fairly routine. Let's see, what happened? They held it up, I guess, because everybody was busy campaigning. I wasn't confirmed until October.

**Pfiffner:** October 7.

**Rivlin:** There were a couple of holds on my nomination, which were totally irrelevant. These were people who didn't have anything against me but wanted something out of the President. I can't even remember what they were. But it was a non-event.

**Pfiffner:** But you could still act with legal authority because you were Deputy and Acting Director, even though you weren't confirmed as Director, right?

**Rivlin:** Yes, that's right. I could sign anything. There was no authority problem. I'd been confirmed as Deputy, so I simply began signing things as Acting Director, and that was not a problem.

**Riley:** Okay? Healthcare?

**Rivlin:** Healthcare is a longer story. Healthcare, from my point of view, began about the same time as the budget meetings. It was something the President had campaigned on, wanted to do. He announced the formation of this task force that the First Lady would head. The first meeting that I remember was the day before the Inauguration, I think. We met in Blair House. I think there was the gala that night, and the First Lady had this meeting of the task force at Blair House. The only reason I'm hesitating is that she wouldn't have been a resident of the White House yet, so maybe my memory that it was the day before isn't right.

**Riley:** And she wouldn't have been announced as the head of the task force.

**Rivlin:** Oh, he was announcing everything. The Cabinet officers—I'd already been announced at that point—announced but not confirmed.

**Riley:** I'm talking about Mrs. Clinton. She was appointed on the 25<sup>th</sup>. Maybe the announcement occurred before then, but it would be very close, because the Inauguration was the 21<sup>st</sup>.

**Rivlin:** Anyway, it was right around the Inauguration. I have this memory of sitting in Blair House and wondering how I was going to have time to get dressed and get to this party, which I think was the gala thing the night before the Inauguration. And at that point Ira Magaziner was brought in. There was this task force that Leon and I were, I believe, both members of. It was sort of the economic team plus Donna and a few other people. But then the real action was in the hands of Ira. And Ira began setting up these working groups. That may not be the right word, but they were groups of people on particular aspects of the health reform. They were public and private folks, which then later had some legal difficulties.

Ira had this whole scheme of how he was going to put the health plan together. He was very much out of the consultant world—a decision-making professional. He had this very complex schedule for all of these groups. They were going to meet, and they were going to put together plans. And this was all separate from this supposed task force that we were on. It was supposed to be feeding into it. It was a very large, complex structure, and these groups were to meet and come up with ideas. Then there were periodic what he called "toll gates," at which, supposedly, decisions would be made, and then there would be more task groups, and then more toll gates. This was all laid out in some kind of a document, which was quite amazing. I brought it home and showed it to my husband, who's a management professor, and he laughed. He said, "This isn't going to work, this is going to be a disaster." And he was right. It was over-organized, over-complex, over-pressured, and somewhat mysterious from the point of view of the economic team.

Meanwhile, we were working on the budget. One of the questions was how the budget and the health plan were supposed to fit together. Ira had the notion that the health plan could be budget neutral. You could cover all of these new people, and there would be enough savings from more efficiency in the public programs, in Medicare and Medicaid, from the lower health costs to expand the coverage. A lot of us were skeptical of that.

**Riley:** Did he have evidence to back up this notion? Research to back up this notion?

**Rivlin:** There were a lot of studies and things brought to bear, but it was somewhat slippery. The basic contention was that once you got everybody into managed care and health maintenance organizations, the rate of growth of medical care spending, both nationally and governmentally, would slow down. The evidence brought to bear was that some of the health maintenance organizations did, in fact, have quite good cost control history. Some didn't, but that was explained by "Well, the good ones do, and we'll replicate the good ones."

Some of us raised the question that even if it's true that getting people into a health maintenance organization changes the incentives and gets the cost down because there's more prevention and less unnecessary care—and less hospitalization was the main argument—isn't that a one-time saving? You lower the cost curve, but then all of the same forces that are propelling the rate of growth up are still there—the technology, new drugs, the aging of the population. And the rate of growth is going to resume after a while, but from a lower base.

I now think that was right, and I thought so at the time. It was not an unusual opinion. But the Magaziner team was claiming no, you could really lower the rate of growth. I think that that was the basis of the disconnect here. But my memory is of a lot of complexity to the process. Although in principle there was this task force, what was really happening was a lot of meetings of these subgroups and then coming together with the First Lady and the President, very often both of them, into more meetings in the Roosevelt Room. The timing on this I don't remember, but it was after the budget package was put together, it was summer of '93 by then. A lot of meetings on different aspects of the health plan. The issues were pretty complex, a lot of material to absorb that people were having thrown at them.

You couldn't ever keep the papers, for the reasons we were just discussing—nobody wanted anything to leak. It was leaking anyway. There were a lot of people in the room, and it was just very confusing. It was hard to understand exactly what it was they were proposing. The economic team were saying, "We think this is going to be more expensive than you think it's going to be." So we were *personae non grata* and somewhat excluded. We sometimes had rump meetings of the economic team to say, "What are we going to do about this?" Leon and I both thought we should be more incremental, that this program was turning out to be so big and so complicated that it was going to be hard to sell to the public and to the Congress, and that it would be better to do a step-by-step thing.

**Gilmour:** Excuse me for a moment. Was the possibility of going incremental considered by the President or the First Lady or Ira Magaziner? Or was that sort of the minority view of the economic team?

**Rivlin:** It was a minority view of the economic team. My impression was that universal coverage had become the goal early on of the health task force, particularly of Ira. He really believed it could be done, but it could only be done if it was all done at once—incremental was not a good way to go. But I don't remember an explicit decision process on that. As far as I knew, that decision had been made, and these people were off and running. The rest of us were trying to figure out how we should help, and shaking our heads and saying, "This doesn't seem like a very good idea to us. It's too big, and we don't believe it can be budget neutral." But there wasn't exactly a confrontation on this because it was almost like there were two separate tracks.

**Pfiffner:** So when you say task force, you're officially on it, but in effect you're talking about Magaziner and Hillary and those people as opposed to the official task force.

**Rivlin:** There were meetings in the Roosevelt Room with the President and the First Lady and all of us present at which presentations were made by various members of the Magaziner team, some of whom were our staff people, because Magaziner pulled in, as he should have, the OMB staff that worked on health, and Treasury people, and other people.

Several people on the OMB staff were playing an important role. Nancy-Ann Min, who later went to HHS, was our chief health person. Len Nichols, who is now at the Urban Institute, very good health guy—they were working with the Magaziner people on various aspects of this and on the costing and so forth. But the economic team, as such, felt rather left out of this, and was sometimes treated like the enemy, like we didn't believe, we didn't have the faith, we didn't think that this could be done.

It was curious. Most of the time it wasn't unfriendly, because we were trying to help, and many of the people who worked for us were part of the process. Donna and I knew each other from way back and were talking to this. But she was somewhat left out, too, at the beginning. So we were all trying to figure out what do we do. We had one meeting in my office on a Saturday. I don't remember when this was, but it was Donna and Laura Tyson and Carol Rasco, who ran the Domestic Policy Council, and Nancy-Ann Min, I think.

It just happened to be all women. But then somebody said, "What are we going to say if they ask us what we were meeting about? We can say, 'Ah, just a girls' party.' We can say we were talking about clothes." That was one of the sessions at which we were trying to put together, or to think about what we could do as an alternative, more incremental proposal. At one point we actually had a proposal. Leon was on this wavelength, too, and we had a memo to the President in which we put forth a more incremental idea. But the thing was too far down the track by then to be pulled back.

**Riley:** How big a complication was it for you to have the First Lady in the driver's seat for this initiative?

**Rivlin:** It wasn't a complication for me because I never thought I was in charge of health. It was more of one for Donna, I think, although she and Hillary were friends. I think Donna handled it extremely well, because although she was upset at being excluded from this—or not being in charge of it—she gradually established that the HHS people, and indeed the OMB people too,



were extremely valuable members of Ira Magaziner's team because they knew so much. She didn't confront it as much as play along with it and made her people available. Judy Feder, who worked for Donna, was very important in it—now a Dean of the Public Policy Institute.

It was a really curious experience. It wasn't straightforward like the budget process, which really was a process—it had a beginning, it had an end. The health care process had parallel tracks which occasionally intersected when the First Lady and Ira and ultimately the President had these meetings in the Roosevelt Room. Maybe they were called meetings of the task force, I don't know. But the smaller task force—the one that was originally announced, that the press made a big thing about—to my knowledge never actually functioned.

**Riley:** Let me refine the question just a little bit. When I said, “a complication by the First Lady being in the driver's seat,” my inference wasn't that it would be a complication in terms of it being a policy area that you felt like you ought to be involved in. Rather, it was a question about having someone that close to the President in a position whom you felt you needed to contest with over the substance of matters. One of the criticisms that is sometimes levied against having Mrs. Clinton in this position is that it had the effect of intimidating—that may be too strong a word—but of intimidating opposition.

**Rivlin:** I wasn't intimidated by Hillary. I think we were all intimidated by Ira. Hillary was usually perfectly willing to talk about anything. Ira was very set on what he wanted to do, and I found that relationship difficult.

**Pfiffner:** So in September then, the President gives his speech, and it sounds good to a lot of people. Then Mrs. Clinton goes to the Hill and gets favorable reaction. Then, finally, the whole thing goes up to the Hill, the printed law goes up there. And then things start to unravel. I'd like you to walk through what was happening there in late '93, spring of '94, which had a big impact, probably, on the election, late '94.

**Riley:** With NAFTA [North America Free Trade Agreement] being a backdrop.

**Rivlin:** NAFTA is another story. By the time the decisions were made on the health plan, we were all being good soldiers and getting up there and testifying and defending it and saying, ‘Yes, the math does work, and it can be budget neutral.’ I convinced myself it might be right, and I'm very much on the record favoring it.

Meanwhile, the Congress was not buying—or a lot of the Congress wasn't. Then there were a lot of other players—I don't remember when Harold and Louise [anti-healthcare ad campaign] started—the insurance industry, various parts of the medical professions, and so forth. Various other compromises were being made. Indeed, I remember thinking, even early on, that Ira was going around the Hill and around the constituent community making compromises even before the thing went up there, not all of which were good ones.

What I mainly remember was just watching it unravel and thinking, *We never should have gone down this road*. Until the very last minute, just before the '94 election, I think we still thought something could be done, that there would be a compromise and something might be enacted.

George Mitchell was trying to salvage things. There were a few other stalwarts in the Congress who were trying to work it out. But, in the end, it just fizzled, basically.

**Pfiffner:** You want to ask about NAFTA?

**Riley:** Well, it tends to come up in our discussions because of the decision about which policy area to focus most of the President's energies on. There was a decision taken, as I understand it, after the enactment of the original budget, the '93 budget package—which direction would we steer in next?—and a decision at that point was taken to do NAFTA. Were you involved in the decision-making progress for that at all?

**Rivlin:** Yes I was. That was the late summer of '93. Leon was in California, so I was the Acting Budget Director. There was a meeting at the White House, which I really thought was, again, a very good decision process. The President brought in everybody—I don't remember if it was the full Cabinet, but it was everybody who was involved in NAFTA. He listened to the pro argument, which was Warren Christopher and probably Mickey Kantor. Certainly I remember Warren Christopher being very strong on the pro-NAFTA side and why it was so important.

Then the other side was held up by some of the political folks, and that might have been Howard Paster. It was giving the union arguments against it and why this was not good for the American working folks. There was a lot of back and forth. I don't know whether this was a Bob Rubin-structured meeting, but it ran like a Bob Rubin-structured meeting.

**Riley:** There was meeting that Roy Neel called at some point in here. I don't know whether this is the same meeting or a different one, where timelines were produced to get a sense about whether NAFTA ought to be next in line, or healthcare ought to be next in line.

**Rivlin:** Yes, I remember something vaguely about that, but I don't know. The one I'm remembering was certainly after that, and it was a decision meeting on NAFTA. I think the President had already made the decision, but he wanted to give everybody their day in court. He listened to the pro arguments and the con arguments, and then he made a decision right there. Now, he'd probably already made it, but he explained his decision right there, that this was something he had promised to do in the campaign that he thought was the right thing to do. It might be politically costly, but he thought that he had no choice but to go ahead with it. And I thought, *Wow, that's right. I agree with that, and I'm glad he's got the courage to do it.* Then we all fanned out and sold NAFTA. I got to do the steelworkers in Boston—no, machinists, I think it was. But I remember that one was a hard sell.

**Pfiffner:** I bet.

**Rivlin:** I came back in late. I dragged back from this very difficult meeting in Boston. I came into National on the last flight, and it was late so that the airport was deserted. I remember it was dark and deserted, and I walked out there looking for my car and feeling really down, because this had been a bad experience. And there was Ron Brown. He was selling NAFTA in some other part of the country, and he'd just come in on a different flight. Ron was such a wonderful,

cheerful person, and he just gave me a big hug, and I felt so much better. We were out there being soldiers in the same cause.

I did a lot of radio in those days. The guy who ran radio for the President—Richard Strauss—discovered that I liked radio. I like it better than television. He often had a hard time recruiting people to do radio. The top people liked to do television, but they didn't much like to do radio. But I liked radio. So he discovered me and radio, and we would do lots of those things, sometimes from my office, sometimes from a studio. We were selling NAFTA as hard as we could at that moment.

**Pfiffner:** How did things look heading up to the '94 elections? When was your sense that things are pretty dicey here? I seem to remember the Republicans just decided *We're not going to have any compromise on healthcare because this is something that will help us in the elections*. How did you see all of that playing out in the spring and summer of '94, leading up to the fall elections?

**Rivlin:** Well, we desperately wanted to get healthcare through. Though, again, I wasn't central to that. I wasn't doing any of the negotiation. I was just part of the team talking about it. I guess I testified several times. But the back room negotiating was not being done by me. I think we all felt strongly that it was very important to get it passed. I was caught up in that period in this very unfortunate thing called the "Rivlin Memo," which originated with Bob Rubin in the summer of '94.

Bob thought, rightly, that when we got past the election, the President should take a longer view. It was all very well to shut up about the entitlement programs and Medicare and so forth before the election, because the political guys were saying, "You can't do any Medicare cuts." Actually, we'd already done some in '93, in the first budget. "You can't do more Medicare cuts, you can't do anything long run, you can't touch Social Security. You'll kill yourselves in the election." And we agreed with that.

But then Bob said, "After the dust settles on this election"—which we didn't expect to lose—"we've got to get the President focused on the longer run, so why don't we give him some idea of how the longer-run budget picture looks and what's going to have to be done. Balancing the budget can't just be done on the discretionary side. It's got to involve entitlement programs, and we've got to give him the big picture."

So I volunteered to pull together a memo—which was not a surprising thing for a Budget Director to do. I guess it could have been an NEC [National Economic Council] activity, but I was actually rather eager to do this. I thought it was a good idea. But we were very cautious about it. We had some long-run budget projections that illustrated the problem. We also included an attachment that showed what other people who'd been looking at the long-run budget picture—like the Concord Coalition, and other folks—had been saying about reforming entitlement programs, including Social Security. There were no administration proposals or ideas in it. It was a compendium of other people's ideas about what you might do about the longer-run deficit problem.

So that seemed to be a good idea. We worked quite hard on this memo, and we had a series of meetings about it. It was ultimately to be a memo to the President, but in the beginning it was just a draft memo. It had “Draft Memo” to the President from me on it. We had one meeting in the old EOB in which we handed out what we thought was a nearly final draft of this memo. The participants were the economic team, the same folks who had been in the original budget meetings. It may have included Donna, because I think Social Security was still under HHS at that point, and Medicare was part of the discussion.

Anyway, we had a meeting. Bentsen wasn’t there. He’d gone to Naples for the finance ministers G7 meeting. The Deputy Secretary, Frank Newman, who came from Bank of America, was representing the Treasury. He had just become Deputy Secretary.

**Riley:** This is Altman’s replacement?

**Rivlin:** Yes, Altman’s replacement. We collected the memos at the end because we were in this leak paranoia, but we didn’t get one of them back. Matt Miller, who was my assistant, the guy I mentioned before, having met in the transition, told me later that he had noticed [Frank] Newman didn’t give his back. Matt had started to approach him as he was going out the door, but hadn’t gotten to him in time.

Anyway, what actually happened—and we didn’t discover this until much later—was that Frank Newman was new on the job, and he thought this was a very interesting memo. He sent it on a secure fax to Bentsen in Naples. We know Bentsen read it, because it had some notes in Newman’s handwriting and also in Bentsen’s. Then it had initials in the corner, EK, which was [Edward S.] Knight, who was Bentsen’s chief counsel. He was the guy who was taking care of the Bentsen operation in Naples. He initialed it and put it into a secret pouch to be sent back to Washington after Bentsen had read it. Somewhere in there it got out.

The only reason we knew all this was that when it was leaked, we saw the actual paper with all this handwriting and initials on it. So eventually we knew it was the Treasury copy that had been leaked. Nobody to my knowledge ever found out how it got leaked, but the Republicans got hold of it and decided this was the Clinton plan for destroying Social Security. [William] Kristol got hold of it and trumpeted it and sent it all around the country. It was the “Rivlin Plan” for destroying Social Security. “This is the secret plan they haven’t told you about that if you vote for the Democrats they’re going to do.” It was a huge to-do.

At the time, everybody was mad at me because it had my name on it. I didn’t know how in the world it could have gotten out, but I was mortified that it had. There was a level of tension over this that was remarkable, like it was a criminal act or something.

**Gilmour:** You were being blamed for having written this memo that was later leaked?

**Rivlin:** Yes.

**Riley:** Just before the mid-term elections?

**Rivlin:** Just before the mid-term elections. And there were people saying that I lost the election. That was silly, but it was an enormous to-do. Then all of these people we talked about earlier, who didn't much like me anyway, and didn't much like the deficit reduction, were piling on. It was a very, very bad moment.

**Riley:** Did anyone suggest that you might want to pack it in at that point?

**Rivlin:** Oh, I'm sure that there were lots of people who did. Nobody suggested it to me, certainly not the President. Rubin had been the instigator of this idea, and Panetta was part of the group that reviewed it. Everybody had thought it was a good idea to do this. But somehow it was thought that the leak had come out of OMB, that you can't trust OMB, and they're not team players anyway. There was an undercurrent of that, and, in a sense, in the end that was partly true, although I didn't have any idea what the story was on how it got out. It was then discovered that it was the Treasury copy. But I didn't know until later how it actually got leaked, when Matt Miller eventually told me how the Treasury copy got out of the room.

**Riley:** What is your own speculation? You think it was accidental—

**Rivlin:** Oh yes, it was accidental. Certainly neither Bentsen nor Newman had any motive to leak it. Newman called me or came over and apologized. I never told anybody what had happened, because I didn't want to blame him. Eventually it died down, but it was a very bad moment.

**Riley:** Tell us how the mood was after the mid-term elections.

**Rivlin:** The mood after the mid-term election was dismal. People were really down. The President, I think, bounced back before anybody else did. He was really down for a while, but he came back, and other people were still very gloomy. The First Lady was angry. I do remember a meeting in that period in which we were probably by then talking about the next budget under the new circumstances. She said, in a very emotional way, that the deficit reduction was why we lost the election. But it was just a symptom of the tension about why this terrible thing had happened to us. It did seem like a real sea change in the politics on the Hill, and it was. It was a big Republican victory. The ultra right wing was running around making up the Contract with America.

**Gilmour:** Could you talk about the response of the Administration to Republican budget plans? My impression is that, initially at least, the Administration wasn't very forthcoming with respect to balanced budget plans.

**Rivlin:** Oh, definitely not.

**Gilmour:** And gradually moved toward the Republican position.

**Rivlin:** That's right. The President really got cold feet about deficit reduction and about going further. The Republicans were saying they wanted to balance by 2002. We're now talking '96 budget, right?

**Riley:** Spring of '95

**Rivlin:** Spring of '95, so it was fiscal '96 budget, and they were saying balance by 2002, or balance in five years. The President didn't want to take the hits that that would have entailed in cutting back on spending programs. It was clear there weren't going to be any more tax increases, so now all deficit reduction had to be on the spending side. So he was saying he wouldn't commit to balancing that soon. We talked about seven years, or even nine years, vs. five years. That was the point at which I was playing the deficit hawk role in the sense that I really wanted to find a way to compromise—doing it differently than the Republicans wanted to, but getting to a balanced budget. That was a long and difficult set of conflicts, both internally and vis-à-vis the Republicans.

**Gilmour:** One of the steps along the way was the decision to offer a ten-year balanced budget.

**Rivlin:** Yes, I'd forgotten that.

**Gilmour:** I think that was very controversial.

**Rivlin:** Yes, that would have meant very gradual reduction.

**Gilmour:** Even within the Clinton Administration there were opponents of supporting even the ten-year balanced budget plan.

**Rivlin:** That I don't remember. Certainly those of us who wanted to do it faster thought that ten years was much too long.

**Riley:** Was there ever any serious advocacy within the Administration in support of a balanced budget amendment to the Constitution?

**Rivlin:** No.

**Riley:** The President had just staked out a position on that one?

**Rivlin:** Yes. We were all opposed to it. There might have been some political voices who thought it would be a good idea, but I don't remember that.

**Riley:** I haven't seen any press accounts that indicated otherwise. I just thought—

**Rivlin:** I don't think so. I think we all thought it was a bad idea to force the government into that sort of straightjacket. The budgeter's argument is twofold: one is that a balanced budget isn't always appropriate. In a recession it's not. And the other is, forcing the deficit to come out at any particular number, whether it's zero or anything else, is an invitation to gimmickry and to putting things off budget and other kinds of shenanigans. We had plenty of gimmicks anyway. Nobody wanted more.

**Pfiffner:** I'd like to get your sense of the summer of '95, the spring and summer. The Contract is going through, the budget resolutions are coming out—which are fairly drastic—and then the appropriations process in the summer where the Republicans really want to cut deeply, leading up to the shutdowns and so forth. But I'd like to get your sense as you watch this happen in the spring and summer of '95. What could you do, and how are you reacting to all of this?

**Rivlin:** By then we had our sea legs back, and we were pretty clear on a strategy which was, yes, we were for deficit reduction, and we still cared very much about that, but not at the expense of education programs, health programs, or the environment. That became the litany—we were going to preserve those things, and the President was going to veto—and he did—the appropriations bills that cut too deeply into his priorities. And that strategy was working, in the sense that they couldn't override the vetoes.

**Pfiffner:** But then, in order to get the President to sign appropriations bills and the reconciliation bill, they hit upon the strategy of the government shutdown, which Newt Gingrich trumpeted long and hard.

**Rivlin:** Yes, and that was a huge mistake, from their point of view.

**Gilmour:** At first did you think that they were just threatening that? Did you believe right away that they would actually carry through with a strategy of that sort?

**Rivlin:** I don't remember exactly, but I probably thought that it was brinksmanship and that in the end a compromise would be reached. Indeed, when it wasn't, it was very difficult because OMB was in charge of how you close the government down. I thought at the time—and still think—it was a real demonstration to the American public that the government does do some useful things. The Republican leaders in Congress were totally out of touch. They were so caught up in their anti-government rhetoric that they did not understand that the public outcry was going to be enormous as soon as people realized they couldn't go to the national park, and they couldn't get their student loan, and they couldn't do any of these normal things that citizens expect from government.

**Pfiffner:** At one point it seemed like the Republicans were willing to not increase the national debt limit, which had the potential implication of forcing the government to default. How did you see that happening? That seemed like a big deal to me and very irresponsible on the part of the Republicans. How did that happen?

**Rivlin:** Well, it was a big deal, and we were all worried about it, particularly Bob Rubin. That's the main thing I remember, that we were just really concerned about it. It seemed extremely irresponsible. We were explaining that it was irresponsible, that Third World governments might default but not us, and that it was a terrible thing to have happen. There was a certain amount of joking about Bob Rubin, because there was a story about Douglas Dillon, I think, way back. The last time this had happened Dillon was Secretary of the Treasury, and somebody in his staff said, "You know, the Treasury Secretary is personally liable." And Dillon asked, "Well, how much is that?" They said, "\$2 billion a day" or something, and he said, "Well, I couldn't carry that for very long."

Since Rubin was also wealthy, he kept being teased, “How long could you handle this, Bob?” But it was a very serious worry.

**Pfiffner:** Did he have to juggle things around in the books in order to cover it for a short period of time?

**Rivlin:** Yes, yes. There were things that were done to cover it for a while.

**Riley:** How do you shut the government down?

**Rivlin:** Well, it’s very complicated. I turned it over to John Koskinen, a very able person who was by then my deputy for management. John still jokes that he was “Mr. Shutdown.” After that he was “Mr. Y2K.” The President pulled him over to handle Y2K—that was after I left. He gets very difficult assignments, and he’s now the city administrator in the city of Washington.

In the shutdown, first you have to figure out who are essential personnel and who aren’t. There’s some kind of a definition of that that has to be applied. We were construing it narrowly. Then you really have to figure out how to do the least damage. You know, the Department of Agriculture has all these greenhouses or whatever. You can’t just turn off the lights and walk away because everything dies—

**Riley:** You’re not talking political damages then.

**Rivlin:** Oh no, real damage—you’re talking about real damage—how to mitigate the real damage from turning out the lights, as it were. There are just some things that are very hard to turn off. Those things have to be kept going. But then, mostly, we just sent everybody home. One decision I had to make was what about the national Christmas tree. It was December by this time, and were we going to have the national Christmas tree or not? It’s on Park Service land. This, I guess, got into the press and Pepco [Potomac Electric Power Company] said, “We’ll donate the electricity to keep the lights on the Christmas tree going.” But then there were further complications. You had to have some police down there, some guards. The Park Service has to have their people down there. You just can’t let people wander. So what were we going to do about that? And some other company volunteered security guards. So I kept the lights on the Christmas tree, which might have been the wrong political decision. It might have been better to turn them off. But I didn’t think so.

**Pfiffner:** I think you’re right. Remember the Carter Administration? They turned off the lights at the monument, and that had a negative effect on the public. So I think you probably did the right thing.

**Gilmour:** During the government shutdown, in this protracted battle, there’s an interesting irony in that Republicans in Congress were insisting on balancing the budget according to CBO numbers, and now you were no longer at CBO but at OMB. And CBO, or Congress, was highly critical of the budget projections that were coming out of OMB, and they were using the CBO numbers to criticize you.



**Rivlin:** Yes, and so this was a particularly big issue during healthcare, but you're right. And we did agree to use the CBO numbers. We ultimately said, "Okay, we'll use the CBO numbers." I think I pushed that as the way out of this dilemma.

**Gilmour:** The first shutdown lasted for about two weeks, and then there was the agreement to re-open it. I guess it was a two-part agreement. It would re-open the government if the Administration would put forward a balanced budget plan according to CBO, and it would protect education, the environment, and this whole series of programs.

**Rivlin:** Yes.

**Gilmour:** Then the next day Leon Panetta got on TV and announced the Administration's interpretation of it. Their interpretation was that the agreement meant absolutely nothing.

**Rivlin:** And so then we went back to shutdown. I wish I had a clearer memory of that, but I don't. What I do remember was that we not only had the shutdown, we had a big snowstorm. And it was Christmas. So we were still meeting over these budget things through the Christmas holiday, in the White House, and people had a hard time getting there. [Richard] Gephardt lives way out in the suburbs somewhere, and it was very difficult for people to get into these meetings. Sometimes they didn't get there at all. We were still trying to work this out, and ultimately did, I guess, in early January.

**Riley:** You were involved with the congressional leadership meetings at the time, then?

**Rivlin:** Yes.

**Riley:** What do you recall about the dynamics of those meetings? Was there a lot of venting on the part of the Republicans about the President's intransigence on this? Did you ever get the sense that the President was second-guessing whether this was the right thing to do? I'm just trying to get a portrait of this very odd time.

**Rivlin:** It was a very odd time. I found the Administration position very hard to defend because I thought that we should be moving further in the direction of budget balance. I remember one meeting—I don't remember when it was—but Leon and I went up and met with Domenici, Dole, Gingrich, and probably [John] Kasich. I remember there were two of us on one side of the table and four of them. We had a new proposal that wasn't much of a concession, and Leon—who usually took the lead on these things—said, "Okay Alice, why don't you do it? You make this presentation. You're the Budget Director."

So I did—we were in negotiation at that point—I said what our offer was. And then I remember hearing Domenici lean over to Dole and say, "That means it's over." And Dole said, "Yes," just very *sotto voce*, and I realized we weren't going to get anywhere. The meeting went on for a little while, but it broke down. They rejected it, and we went back to the White House. They probably should have rejected it. I can't remember what we were proposing, but it was more cosmetic than substantive.

**Riley:** Given your own sense about this, were you at any time during this period playing good cop-bad cop with other people in the Administration? Were you at liberty to be in touch with people on the Hill to try to edge them along in a particular direction?

**Rivlin:** I felt constrained in doing that. It was a team, and Leon, even after I became Budget Director, still felt he was the leader of the team, as the Chief of Staff. I think the President relied on him to do that. The President thought of him as the Hill-savvy person. He had other Hill expertise, but on budget he did really rely on Leon. And I wasn't going to go off the reservation—although Leon and I were often on the same side substantively, both pushing the President to do more. But if we weren't winning that argument, we were still defending whatever it was the President wanted to do. Through most of that period—I don't want to speak for Leon, you can talk to him—I wanted to go further than the President did. The President knew that, and ultimately, it came out right.

**Riley:** Yes, he was in a winning position. I think the public opinion polls at the time were showing the Republicans were being held accountable for this, despite the fact that I guess it was the President's signature that was actually shutting down the government.

**Rivlin:** Yes, but the Congress was getting a lot of negative feedback, and they have not done it again.

**Gilmour:** Do you think it was political inexperience on their part? There are lots of disagreements between Congress and the President that don't end up with some catastrophic shutdown like this. What do you think led to this particular debacle?

**Rivlin:** I think they were carried away by their own rhetoric, especially Gingrich: "Government is bad, big government is what we're against." That never has very much content as far as I'm ever able to see. It's always "big government" in the abstract is the enemy, but these particular programs are fine. But they forgot that. They bought into this rhetoric—because they'd just won, they'd been going around the country talking this way for six months, and they won big. Then they thought, *Here we are doing it*. But nobody liked it.

**Riley:** What were your perceptions of Gingrich as a negotiator and as a policymaker when you were meeting with him? You may have known him on Capitol Hill, I can't remember.

**Rivlin:** I actually didn't. Gingrich is quite likable. The more difficult folks were [Thomas] DeLay and [Richard] Armey, but I found Gingrich quite attractive. He's an interesting, oddball guy who's on the one hand quite intellectual and spouts off quotations from this and that, and on the other hand very ideological. I didn't know what to make of Gingrich, and neither did anybody else. He was kind of a phenomenon, and for that short period was extremely important and very much in the public view. And then it was over. But the more traditional conservatives like DeLay and Armey were harder to deal with.

I had a bit of a positive experience with Gingrich because simultaneously with all this— You decided you didn't want to talk about the District of Columbia, but let me throw this in, because

it's really relevant. The District fiscal crisis overlapped all this. The District was really falling apart in the fall of '94, fiscally, and facing bankruptcy. The Mayor was Sharon Pratt Kelly who lost the election. Marion Barry was re-elected and came into office in January 1995. He was, I think, appalled. I don't think Marion actually knew how bad things were at the time he was running.

I had been involved with the District of Columbia. I had chaired a commission on the District's finances, which was appointed by Barry in '89-'90, before he went to jail. We wrote a report—that still reads pretty well—that said that the District, if it didn't do some pretty drastic things, was going to be in deep fiscal trouble. Well, they didn't do it, and they got into deep fiscal trouble. And the economy didn't help. So here we were, in January 1995, with a bankrupt capital city and a new mayor, and Bob Rubin scared to death that the Treasury was going to have to bail out the city.

The President knew that I had worked on the District of Columbia, so he said, "Do something. What can we do here?" So I was the point person on the District of Columbia. I happened to have on my staff at OMB a guy named Ed DeSeve, who's now a professor at Maryland, but had worked for Ed Rendell in Philadelphia. He'd been through the Philadelphia experience of actual bankruptcy. What normally happens in these situations—whether it's a bankrupt city—is that there's a state. And the state puts together a control board of some sort with extraordinary powers. So based on Ed's experience, we modeled the federal statute on what Pennsylvania had done for Philadelphia more or less, and set up this control board. It required legislation. You have to remember where we are now. It's January 1995, and the Democrats have just lost control of the Congress. We need desperately to get this bill through.

So here I am working with Gingrich. And Gingrich was terrific. He has a fondness for the District of Columbia. He wanted to help, and it was very bipartisan. It wasn't just Gingrich. The prime movers in the House were Tom Davis and Gingrich and Eleanor Norton. There were a couple of other people involved, and we got this legislation through. We got this bill passed and got Bob Rubin off the hook, and appointed these five people to run the city in very short order, because it had to be done quickly. This was at a time—it was a disconnect in my life, because here I was in these budget meetings that weren't going well at all and where everybody was at loggerheads. On the other hand, we were getting really good cooperation from the Republicans in Congress on the District of Columbia.

[BREAK]

**Riley:** I wonder if I can get you to repeat this wonderful story about the military engagement. You said it was in Haiti, I believe.

**Rivlin:** Well, we were talking about what international things OMB was involved in. I do remember one was the invasion of Haiti, where we had to figure out how to fund this invasion. Part of the problem was that it was the end of the fiscal year, and there was no extra money in the military budget. So we were trying to borrow—I don't know how we solved this problem, but it was a significant difficulty, the fact that it was the end of the fiscal year.

**Riley:** And you instructed—

**Rivlin:** Whatever high military officer I was talking to, I said, “Please don’t have another war at the end of the fiscal year. Try to have them in October.”

**Riley:** That was 1994. The one chronological period we haven’t covered is the period after the government shutdown. Your nomination to the Fed occurs sometime in ’96, as I recall.

**Rivlin:** Yes, early ’96.

**Riley:** Were there any notable budgetary issues that you were working on after the government shutdown? Did you notice a change in relations between Capitol Hill and the White House after this? Did the President lead that episode as a re-empowered individual or—

**Rivlin:** I think things got somewhat better after that, but we still hadn’t solved the problem. We were now working on the fiscal ’97 budget, and that was the budget that finally did get everything into balance. I think by then we thought we could do it, but it wasn’t done. It seemed like balance by 2002 was an obtainable objective, and we were working back and forth on how to do that. There was negotiation with the Congress, there was internal negotiation on that, early on. I was very reluctant to leave OMB. I didn’t really like this idea of going to the Fed particularly, because I was very immersed in the budget problem. I’d never been particularly interested in going to the Fed. I’d had other invitations to do that, going back before this Administration—

**Gilmour:** Do you think President Clinton had a particular reason why he wanted you to be on the Fed?

**Rivlin:** The reason he gave me, which seemed plausible at the time, was that he wanted to reappoint Greenspan, but at that point he still thought that Greenspan was something of an inflation hawk, and he wanted a vice chair who would temper the Greenspan hawkishness on inflation. I think he genuinely thought that, and that I would be a good candidate for that. There were three slots open on the Fed, including Greenspan’s. He wanted to reappoint Greenspan and get two Democrats. It was ’96 and coming up on the election, and the danger was that the Republicans would confirm Greenspan and not the Democrats. So the rationale that I was given was, “You would be easily confirmable. You have good relations on the Hill. You have the respect of some of these Republicans—probably left over from the CBO days—and yours would be an easy nomination to get through.”

Turned out not to be true, actually, but I think they genuinely believed that. That was the rationale. I was very reluctant to do it, and the President said, “Well, you don’t have to leave right away because it’s going to take a while to get this nomination through, and by then we’ll have the budget done,” which, again, wasn’t quite true. It didn’t get done until the fall of ’96, after the election. It was after I’d gone to the Fed that it finally got finished up. But it did get finished up, and it was the ’97 budget that was important and did lead to the budget balance. It did get us to surplus, which was rather remarkable in retrospect because when we were working on the ’97 budget—in late ’95, early ’96—we were really scrambling to get anything that looked

like it would get us to balance in 2002. We were engaging in things like auctioning the spectrum and doing it in 2002 to produce some more revenue in that year. This was long-range planning, but how do you get the thing at least on paper to look like it adds up to balance in 2002?

We imposed very severe spending caps on the discretionary spending in the out years to squeeze things down to get to balance by 2002, all of which proved to be unnecessary because the economy began growing so rapidly in '96, '97, '98 that such severe spending restraints were not necessary. The revenue came in very rapidly, and all of these things that we did to get to balance turned out to be icing on the cake.

**Pfiffner:** You were off by four years—all of you professionals watching these numbers, thinking that you really have to stretch four years hence, and all of a sudden in six months or a year—it's amazing.

**Gilmour:** So the budget enforcement act has now expired—

**Rivlin:** Yes.

**Gilmour:** You got to work under it for a while. I'm curious what you thought of the budget enforcement act.

**Rivlin:** Oh, I think it's a very essential tool. It has its limitations, but I would be in favor of having it—I think both the spending caps on discretionary spending and the PAYGO rules are absolutely essential to some kind of discipline. I thought of this just yesterday when I was interacting with the Connecticut legislature in Hartford. They had less of a spending binge in the '90s than some other states, in part because they did enact spending caps. Most states don't have them. I think you really have to have spending caps of some sort to force the discussion on priorities. Then the PAYGO rules are good for some kind of discipline on the entitlement and tax side. So I think they're in a terrible position right now.

The Senate has actually retained the PAYGO rules, but that's a Senate rule and it doesn't apply to the House. So I don't know how that's going to work.

**Pfiffner:** I'd like to ask your observations on welfare reform and Clinton's promise, and how that got set aside for healthcare, and his vetoing of two versions of it (I can't remember when), and then eventually signing it in the summer of '96.

**Riley:** You mentioned that Peter Edelman was a friend of yours. You might talk a little bit about the conflict within the Administration over the President's decision.

**Rivlin:** Yes. I'm actually not clear how the decision to move healthcare ahead of welfare reform got made. But it certainly was made very early. I just accepted that as what we were doing. Actually, at the beginning we thought we were doing both. The first year we would have healthcare, welfare reform, the balanced budget. It soon became evident that that was impossible. I think the serious work got going on health reform, and then it was realized, *This is a big deal, and you can't do both this and welfare reform in the same year.*

But we were still focused on welfare reform; it was still part of the plan. I was actually in favor of the basic concept of limiting welfare. I thought that it really was time to emphasize getting people off welfare and into work, and one way you did that was some kind of time limit. I wasn't terribly enthusiastic about time limits, but I thought the thing to do was to get as much training and daycare and opportunities in the labor force as you possibly could and reduce the welfare rolls.

I'd been part of a little group in the '80s during the Reagan Administration that was trying to pull the liberal and conservative positions together. Before that, they were very far apart. They began coming together—there were a lot of efforts to try to do this, but I was part of one group that included Charles Murray, who was taking very strong positions that welfare should be abolished, and some other folks—to try to craft some kind of compromise. The general idea was, “Work and self-reliance are good things, and it's good to get people off welfare and into jobs and being self-supporting, and you need to support people to do that.”

So I was on this welfare reform wavelength, which was the centrist position at this point. A lot of the liberals had come part way, but not all the way, and didn't want time limits, or didn't want work requirements and so forth. But the President had staked out a position on this—ending welfare as we know it—and time limits were in his plan. I thought that was fine. I wasn't one of the prime movers on this, but I was in the conversations.

OMB again was playing in this game. [Isabel] Belle Sawhill was part of the team. It was a strong group of people. David Ellwood and Mary Jo Bane from Harvard, and Donna was part of this. Again, there were a lot of meetings about welfare. It was a very meeting-intensive Administration—not quite as many as there were on the health side. But there were budget considerations of whether it could be revenue neutral. It was the same kind of discussion: Could you save enough from the time limits to finance the services that you needed to get people into the workforce?

In the end, the answer to that was yes because, again, the economy was much stronger than we originally thought, and the states—in the late '90s—made such rapid reductions in their welfare rolls that they were able to transfer funds to the training programs and the daycare programs and so forth. At least in a strong economy it was very successful—successful in moving people off welfare, not necessarily successful in moving them out of poverty. I think the evidence is that most of the women who moved off welfare, moved into pretty low-level jobs, and their incomes haven't gone up very significantly, if at all. Some of them just kind of disappeared. There are a few success stories, but mostly anecdotal success stories.

But within the Administration, it was controversial. Some of the liberals on the Hill were very negative about what the President was proposing. Some of the people within the Administration—Donna was caught in the middle on this because she was basically favorable to the welfare reform, but wanted more money for childcare and training. Peter and David Ellwood were the ones who were the most concerned that the bill, with the time limits in it, would just be too hard on people.

**Pfiffner:** How far apart was the one that he finally signed in the summer of '96 and the ones that he had sort of envisioned and that you had talked about in these meetings?

**Rivlin:** I don't think there was a huge difference, but I can't give you real—

**Pfiffner:** So the resignations may have come even had he passed the welfare bill that he wanted as opposed to being faced with a Republican proposal in an election year that he felt he had to sign.

**Rivlin:** I don't know, better ask them.

**Gilmour:** I'd like to ask you some questions about Presidential vetoes.

**Rivlin:** Yes.

**Gilmour:** President Clinton didn't veto any bills in his first two years, which is sort of unusual because almost every President vetoes something, including minor legislation.

**Rivlin:** We threatened, but we never did it, isn't that right?

**Gilmour:** Probably threatened, but normally the Presidents will veto some minor legislation that's irritating, or has bad administrative implications, or something. Do you think this was a deliberate strategy on his part to make nice with Congress?

**Rivlin:** Well, it was our Congress.

**Gilmour:** Were there ever any instances where a recommendation came from OMB or from the agencies to recommend a bill that Clinton decided not to follow up on? Do you recall that?

**Rivlin:** No I don't.

**Pfiffner:** Would any proposal for a recommendation for a veto from any place in the government have to go through legislative clearance in OMB?

**Rivlin:** It has to go through OMB, and OMB does something—which I never heard of until I got to OMB—called a SAP, Statement of Administration Position. It was always called the SAP. We would draft those on any bill, and that's where the veto threats would be expressed. There were various levels of threats, the strongest being, "The President will veto." But we hardly ever said that. It would say, "The Secretary of the Interior will recommend that the President veto." If we wanted to make it a little stronger, we'd have two secretaries, and a little stronger still, it would be two secretaries and the OMB Director. Now you're really talking! This might really happen! Listen up, Congress.

**Riley:** Was Congress reading these accordingly? Were they on to the game?

**Rivlin:** Yes. It was a code, everybody read the code. I actually signed these. They're signed by the OMB Director. They go up and get circulated on the Hill. We did a lot of those—and they worked. They were negotiating documents. If the SAP had strong veto language in it, then you'd get a compromise, and you wouldn't have to veto most of the time.

**Pfiffner:** Would you have to make a decision on every piece of proposed legislation whether it's in accord with the President's program or not?

**Rivlin:** Yes.

**Pfiffner:** Okay, and that's what this is for?

**Rivlin:** That was what this was, yes.

**Riley:** And your gradation levels were signs of how great the disparity from compliance was.

**Rivlin:** Yes.

**Riley:** This is pretty close but not quite there, and all the way—or how important it is.

**Gilmour:** Who decided what kind of language, what level of threat to use?

**Rivlin:** The OMB Director in consultation with the White House staff. We didn't want to get the President out on a limb. We had to know where he stood. It would be a kind of thing that would come up in Leon's early morning meeting. I would say, "We have this bill, and we think the SAP should say this, and what do you think?" And there would be discussion of it.

**Riley:** I want to ask a general question, something we haven't talked about. One is about the scandal problems in the Administration. Most of these didn't become too terribly disruptive, at least from outside appearances, until the second term. But I'm wondering, from your perspective—

**Rivlin:** I don't think they ever did, actually, although I wasn't there in the second term. But from my perspective we were all doing our jobs. If there was an uproar over something—it didn't have to be a scandal, it could be gays in the military, or the Presidential haircut, the time he held up the airplanes in LAX [Los Angeles International Airport]. There were a couple of White House staff fired because they used the helicopter to do something or other. Those things happened. It was unfortunate. We just barreled ahead. I think that was even true of Monica Lewinsky. I was over at the Fed by that time. I was traveling a lot and going back and forth to Europe. People I was dealing with—the central bankers and the finance ministry, people in Europe—would say, "How can your government function?" And I'd say, "You know, Bob Rubin goes to work every day, Alan Greenspan goes to work every day. None of these people are worrying about Monica Lewinsky. They're doing what they always do."

I think the government was pretty impervious to all this stuff. I don't know whether that's good or bad, but the people I knew were quite dedicated to their jobs and not talking about it.



**Pfiffner:** Donna Shalala told me once that it was good in that the White House staff kept their distance more during that time so she could do her job better.

**Rivlin:** That's true.

**Riley:** Preoccupied. Let me frame a very broad question to you this way. I think one of the things that historians will want to examine about this period of time is the Administration's influence on the economic fortunes of the last part of the last century and the early part of this century.

The most favorable accounts will suggest that there was a great deal of responsibility for the boom that occurred in the 1990s. The less favorable accounts might pick up where the Republicans are currently arguing, which is that this is an Administration that basically deferred some things, and they inherited problems that had been percolating in the earlier years. You're somebody who obviously has a great deal of professional experience in analyzing cause and effect. I'm wondering if you could make whatever argument you feel is most appropriate about the steps the Administration took, and what the influence was on the economy of the times.

**Rivlin:** I'll give you my standard answer to this, which is that I think there were multiple causes for the boom of the '90s. The technology was just at the right moment, apparently, for a real surge in productivity in the mid-'90s. Now, that has a lot to do with the revolution in computing and telecommunications, but the mystery is, why did it occur in the mid-'90s? This was an ongoing technological revolution. We'd had computers and telecommunications evolving quite rapidly for about 20 years, and no apparent effect on productivity until the mid-'90s. There isn't really a very good explanation of that except that it does take a while for technology to affect production.

The economic historians who've looked at the impact of railroads or the electric motor, the steam engine find that it takes a while before the use of the technology catches up with what is possible. You actually rearrange the way things are done to take advantage of new technology. So I think the timing was just right. By the mid '90s we were able to take advantage of the potential of information technology for increasing productivity, and the economy just took off. The increase in the rate of productivity increases is what is really significant there.

But I think policy helped, and it was three kinds of policy. One was the fiscal policy. We finally got the budget deficit coming down and very low interest rates, or interest rates coming down, and by the end of the decade, very low. The effort to get the budget deficit down—the main thing was getting it coming down rather than going up. At the beginning of the decade, all the forecasts had it going up, and more and more upward pressure on interest rates would have occurred if the turn hadn't come. Whether it was important to get it to balance, who knows? But that the direction was down, and that it was taking pressure off the bond markets and releasing more capital for investment, is certainly significant.

The Federal Reserve helped, I think, considerably. Monetary policy worked out well in this period. The Fed slowed the economy down in '94, when they thought there was some danger of inflation, and then reversed in '95. And by the time I got to the Fed in '96, we were beginning to

realize that productivity was going up, that inflation was not an imminent danger. We didn't do the kind of interest rate increases that you might have thought when the economy was growing that rapidly. So I think the fiscal policy and the monetary policy really were the right ones. Whether they were causal is a question nobody can answer. But they certainly were reinforcing what was going on in technology and the rest of the economy.

But then I think there's another set of things that were enabling conditions. We'd had a long series of policies that deregulated the economy in various dimensions, increased its competitiveness—trade, culminating with NAFTA, and deregulation of airlines, and a lot of other things, trucking. And then, even going back to the '80s, the restructuring of American industry in the '80s under the threat of Japanese competition and the high dollar, which was very punishing at that point, and really decimated the “rust belt.” They had to restructure in a major way.

But all of that had already happened, and so it all came together in the '90s: the technology, the good policy, the readiness of American industry to take advantage of it. Also a new business ethos, much more competitive and aggressive— It had become normal to re-engineer your company and try to be more efficient. That was kind of revolutionary stuff in the late '80s. By the '90s, it was what business people did. So I think that all of that came together, and it's very hard to sort it out. I don't think anybody will.

**Riley:** According to this interpretation, the wrong policy steps might have delayed—

**Rivlin:** Yes. I think that if we hadn't taken the steps to move the deficit down, you might not have gotten the growth in the '90s that you got. Policy can mess things up, badly. The Reagan policy was a big mistake—the Reagan budget policy was a big mistake, and it took us 20 years to recover. That's why I'm so sad that we may be doing the same thing again. And the Fed can mess things up by tightening too quickly as they did in '89 and '79—but Fed policy has been quite good in this period.

**Riley:** Do you have a response to those who suggest that some of the current economic problems can be laid on the plate of the prior Administration?

**Rivlin:** Well, I'm not sure what they're talking about. I've thought about this more in the Fed context. I think the Fed got more credit than it deserved for the boom of the '90s. We were permissive. We didn't close it down. With hindsight now, people are saying, “Well, you could have avoided the stock market bubble by raising interest rates in '97, '98.” It was '99 before they began tightening because they realized that the economy was growing very fast, and we were essentially running out of employable labor. They began raising rates in '99. Some people would say, “You should have done it a year sooner.”

There are two answers to that. One is that slowing the whole economy down—when there was no inflation—to reduce the stock market speculation would have been a big price to pay in terms of more unemployment, less income, and not obviously effective. It's not clear that the stock market could have been dissuaded by a couple of percentage points on the interest rate. You might have had to raise it really far—Greenspan has said this—to have it have any effect on the

stock market, and that would have damaged investment growth. The other answer is, we had the Asian financial crisis. We actually lowered interest rates in the fall of '98. But that was in response to the really worldwide financial crisis that started in Asia, but then affected Russia and was threatening Brazil. It was a generally threatening situation. If the U.S. had raised interest rates at that point, it would have been exactly the wrong thing to do for the rest of the world. Indeed, we did lower them, which was not particularly appropriate domestically, but it was appropriate for the world.

**Riley:** Since you've introduced—

**Rivlin:** I'd like to come back to one other thing—go ahead with your question, but we didn't talk about press interaction.

**Riley:** My question was going to be since you had introduced Fed policy as a key component here to talk a little bit about White House-Fed relations during the time you were there and then—

**Rivlin:** Sure. We really do have an independent central bank, and the central bank guards its independence jealously. Presidents sometimes get antsy that the Fed isn't doing what they'd like them to. Clinton was a little antsy in '94 because the Fed was in interest rate raising mode at that point, and no President ever likes that. The economic team was restraining him from saying anything. We kept explaining that it was not a good idea to criticize Alan Greenspan, because that's not what Presidents are supposed to do. It's important to have an independent central bank. Clinton would mutter a bit.

I remember one very funny incident while I was still at the White House, probably '95. Greenspan was coming over, as he periodically did. The President would invite him to come over and say, "What do you think about the economy?" and Alan would talk a little bit. So Greenspan was coming over, and we were going to have this meeting in the Oval Office. We were sitting there in the Oval Office waiting for Greenspan. The President got started on how Greenspan was such an inflation hawk, and he began mimicking Greenspan, making a speech about the deficit and inflation. We were all cracking up because he was very funny. I remember just sitting there looking a little nervously at the door because I knew that Greenspan was probably waiting in the outer office. Those doors of the Oval Office are very thick, and they are soundproof. But we were all just in hysterics at the President's mimicking Greenspan. Then eventually he walks in, and we have to keep straight faces.

But there was, in my experience, not much more than ceremonial interchange of that sort, and similarly when I got over to the Fed. Although there was a very close relationship between Greenspan and Rubin and [Lawrence] Summers—

**Riley:** That was atypical, to your knowledge?

**Rivlin:** I think it was unusually good. There have been times in history when the Secretary of the Treasury and the Fed chairman weren't on good terms. But the Rubin/Greenspan closeness had nothing to do with monetary policy; this had to do with international stuff—

**Riley:** Exactly, the currency crisis.

**Rivlin:** —currency crisis and what are we going to do about Brazil and that sort of thing. U.S. policy in the IMF [International Monetary Fund], coordinating that. So there are a lot of international things that the central banks and the finance ministries work together on. I think in the U.S. government context it has sometimes been a good relationship between the Treasury and the Fed and sometimes not. This period was just unusually good. Rubin and Greenspan really liked each other, respected each other—although they didn't always agree. The other place where they interacted was bank regulation. There the Fed and the Treasury—because the Treasury regulates some banks and the Fed others—are somewhat competitive—more than somewhat, quite competitive—and there were disagreements there.

But actually the way Greenspan and Rubin handled that was to buck it to a lower level. They agreed to disagree and let their deputies handle it. The back-and-forth was mostly not between them. It was the next echelon.

**Riley:** Do you want to go to the press question?

**Rivlin:** I did. I was partly prompted by Stacie's nice little précis of the things that happened. I'd dealt with the press for a long time, and I'd had a lot of experience at CBO. I got better and better at it as I was at CBO. But when I came into the Clinton Administration, I was really quite surprised by how difficult it was all over again. Part of it was, as I said earlier, that my reputation for being a straight-talker gave the press what they thought was license to try to drive a wedge between me and whatever the President was saying. They try to do that with everybody. But there were just a couple of weird incidents.

One was the question of the deficit reduction trust fund. I've forgotten exactly the timing on this, but one of the things that got put into one of these budget packages was a so-called deficit reduction trust fund to segregate the "winnings," as it were, from deficit reduction so that they couldn't be spent for something else. Now, I had not been particularly enthusiastic about that, but I wasn't opposed to it. If the political people thought that was a useful thing to do, well, okay. So we were all defending it, including me. And I agreed to handle some press calls on this. I was still Deputy Director then, so it must have been '94, maybe even '93.

There were some talking points that somebody had prepared, both for me and for Leon, of why this was a good idea. There were several points, and one of them was that it was a way of displaying the progress on the deficit. So I said that. The word "display" was in the talking points, but I used the phrase "display device": "This is one reason it's a good idea, it's a display device for the deficit progress." And number two is— And number three is—

Then, to my horror, the next day I found the *Wall Street Journal* or maybe it was the *Washington Post* saying I had attacked this by calling it a display device, as though this were a negative. Then the reporter really cheated, too, because he dug out something that I had said several years earlier about a different, but somewhat similar-sounding, mechanism that the first Bush

Administration had proposed and I had said it was a gimmick. So, without making clear that this was an earlier quote, he used the phrase “display device” and “gimmick,” both attributed to me.

Then everybody was furious with me, inside the Administration. Mack McLarty called me over, and everybody was talking about this. My explaining that I really was defending this got nowhere at all, and it’s still remembered and recorded as my having attacked this plan. Bob Woodward made a big deal of it in his book, and there were calls for my resignation. It never happened. It was just one of those really remarkable weird things where apparently I used the wrong word, but not with any intention of attacking this. But then, of course, I remember Pete Domenici saying to me months later, or a year later, “I was so pleased to hear you say that.” So then I was a hero to the Republicans. It was so bizarre.

The other one that was kind of weird was the value-added tax, which Stacie also has in her précis. While we were putting together the President’s budget package—now we’re back to early ’93—I made a speech one day at some business group, NAM [National Association of Manufacturers], I think, and talked about the President’s package. Deep in the question period I was asked whether we were considering, or had considered—I don’t remember the timing—a value-added tax. I said, “It was certainly one of the possibilities, but we didn’t consider it seriously.” I gave a kind of “pro-sy”/“con-sy”—some people might think it was a good idea, but actually it’s not and for the following reasons. It was kind of a rambling answer.

Donna Shalala on the same day in a different city got the same question and answered it sort of the same way: “It might have been considered, but basically it wasn’t.” The next day the *New York Times* ran its lead story, front page right column, “Administration leaks value-added tax plan.” They had decided that Shalala and I were floating this, it was a trial balloon, no way two Cabinet officers could mention value-added tax the same day.

There was a heavy degree of anger when anybody stepped out of line, and so I got some negatives. I was feeling a little nervous about it, and I walk into a meeting with the President, and he says, “Hey Alice, I hear you’ve been talking about the value-added tax.” I said, “No, Mr. President, I really was only answering the question, and I didn’t say we were considering it.” He said, “Oh, that’s all right. I talk about it all the time.”

Life was full of those weird potholes, as it was at the beginning of the CBO. By the time I was at OMB I thought I knew how to be careful, but this was more difficult, not only with the press, but with the internal people who took advantage. Every time something like that happened they said, “You see, she can’t be trusted.” That was one of the bizarre things that I did not miss about that Administration.

**Riley:** Was the press just more institutionally hostile there? Or was it the fact that there was a kind of amplification to the point of distortion of minor departures from expectations?

**Rivlin:** I think it was three things. It was the press trying very hard to get a story when there often wasn’t one, although that’s a constant. It was my being somewhat more vulnerable to any deviation or perceived deviation than other people because I hadn’t been part of the campaign and had this reputation. And then it was the internal fanning of it by some of the people who

thought the budget deficit reduction was a mistake, and they were going to try to discredit the people who were for it.

**Pfiffner:** On the press of never happened—just a minor point about the haircut in Los Angeles. The *Post* a week or so after that ran a story on a back page that it didn't in fact slow down any, or shut down LAX, or slow down any—

**Rivlin:** I think that was probably true.

**Pfiffner:** But the interesting thing is that we think of it as reality, just the way—

**Rivlin:** Well, one of the things that I always think of when something like this happens was the Ed Muskie incident.

**Pfiffner:** You mean the tears—

**Rivlin:** Yes. I think of it often because my eyes water in a cold wind. It was a cold, windy day in New Hampshire. He was standing on the back of a truck, and there was something about his wife, and his voice caught, but they said he was crying. There were no tears. That was the end of things for Ed Muskie, that he'd cried. The people I know who were there said that was nonsense, he never cried.

**Gilmour:** I've heard lots of things about Ed Muskie, but none of them suggest he's so weepy.

**Rivlin:** No, anger was more his thing. You didn't want to be on the receiving end of the Muskie tongue-lashing. Weepy was not his thing. But that stuck.

**Riley:** How about Clinton's anger? Did you ever experience Bill Clinton being angry, and what were your perceptions of his—?

**Rivlin:** A few times. When he was just, I think, feeling harassed and put upon. I don't remember what this was about, but I remember one day sitting in Leon's office when Leon was Chief of Staff, with a group of people, and we were having a meeting about something. The President walked in, which he hardly ever did. I mean, people went down to the Oval Office. He didn't usually walk into another office. He walked into Leon's office, and he was really mad about something that had happened or something that somebody said he said that he didn't say or one of those kinds of things. But it was a passing storm—not as bad as Muskie. I never got on the wrong end of a Muskie tongue-lashing, but I witnessed a few that just made me really cringe.

**Riley:** You spent roughly four years working with this President. What in retrospect most impressed you about Bill Clinton as President?

**Rivlin:** His charm and his intelligence. He's really smart, he's really likable. He has this enormous gift for making you feel like you're the most important person in the world when he's talking to you. He remembers things about people. He really has issues straight. I don't ever remember being in a meeting with Bill Clinton when I thought he didn't get it. And that's pretty

remarkable, because we were dealing with very complicated stuff where I had the opportunity to study it and hear all the opinions. And we'd go into a meeting, and there was just never a moment when I thought, *He's not getting it*.

There were moments when he would tune out—when he was so tired or something—that he was apparently not listening. But he really was. He'd tune out for a few minutes—Tony Williams does this, too—and then come back into the discussion with exactly the right point. That's very impressive. He was very likable. So this was the right combination of gifts, I thought, for a very successful Presidency. The thing he lacks is discipline, both in his personal life and his intellectual or decision-making life, unless he's rescued by somebody.

I think for a good part of his career, he was probably rescued by Hillary—by her being a more decisive, more disciplined kind of person who kept things moving. She didn't really play that role in the Administration very long, because after she got burned by the healthcare thing she pretty much dropped out of the discussions in the White House and did her own thing. She did a lot of things, but with her own staff and her own traveling.

Bob Rubin played that role for a while, and Leon did. But Clinton was always breaking away from it a little bit.

**Riley:** That's an interesting cost I'm not sure we've reckoned with in relation to the healthcare problem, his loss of her as a source of discipline, because she had been discredited. That's interesting, something worth exploring.

**Rivlin:** I think it would be worth exploring.

**Riley:** What are you most proud of out of these years?

**Rivlin:** Oh, the deficit reduction package, definitely.

**Gilmour:** You mean the one in '93?

**Rivlin:** '93. I played a role in '97, I just wasn't there at the end. But I think both of those budget packages were very considerable achievements of the Administration. On smaller things—we haven't talked at all about OMB as an institution—I worked hard on reorganizing OMB, spent a lot of time on it. Again, Stacie's notes say that this was forced on OMB by the Vice President. That's wrong. Gore had nothing to do with reorganizing OMB. We started out early on at OMB in what we called OMB 2000, which was an effort to restructure OMB a bit and look at how effective it was and what the staffing needs were. And although we were interacting later with the "Reinventing Government," I don't remember that that was an impetus for reorganizing OMB. I think it may have preceded it.

**Gilmour:** In reorganizing OMB, were you motivated by a few particular perceived weaknesses?

**Rivlin:** Yes. We had a whole procedure in which we spent quite a lot of time talking to OMB staff about what they perceived, and talking to our clients—namely the agencies and the Hill

folks—about what they perceived about OMB. This was managed by Matt Miller. We used teams of OMB people to do this and come up with what they thought would be better, and what would improve their effectiveness and so forth. The thing that we found was that the M in OMB—the management part—was disconnected from the budget part, and seemed to be less effective for that reason. We wanted to integrate the functions under the management side, which had to do with procurement and information management—integrate that into the budget operation, so that when the OMB examiners were reviewing an agency, they could be reviewing management and budget at the same time. And we did that.

We reorganized that structure, and I think it's worked. They haven't gone back to the previous one. There were some congressional opponents, because there's a small cult of people who came out of OMB—out of the Bureau of the Budget, BOB—back in the olden times. They're now all in their 80s. Dwight Ink—you have some of these people.

**Pfiffner:** Chuck Bingman and Harold Seidman and Herb Jasper, Ron Moe.

**Rivlin:** It's a cult, right? These people had convinced a couple of people on the Hill that what you needed was a separate management agency, and that we were going in exactly the wrong direction. So there was some criticism from the Hill and some hearings, but we barreled ahead. I think it's been quite successful. I spent a lot of time, because Leon didn't have time. I spent time when I was Deputy Director—going around OMB. I had brown-bag lunch meetings with staff, trying to make the agency feel connected. There's a division in the agency between the “red building” and the “gray building.” Most of the staff is in the newer building, which is red brick. The top brass is over in the gray building. So I was trying to bridge that gap, and I spent quite a lot of time on it and, I think, got very positive feedback from the agency.

**Gilmour:** Did you have much involvement in implementing the Government Performance and Results Act?

**Rivlin:** Not in implementing so much as advertising and trying to support the efforts. That was, again, a separate thing. The Vice President was in charge of that, and he was pulling some of our OMB people into the work. But it was a kind of separate operation.

**Pfiffner:** Similar question about the National Performance Review and the decision to do it separate from OMB, which naturally would have been part of any major management— What was the relationship between the NPR and your staff at OMB?

**Rivlin:** Well, at first we didn't know what it was, and it seemed sort of bizarre. Like the health care thing, they were having a lot of meetings, and there were a lot of buzz words. We didn't know quite what was going on. But then they began realizing that they needed some expertise, and they began calling on our staff. Relations improved, and we actually had some input to it.

**Pfiffner:** I seem to remember bringing my class to the Old Executive Office Building, and you telling a story about the number. The NPR wanted to cut mid-level management. And you had to come up with a number. Do you remember that? It was taking these and calculating the number of mid-level managers and cutting it in half and coming up with some number?



**Rivlin:** I don't remember exactly. That certainly was part of the game. It was, "Can we broaden the span of control? There are too many mid-level managers." I got engaged in that in the District of Columbia as well. I don't know how successful that was. But there were a lot of numbers games. Yes, there was a goal, wasn't there? The NPR had a quantitative reduction goal, and some of that was a little dubious because it was accomplished by contracting out. So it wasn't that there were fewer people employed, they just didn't work for the government. Actually, that's been a major thing, and it may or may not be beneficial to productivity. Some is, and some isn't.

**Gilmour:** I have one more question about the press. You had trouble with, I guess, the people on the political side badmouthing you to the press. Were you able to do anything to counteract that? Were there any general tactics that you could use to better yourself or protect yourself?

**Rivlin:** I was quite mystified by it because at the beginning I didn't know where it was coming from, and by the time I did, it was pretty much over.

**Gilmour:** Any special, particular friends in the media who could be—

**Rivlin:** I had a lot of friends in the media, and I did as much press communication as I could and tried not to make any mistakes. But it was hard to deal with because I didn't really know where it was coming from at the beginning. This little group of political folks who were trying to sabotage the deficit reduction effort—and explicitly to get rid of me—weren't people I really knew or was interacting with. It was pretty much over by the time I figured out who it was. Begala came and apologized to me at one point.

**Gilmour:** Did anything prompt that, or was that out of the blue?

**Rivlin:** I don't know whether the President told him to. He showed up in my office one day and said he just wanted to tell me that he was sorry that he'd treated me as badly as he had. I said, "Gee, thanks." I was quite nonplussed by it.

**Riley:** We're very much in your debt.

**Rivlin:** Well, this has been fun. I've enjoyed it.

**Riley:** It has been an interesting day for us, and I'm sure people 20 or 30 years down the road who take the time to read this will find a lot that's illuminating about your years in Washington, so we're very grateful for the time. Thank you.