WILLIAM J. CLINTON PRESIDENTIAL HISTORY PROJECT

INTERVIEW WITH THOMAS "MACK" McLARTY, III

July 12, 2002
Charlottesville, Virginia

Interviewers
James Sterling Young, chair
Karen Hult
Richard Klein
Stephen F. Knott
Sidney Milkis
Russell L. Riley

Assisting: Hannah Bradley St. Leger, Beatriz Lee
Audiotape: Miller Center
Transcription: Martha W. Healy
Transcript copyedited by: Rosalind Warfield-Brown, Jane Rafal Wilson
Final edit by: Jane Rafal Wilson

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TRANSCRIPT

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Young: We'll dispense with a lot of the formalities and routines at the beginning of the interview so we can commence right away. You all are aware of the ground rules that we follow concerning confidentiality, which I reviewed with Mack, as well as the ultimate disposition of the interview. We try to be conversational here, so please lead us. We're the students of the presidency, and we might raise a question to interrupt. We don't have lists of questions we all want to ask, but we have met beforehand to try to get a better idea of what we'd like to focus on.

If you'd like, Mack, you can just start out by reviewing. We can start chronologically—you can start out about how you came to join the administration and your earlier history of association with William Clinton. Then we can get into transition, the early days, and carry through. But, if you prefer to start a different way, go ahead.

McLarty: First of all, good morning. I'm delighted and pleased and, indeed, honored to be here. This is a much more distinguished group than a Senate committee. [laughter]

Knott: You may change your mind.

Milkis: We don't have any power.

McLarty: They don't have seem to have as much power as they think they have, but I'll reserve judgment until the end of the day. My privilege to serve not only President Clinton and the Clinton administration, but most importantly, the American people, began when President-elect Clinton approached me the day after his historic and, in many people's minds, surprising election. He had defeated an incumbent President that at one time enjoyed a popularity rating of 90 percent plus. He asked me if I would consider serving as his Chief of Staff.

I was somewhat surprised. I was chief executive of a Fortune 500 company at that time, and we had two boys, the younger of whom was a senior at Little Rock Central, the older of whom had gone to Georgetown University and was already in Washington. So it occurred to me that that presented some issues. Here are the parents coming to Washington right after the son has just established his presence on campus, and then leaving our younger son there to graduate.

I told President-elect Clinton, who had been a lifelong friend—it's pretty well documented and reported that we grew up together in Hope, Arkansas. I say "grew up together," but that's not

precisely accurate. We knew each other in kindergarten, but President Clinton moved to Hot Springs when he was about seven, so we didn't really "grow up" together. We did stay in touch and formed a close friendship during our high school years, primarily at Boys' State and some other activities of that type. And we visited each other, not frequently, but on a regular basis, when the President was at Georgetown and I was at the University of Arkansas.

I had been active in Arkansas politics, serving both in the legislature and as chairman of the Democratic Party when David Pryor was our Governor and when President Clinton made his first race for Congress. I also had worked with Governor Pryor as his Treasurer, and when Attorney General Clinton ran for Governor and asked me to be his Treasurer, I agreed. So I'd had a long-standing relationship.

I had not been a formal part of the campaign because, as chief executive officer, I felt my fiduciary responsibility was not to become deeply involved formally in the campaign. But I was supportive of a home-state Governor, a lifelong friend, a centrist Democrat. We had both been involved in the Democratic Leadership Council, the New Democrat movement in its original founding 20-plus years ago now, which I believed in very strongly. Governor Clinton had been chairman of that group. But I was active in the campaign to the extent that I was strongly supportive and was a resource that Governor Clinton used. I could affirm and discuss him as a person and, even more importantly in some ways, his tenure as Governor of our state. He was very mindful that he was running as a New Democrat and that that meant a different type of philosophy than the traditional Democratic philosophy.

So, speaking as a businessperson, and having sons who had been part of the public educational system—because education had been a real hallmark of Governor Clinton's administration, and Mrs. [Hillary] Clinton had been deeply involved in education—it was a natural thing to affirm that and discuss it with people who would come into our state. So I was part of the campaign in that respect. And then, from the economic standpoint, as summed up in James Carville's now famous war cry, "It's the economy, stupid." That was the central core of the campaign in many ways. Governor Clinton asked me on a fairly regular basis to offer advice as a businessperson. Of course he knew my background about the economy.

That's the formal beginning: It was the day after the election. I did not give him an immediate yes. I told him I was honored, indeed touched, and we discussed why he thought that was what he wanted to do.

Young: Were you surprised?

McLarty: I was, because I'd never served in his formal administration when he was Governor. I'd always been a "kitchen Cabinet" member, for lack of a better phrase. In many ways I had been more active with Governor Pryor than I had been with Clinton because it was just a different time in my career.

Riley: Can I stop and ask you if you had consulted or talked with him about his decision to run for President in the first place?

McLarty: I had.

Riley: Can you tell us a little bit about his thought process on that? There had actually been a recorded thinking about doing this four years before, and I wonder if you might have been involved in the process of his making decisions at that point, too, and could illuminate a little bit what was going on.

McLarty: It has been publicly reported that he had given some thought to running in 1988. I had not been an integral part of that particular decision. We had had some discussions about it, but I was not an integral part because my career was such that I was moving in the business sector, he was Governor, and there was somewhat of an appropriate line there that we treated with great care in the ’88 period.

That had moved and changed over time in the ’92 period, and Governor Clinton called me, as I recall, in August. It was a very hot afternoon that we visited, and the air conditioning in the Governor’s Mansion—which is quite a beautiful historic residence, as you might expect—was being refurbished. So Governor Clinton and Mrs. Clinton were living in the guest quarters, and Governor Clinton and I visited on the porch of the guest quarters, which were not as pleasant as these surroundings on this day. It was much warmer. But, he did discuss in ’92 his thoughts about running for President and asked what I thought about that.

Riley: This would have been ’91?

McLarty: You’re right, I’m sorry. It was for the ’92 campaign. August of ’91 I believe is the correct date. My reaction was mixed. It was favorable in the sense that I thought he had the experience, ability, and skill to run a national campaign, despite President [George H. W.] Bush’s strong standing. He knew I had been appointed by President Bush to two presidential commissions, but I was a lifelong Democrat, centrist Democrat, and obviously a lifelong friend of Governor Clinton’s. He talked about how happy he was as Governor, both in his professional life and his personal life. He was enormously proud of Chelsea [Clinton] who was becoming a young woman. I think she was in middle school. He was very, very pleased with that. He was very pleased and proud of Hillary’s accomplishments, both in the legal profession and in public life as well.

He talked about his satisfaction with seeing a lot of the programs he had worked on as Governor over a 10-year period—actually a bit longer, if you count his first term and then the defeat—coming to fruition, particularly job creation, education, these types of things. Having said all that, it was clear to me that he did have that proverbial “fire in his belly” to run and to grasp the issues and to talk about the differences of view he had than the current administration. I had no doubt he would be able to articulate that in a very persuasive and compelling manner.

We talked about both the political landscape and the personal landscape, about the difficulties of a national campaign. At an earlier period of time, probably in the 1975 period, Dale Bumpers had considered a run for the presidency. Dale, of course, had been Governor, a very well-respected Senator, and had real national standing, more than Governor Clinton had, in many ways. And Dale had asked me to give him some counsel, advice, along with others, and he was

very reticent about that national run, not only a national campaign and its demands, but the fundraising aspect of a presidential campaign.

So we talked about that that day as well, and it was clear that Governor Clinton was much more forward leaning, much more can-do. "I believe this can be done and I feel I can develop these issues. Even if I'm not successful in the campaign, I believe the country needs a change, and I think I can convey that message." We did talk about some of the personal rigors of a national campaign and the criticism, and so forth, that inevitably happens in the primary process and beyond. We had a second visit, as I recall, two or three weeks later, where we discussed some of the same issues. He gave me some feedback from other people he was talking to including, of course, his wife, Hillary. That was the beginning of his crystallizing his decision to run.

Riley: My assumption, then, is that during the course of the campaign you were a sounding board. Did you travel with him at all during the campaign?

McLarty: Modestly, and carefully. Again, I was very mindful, being chief executive even in the 1990s—that's more probable a topic today than then—of the fiduciary responsibility I had to our board, and more importantly to our shareholders and associates and employees. I had worked with Governor Clinton on educational reform and other matters in Arkansas. In fact, as a sideline, there were 12 chief executives whom he had asked to be supportive of his educational package in the '90s, late '80s, early '90s. Sam Walton was the chairman. The local newspaper quickly deemed us the "good suit club," 12 business leaders.

So I had been active in that sense. In terms of my involvement in the actual campaign—as I noted earlier, Governor Clinton convened an economic group pretty regularly, to give him our best thoughts. Of course, he knew of my business background both on Main Street in our family business endeavors and on Wall Street, so to speak, in a publicly held company. Bob Rubin was part of that group, as was Roger Altman, and there were a number of other economists including Larry Summers and other trained economists who provided advice and counsel as well.

From time-to-time I would travel, not with Governor Clinton, but I would meet him at a particular campaign stop. In Chicago, I recall, we met with business leaders, or when it was appropriate. Sometimes in New York, in fact, it actually coincided with my being there. I recall one morning I was taking an early morning walk before my appointment on Wall Street and two cars came by, not a motorcade. And all of a sudden—one was a police car—they stopped, and it was Governor Clinton. He said, "What are you doing here?" I said, "What are you doing here?" He said, "I'm on my way to do the *Today* show." I said, "I'm on my way to do an analysts' breakfast meeting." We didn't even know we were in the same city.

My wife, Donna, who had known President Clinton through me after we were married, met Hillary before they were married. So she's known them for 25-30 years now and filled some of that gap for me—not in an active way, but there were friends and associates we had throughout the country that we could call and say, "Governor Clinton is going to be in Charlotte," or going to be in Houston, or going to be in St. Louis, places where we did business or had friends, and there was increasing interest in his candidacy. She was able to be very helpful so I would not have to be deeply involved.

But, as I said, Governor Clinton would have people come to Arkansas and generally would have a program put together, as you'd expect. I used to kid him a bit that I was perhaps called upon to be an evangelist—which I do not have particularly the ilk or the skills to be—but I would affirm his efforts in Arkansas as Governor. Again, the theme was a New Democrat, a centrist Democrat, a fiscally responsible Democrat, but a Democratic candidate who understood people's needs and concerns and hopes and dreams. Then we would personalize it not only with the lifelong friendship and his integrity during his time as Governor and in public office, as Attorney General, but also the educational aspect. I think, had Bill Clinton not been elected President, his real hallmark would have been education and the accomplishments there, both in our state and nationally. That was where he had expended an enormous amount of political capital in our state. So that was the role in the campaign.

Riley: Okay.

McLarty: The transition, of course—as you ask questions, and as I reviewed the very comprehensive briefing book, it has triggered my memory. The transition committee was set up, as I recall, a couple of months before the election, and that's always a very tricky decision for a candidate. On the one hand, the candidate intuitively knows you need to start planning for the transition. On the other hand, you know the press can portray that as over confident, or arrogant, or worse. And in President Clinton's case—not that he's overly superstitious—there was just a bit of superstition: "This will jinx me if we announce this transition." He was apparently finally persuaded to do it. I did not have any real input into that decision. I was called to serve on the transition committee, but I did not particularly think that suggested a full-time post in the administration should he win. I felt it was consistent with other advice and oversight and the role of trusted advisor, to be part of that very distinguished group, which I was honored to be.

Young: Was Warren Christopher on it then?

McLarty: He was.

Young: Vernon [Jordan]?

McLarty: Vernon. Mickey Kantor, Henry Cisneros, Doris Matsui, and I'm sure I'm leaving out two or three. It was a very fine, very distinguished group. We were not overly active, but I think began the process.

Young: What did he charge you with, or did he ask you to do?

McLarty: He was not deeply involved in it beyond just simply asking the members to serve and laying out a very broad, not "mandate," but very broad framework to work from. He wanted us to start thinking about certain issues of transition, of staffing the administration and prioritizing the legislative agenda, and those types of natural transition decisions and elements that have to be considered.

Milkis: As you watched President Clinton put together his organization to run for the presidency, and you began to think about transition, did you have any concerns or thoughts about his having run as a New Democrat, as President Clinton was setting the groundwork to govern as a New Democrat? Or did you have some concerns that that was going to be a problem?

McLarty: I don't know that I was quite confident enough about his election to have those concerns. President Bush was very popular, and when the primary campaign began, you had a number of other well-known candidates—Bob Kerrey among others, Senator [Paul] Tsongas—who were very formidable opponents. And a number of very serious issues about the Clinton candidacy arose in those primary days, as they inevitably do. Particularly after the convention in New York, and he and Senator [Al] Gore rolled out of New York on that famous bus tour, it seemed that Governor Clinton was getting some momentum. Clearly, the [Ross] Perot factor was an increasing X-factor in the campaign. It became increasingly clear to me that the mood of the country was beginning to shift, or to—perhaps" solidify" might be a better word—crystallize, around the notion of some change of direction, particularly regarding the economy.

And it was also clear to me, knowing and respecting President Bush as I did and as I do, that he was not articulating clearly responses to those concerns that were resonating in this election cycle, and that Governor Clinton was increasingly getting more confident and more presidential, if you will, and connecting with people, and I was not surprised. And the theme, or mantra, "putting people first," had a strong resonance to it. And then once the debates began—despite his great communication skills, President Clinton has never felt debates were his strong suit, even in his gubernatorial campaigns—as those debates occurred, he was very skilled. Perot, again, was a different dynamic there. And particularly the town hall meetings, which do play right to his strengths and abilities and skills, did not play to President Bush's strengths nearly as well, so you could see this momentum building.

Getting closer to the election, to answer your question more directly, to the extent I focused on it—it was not my responsibility to, but to the extent I thought about it—you always have these expectations between the campaign and governing. And particularly when you have a candidate such as Governor Clinton. President Bush 43 had some of these some circumstances and elements—but not to the extent Governor Clinton did—when he ran as a centrist as opposed to Governor [Ronald] Reagan, who clearly was a conservative. You're going to have some tension on issues that you otherwise might not have in someone who has a more clear black and white philosophy. So there inevitably are going to be those tensions, and yes, I had thought about it. I had not given it the in depth, substantive thought that I would have some of the responsibility for managing those issues until after that election night.

Hult: Could you take us back to what you did on the transition committee? Were there certain issues, or questions, or tasks for which you were primarily responsible?

McLarty: The transition committee was a serious effort, and we all took our responsibility seriously, but to say it was an in depth and substantive effort, I believe would be an overstatement. We had three meetings, as I recall. We identified the larger issues that would have to be dealt with. I don't recall specific committee or board assignments. We all had our areas of interest and expertise and background that we gave our best thoughts on. Obviously the

economic side was something I had been involved in, and that was a major part of our discussion, as well as process.

That was the general tenor of the transition committee. It was not as developed and engaged as you might think or as your question suggests. And of course you had a number of people on that committee, all of us to some extent, but certainly two or three, who were directly involved in the campaign. So it's the old adage of counting your money at the table. You had to get elected first.

And I recall we went to Chicago, to an American Gas Association meeting, a small dinner there, about six weeks before the election, maybe four. It was a Republican-leaning group, and one of the couples there suggested to Donna and me that we would be serving in the administration if Governor Clinton won. And this was the first time you were beginning to hear Governor Bill Clinton truly might unseat this sitting President. We said, "Oh no, we don't expect to serve. We have personal reasons and have a good situation here and responsibilities at Arkla." And they noted to us about a particular home in Washington that was presently being occupied by the Comptroller of the Currency, who was going to be moving back to Texas. We paid little or no attention other than to be pleasant and courteous. This is a true story.

After the election, the next evening, when President-elect Clinton asked me to serve, I went home to my wonderful partner of 34 years now, Donna, and I said, "Donna, what was the name of that couple we were sitting with? You need to call them." That was our first home in Washington that we moved into. But that incident gave some suggestion that this election might actually happen.

Riley: Did you have any responsibility with Ross Perot?

McLarty: No, no, I did not. In fact, it's an interesting relationship. I just saw Ross Monday in Dallas. Ross is from Texarkana, which is 30 miles from Hope. Or, as a very distinguished jurist from Texarkana, Richard Arnold—who was considered highly or seriously for the Supreme Court—said after President Clinton was elected: It would be that Hope was 30 miles from Texarkana. Which I like, always being from a small town and being identified as 30 miles from Texarkana. Ross is from Texarkana and still feels very strongly about his childhood there. But I had no dealings with him in the campaign. He was very popular when we were elected. He was a real force, he got 19 percent of the vote. To his credit, he explained the deficit reduction—with his charts and so forth—and had the business background to credibly do that.

He came to Washington in very strong standing with the Senate, both sides of the aisle. In fact, I recall his campaigning for Senator [Frank] Lautenberg in New Jersey, who had asked him to campaign. Senator [David] Boren was very, very close to him, and others. And he criticized me, never having met me, and—no disrespect to the legal profession—he said I was a lawyer and had no managerial experience, and so forth and so on. And both David Pryor, whom we talked about earlier, and Harry Reid and David Boren were sharply critical of Perot, saying, "You don't have your facts," and so forth.

Perot called me the next day, in the White House, to apologize, and I was courteous but a bit terse. Surprisingly, we developed a relationship from that point forward, and I think warmly and

highly of him, although there are areas I don't agree with him on. But I didn't have any interface in the campaign. I recall some of the people going to the Perot convention.

Knott: I was wondering if I could bring you back to those conversations you had with Governor Clinton in the fall of '91 when he first talked to you about running.

McLarty: Right.

Knott: At that time it would have been considered somewhat of a long shot that he could win. Why did he think he could win? What was it that he thought he brought to the table that would allow him to both win the nomination and then defeat an incumbent President?

McLarty: I think you're being diplomatic to say "somewhat" of a long shot. I'm not sure he thought he could win. That was not really the theory of his case, as I understood it. We talked about the race, but we did not get into a real political strategy discussion. It was a very different tenor, much more personal and much more philosophical, in some ways, than political, although it clearly had a political element to it. It centered on what I tried to note earlier, that he felt, strongly, that the current administration was not addressing the real needs and problems and concerns of the country, that they were out of touch, that the policies were wrong, and therefore they were vulnerable.

I think he also felt it was the right time for him to consider doing this. He had been Governor for over a decade, he had worked on many of these issues virtually all of his adult life, understood them, and he felt, very, very—well, he was not self-righteous about that, did not think he had a monopoly on wisdom. That's one of his qualities. He can be very knowledgeable and very persuaded that a position is right without being overbearing. He can still be flexible to hear new ideas or changes.

I think he felt he could articulate a vision and a program and a difference in that campaign, which did have a New Democrat element. I don't want to overstate that, but that was obviously an understandable difference of his candidacy. At the same time he could connect with people as he had done in Arkansas. And to some extent, on a broader landscape, he felt he could develop a national constituency to do that. He had developed a good network over the years, nationally, as Governor and with the Renaissance Weekend and other things of that nature, so he felt he had some—

Young: He was quite active in the governors' group, too.

McLarty: He was head of the Southern Governors Association, head of the NGA [National Governors Association], which is almost like a fraternity or sorority. So, chairman of the National Governors Association and the Southern Governors Association, the Democratic Leadership Council—those are national positions, aside from just the other broadening of the networking with other leaders in both education and business. But I'm not sure that he based his real decision on his ability to win or not. One thing that Dale Bumpers has always said, and I think President Clinton ascribes to it, "You've got to be prepared to be defeated to run for office and accept that." And I think he was.

Knott: Did he ask you your assessment?

McLarty: He did. I told him about what I just said: "Clearly it will be an uphill battle. There will be a personal cost to it. Political campaigns have gotten tougher and tougher and more and more personal." I don't think I ever envisioned how personal they would become. But politics, as he has said and others have said, is a contact sport. Arkansas is a pretty tough political arena. At that time two newspapers, one very conservative, that now is the dominant newspaper, had been very critical of Clinton, and he had received some pretty sharp criticism—not pretty sharp, very sharp criticism—over his years as Governor.

I recall one day, early in his governorship, walking in. He had dark sunglasses on because his eyes had become infected, and John Brummett—who was a political columnist and wrote a book and was a very skilled political analyst—was just wearing him out daily about some issue. I can't remember what it was now. It clearly was affecting him. It had gotten under his skin, so he was accustomed to this. I think that's where he was in his thinking. But he had a real confidence that he could run a very credible, meaningful campaign on the issues, and was confident he could connect with people. And that proved to be correct.

Young: Should we move on to the post-election transition? There was this story about your being picked out of a crowd at the celebration in Arkansas, the victory celebration for Clinton. Could you take us through the transition period, the real transition period, and what you were doing there? Your role and what you observed and were concerned about during this transition.

McLarty: The story is essentially true. Having known and worked with Governor Clinton over the years as an outside advisor and in a number of other ways, I think he does view me as someone who takes responsibility seriously. And I'm grateful for his confidence in my judgment, and our relationship, of course, is very meaningful. He did say something to me from the stage that night. It was a wonderful celebration.

Here is not only a lifelong friend—I have had the privilege to know other Presidents and other leaders, but it's a different feeling when someone that you literally have known most of your life has become President of the United States. Secondly, it was very meaningful—I'm a fifth generation Arkansan—for a Governor of our home state, a small southern state as some have said—and President Bush kind of overlooked us on the map there with Oklahoma, or left it out, or didn't get his geography just right, which I have chided him about to his face. I was very proud of that, because we still have our family home in Hope, Arkansas, and that's where my soul will always be.

Then there was a generational aspect. I've never quite identified properly as much with the Boomer generation, although I am one, but you do feel, and I certainly felt this after Governor Clinton asked me to serve, clearly a sense of responsibility. It's a call to duty, or at least that's how I took it. I don't mean to be dramatic or maudlin at all, but those were the values that I was fortunate enough to be brought up with by my parents and people that I admired and I knew. They, of course, are not here today, but you felt a sense of duty when you were asked to serve. Here is a friend of long standing looking at you directly in the eye, asking for your help in this

endeavor and asking you on the basis of commonality of philosophy and of trust and of friendship. That's a pretty stirring call to action. And it didn't take a seasoned political operative to know that the Chief of Staff responsibility is a very tough, difficult position.

Jack Watson, in the Carter administration, deemed it the "chief javelin catcher" in the administration. Very seasoned people—John Sununu had been a Governor, close to Bush, was terminated. Don Regan got to write a book about his leaving the White House. Don was head of Merrill Lynch. Sam Skinner had been part of the Cabinet with Henson Moore in Congress. So it's a tough position, you know that. Those were some of the thoughts that were going through my head when the President first approached me.

But he did say, "I need to see you tomorrow, you need to enjoy tonight" [laughter], and I couldn't tell what he was saying because the band was playing "Don't stop thinking about tomorrow," the Fleetwood Mac song. Sidney, to your point, I was mindful—not worried, but mindful—that now the next chapters of hard work were about to begin, because campaigning is one thing, governing is quite another. With that tremendous privilege and honor of being elected, obviously, comes an enormous responsibility and again, it doesn't take a great scholar to know that.

Young: At what point after the election did the President-elect talk directly with you about the position he wanted you to fill? Was that early or late?

McLarty: Here, let me sharpen it a bit, because it will get right into the transition. We had a transition meeting, board meeting, the day after the election and went to the Governor's Mansion to give President-elect Clinton—Vice President-elect Gore, Mrs. [Tipper] Gore, and Mrs. Clinton were also there—a report on our activities and thoughts to date, which were a beginning of the process, but not a developed plan.

After the full transition group gave that report, Governor Clinton, or President-elect Clinton, said, "Mack, could you stay a moment?" I said, "Well, Governor, we've got to finish up our transition meeting, and I probably need to do that if it's all right." And he said, "Could you come back tonight?" and I said, "Fine."

So I came back that evening, just the two of us, and had an exchange that you would expect. I said that I was enormously proud of him, and he had run a superb campaign, and it was a wonderful thing for our state and so forth, and he said he appreciated that, and we talked a bit more. Then he said, "I want to talk to you about serving in the administration." I said, "I'm surprised by that. You know I've got my responsibilities with Arkla and our family responsibilities with Franklin." He said, "I know that." And I said, "What are you thinking?" He said, "I'd like you to consider serving as my Chief of Staff."

And I was surprised. I would have been less surprised had he said, perhaps, Secretary of Commerce or Secretary of Energy. I would still have been somewhat surprised because of the reasons I mentioned. And I said, "I'm greatly honored by that, I'm touched by it. Give me a little bit of your reasoning." It was pretty straightforward.

He said, "Mack, when I get there, I'm going to need somebody that I fully trust, that I can communicate with, that understands me, that has the kind of relationship that can tell me if we're wrong, or I'm wrong, but will do it in the right way and will do it discretely." It was kind of the sounding board. "I need a somber second opinion just to be sure I'm looking at the multitude of issues and decisions coming in in a correct manner, someone who will have the ability—not the courage, but the ability—to say that in a strong, direct way."

He said, "I ran as a New Democrat. I think it's important we continue that philosophy. You've been as involved in that effort in many ways as I have. I like the idea of a businessperson as opposed to a political person, and you know I like to get ideas from a lot of people. We ran an inclusive campaign, and I need someone who will be an honest broker and will give me these best points of view so that we can make decisions and go forward. For all of those reasons, and more, I want you to do this." And I said, "That's, an overly generous Mark Twain kind of an exaggeration here, but you know, I take my wonderful mother's advice and take compliments and run. Let me talk to Donna and give this some serious, thoughtful and, indeed, prayerful reflection, and we'll continue our discussion."

Then in a very creative manner he said, "Let's do this: Why don't you help me with the transition on the Cabinet selection," which obviously was a very flattering offer. I said, "I can do that. I would be honored to do that, but only in a limited way because I have other responsibilities." He said, "This will be a good way for us to start this process and see if it evolves in a way that you're comfortable with and I'm comfortable with."

My office literally was less than six minutes from the Governor's Mansion, so I would ferry from my office to the transition meetings, which were small. It was just Warren Christopher and myself, Vice President-elect Gore, President-elect Clinton, and Bruce Lindsey, on the Cabinet selections. And I would not participate in all the sessions because I simply didn't have the time.

Young: Was Vernon Jordan part of—

McLarty: No.

Young: He was not on the—

McLarty: No, not the transition committee. This was truly the transition group on the Cabinet selection—

Young: Okay.

McLarty: —that Chris, or Secretary Christopher, was the chairman of. I think publicly you're right, I think it was announced that Secretary Christopher and Vernon Jordan were kind of co-chairmen. Vernon had input from time to time, but physically in the meetings, there were the five or six of us there that I noted. From time to time there would be others there, including Mrs. Clinton and Mrs. Gore, on certain appointments.

My heaviest involvement on the transition was with the economic team, which you would expect. That's the area I was from, knew the players, and I am very proud that my strong recommendation was the economic team the President chose. There were competing thoughts and candidates and points of view, as you might expect, and I felt pretty strongly. I'd known Senator [Lloyd] Bentsen for 25 years, had enormous respect for him. I had worked with Bob Rubin, not so much on Wall Street—we did not use Goldman Sachs a lot—but I had worked with Bob in the campaign. I thought Senator Bentsen was a better choice for Secretary of the Treasury in the first term, and this National Economic Council Clinton had talked about in the campaign, which was surprisingly quite controversial in the beginning, and the Bush administration has continued that. I think it was one of the better structural ideas that we had, that President Clinton had, and I felt very strongly about that.

I did not know Congressman [Leon] Panetta. I did know Alice, Dr. Rivlin, a bit. President Clinton interviewed both of them. I did suggest that perhaps Alice might take the deputy, but I didn't think she would. To my pleasure, she did. And so that was the team that was announced from the economic standpoint, with Roger Altman being the Deputy Secretary of Treasury. It was a good team, served the President and served the country well.

So we went through that process, to finish it up. It was always interesting as the news commentators speculated about who was going to be in what Cabinet position, and you were there, around the table like this, knowing exactly who the list was. Sometimes they would coincide, sometimes they would not. And so the Cabinet appointments were made.

Young: The President-elect would interview?

McLarty: He would. Basically, as I recall, Secretary Christopher and I spent a lot of time at the Governor's Mansion making these decisions.

Riley: The air conditioner was on, I take it.

McLarty: It was, thank goodness. Secretary Christopher would present a broad list that would quickly be honed down to, if not a short list, a shorter list, and we would give our best thoughts about the various candidates and discuss them. Again, some of the positions I was not knowledgeable about or didn't have the time to participate, and in others I would weigh in more heavily. In other areas, Commerce and Interior and so forth, I was more knowledgeable and comfortable offering my views, and certainly on the economic side.

Sometimes the President would almost make a decision. You could almost tell he had closed on a decision just in the discussion, because he knew the people, and he had a pretty good mind who he was going to chose for some positions. In others, he went through a very legitimate interview process and, in some cases, he had not met some of the people that he interviewed. It was literally the first time, or certainly the first serious meeting, that he had had with them.

Then, after that, we would come back, as you would expect, and discuss a little more. He would give us his best thoughts. Vice President Gore was a force in this discussion, as you can anticipate. They had run as a team. He had a national standing of his own. There were certain

appointments that he would have more weight in—EPA and so forth, and Interior—than others, and he had a real voice on the foreign policy appointment.

Young: Two other questions about the Cabinet selection. The public statement that came out about the Cabinet selection was "he wants a Cabinet that looks like America." Now, I don't know whether he actually said that, but that was very much played in the press. My question is, was that kind of a guideline? Or what was the guideline, if any, that he laid down to guide the vetting process?

McLarty: It was certainly a consideration. I would say it was a consideration as opposed to a guideline, but Chris [Warren Christopher] was very aware of the need and desire for diversity. The President had run a very inclusive campaign, and it would be totally inconsistent had he not been mindful of that in the selection process. Clearly what governs is to get the best possible person for the job, the best-qualified person. But there are a number of overlays to that, including diversity of race and gender, and perhaps even a little bit of regionalism, although that didn't come into play too much, as I recall it.

But there are a number of considerations in that discussion, either directly or indirectly. And, of course, you're getting a lot of input and advice, some solid and some not, from Senators, Congressmen, supporters, former Cabinet secretaries, former Presidents, all kinds of advice and recommendations. And that's taken into consideration. As for the "Cabinet that looks like America," I don't know whether that was a public statement or not. I seem to recall it was.

Young: I think so. It may have been after the fact.

McLarty: But it was reflective that certainly diversity was an element. It was not a driving element, but it was an element in the consideration.

Young: The process of Cabinet selection came very soon. You at some point were going to be Chief of Staff, so the other question is, at the time the Cabinet selection was going on, who was thinking about, or what was the process of trying to form a White House staff?

McLarty: They were on parallel tracks, but you make a good point, the fact that I had one very serious personal decision to make about whether to accept this responsibility. Not only was it one that I could be comfortable accepting, but was it the right thing for the President and the country? You have that consideration as well, and that took a couple of weeks as we went through this Cabinet selection process to reach that conclusion.

Secondly, because I was so involved in the Cabinet selection, and with the personal decision, there wasn't the singular focus on the White House staff. Governor Clinton at that time was probably a little slower in his decision-making than he became during the course of his presidency. He had that luxury as Governor, but not as President. We—he—deliberated a bit longer on some of the selections. And, of course, you also had vetting situations, too, where you would perhaps be looking at a candidate and then he or she would not vet properly. So then you had to go back to square one.

So it's a pretty, not agonizing, but a pretty laborious process. So your point, Jim, is a fair one, that with all of those factors involved, the White House selection did get started a bit later than it otherwise might have. Not having been part of the campaign, I did not have the benefit of knowing as many people. There was an expectation—always is—that if someone devotes two years of their life to a campaign, particularly a long-shot campaign, he or she is assumed to be a front-runner for, if not deserving of, a corresponding responsibility in the administration, not necessarily the White House, but in some cases, the White House. It's pretty logical—your press spokesman usually comes from the campaign to the White House and so forth. Economic advisor, Bob Rubin, same type thing.

Young: Sure.

McLarty: So there were those elements. And you also then run into the same problems: Either people do not want to accept certain positions, they want something else, or they don't vet properly. We went through all of these elements in the White House selection as well. That started us in a manner where we were working very, very hard to get a staff in place and functioning immediately. With technology and speed of information now, you know the minute the President-elect puts his right hand down, you're in office managing the government, and you're expected to start producing results almost the next day.

Young: Did you have the feeling that Clinton himself, as President-elect, regarded the Cabinet selection as the priority activity after the election, or preparing to govern? Did he have some expectation or some view of the importance of the Cabinet to him when he was looking ahead to governing relative to the White House staff?

McLarty: That's a good question, and I'm not sure I can do more than offer my opinion on it. I think, clearly, he felt that the Cabinet selection was critically important. Of course, the press had already started to be much more speculative about that than the White House staff. The fact that he asked me to serve as Chief of Staff would also suggest he was aware of the White House staff and its importance. In his mind—and again, I'm offering my own speculation here a bit—you had certain people who would seem to be fairly natural fits in the White House.

One issue, for example: Harold Ickes, who came into the administration much later, was slated to be deputy. Harold had been part of the campaign, a traditional Democrat, a bit left of center. Harold might describe it a little differently than that. He was from New York, not south of the Mason-Dixon, and we were very different. But I liked Harold, respected him, and we established a very good rapport and working relationship during the transition—not in the Cabinet selection, but in the transition efforts.

When Harold had a legal issue arise, when he was not able to serve—literally, 48 hours before we were closing on the staff—that caused some real adjustments. Mark Gearan, who was slated to be a direct aide to me, had to be moved to deputy. You didn't quite get the balance you otherwise would have gotten. And so that presented a complication, a setback, because Harold had a good standing with the traditional Democratic element and with the campaign, and that was one of the many factors, not to overstate that.

Young: With the eastern wing, northeastern—

McLarty: That was just one factor that went into it. So I don't want to say that the Cabinet was more important or a priority. It certainly was higher visibility, and the process did take longer than we had anticipated, which, in retrospect, is not surprising. But I think we got a very good Cabinet in the process, and we got a capable White House staff that over time was able to be modified and strengthened.

Knott: Did you consult with any former Chiefs of Staff during this transition period or meet with them for advice and suggestions?

McLarty: Yes. In fact, one reporter suggested I had conferred with every former living Chief of Staff, which is an overstatement, but the answer is yes. I had had the privilege to know some former Chiefs of Staff, including Jim Baker and Jack Watson, whom I have mentioned. Jim Jones was not a formal Chief of Staff to President Johnson, but had played a somewhat similar role. I knew Dick Cheney a bit from my natural gas days. So I did avail myself of their advice, and they were all very forthcoming. Some were more forthcoming and helpful than others, but they were all available.

And the transition is also a very critical, fascinating period, one that I had read about but had obviously not participated in. You literally have the inaugural, and the pictures are in the White House of the prior administration and so forth, and in that two- or three-hour period, everything is removed, and the desks are perfectly cleaned, and you walk in, truly, to the change of power, the peaceful transition of power.

Andy Card was our transition person. He was working with Mark Gearan, and I thought the transition was a relatively good one. Andy was very cooperative, and Jim Baker, of course, had been Chief of Staff in those final months. You tend to forget that, but he came in during the campaign to try to resurrect or resuscitate the campaign. Jim and I had known each other: I had met Jim when I was head of the Chamber of Commerce. It's just a pretty small world. This is 15-20 years ago.

Jim had left a bottle of champagne with a note, "All good wishes. It's yours now, not mine." We had Jim and Susan [Baker] to brunch about a week after we were there, and they graciously accepted. I guess it's also reported that I was pressing Jim about the details of Chief of Staff, and he said, "Mack, you just kind of have to be there." It was also an interesting night—not to be on negative subjects—Jim and I were visiting in the living room, and he was expressing some emotion about legal bills now being part of public life. And Susan, his very wonderful wife, walked in with my wife, Donna, and she said, "I know what Jimmy's talking about. He's talking about those legal bills." Little did I know, that was a foreboding of things to come.

But I did consult with other Chiefs of Staff. They were all helpful, and Jack Watson was particularly helpful. Jack's just that kind of guy. He was very detailed in some of the specifics that we talked about.

Hult: Can I take you back, pre-inauguration? When you were trying to make the decision to become Chief of Staff, in your ongoing discussions with President-elect Clinton, did you ask him for anything?

McLarty: Um-hum, I did.

Hult: What kinds of concerns did you have before taking that job?

McLarty: I had a lot of concerns. I did, as we developed. We had about three or four discussions during this Cabinet selection period about the Chief of Staff role as I was evolving, in my thinking and his. I pressed him again for his reasoning, why he thought this was the right decision. We had been lifelong friends, and there is a trust and relationship there, but we had not been what I would call close, intimate friends.

Again, I never had served in his administration. We would see him and Hillary from time to time socially, but usually no more than two or three times a year. I had worked as a businessperson, citizen of Arkansas, on issues that affected our state when he was Governor, but I had done that with David Pryor and Dale Bumpers as well. But there is a meaningful aspect to a lifelong relationship. I had been with him the night he was defeated for Governor, and the two of us rolled over together. I had been his campaign treasurer, as I had been for David Pryor. That defeat was unexpected, and he handled that with grace and strength. So that was a difficult moment, and those things obviously make a relationship closer or break it. In this case they made it closer.

But I pressed him directly about the personal friendship because I honestly did not want a friendship to be destroyed or marred by a working relationship. That thought had occurred to me again, looking at other Chiefs of Staff. History is replete with that. And I also wanted him to be more specific about what he expected of me, what I thought I could reasonably expect to provide, and what I did not think I could provide, at least not initially, if not longer-term, how we were going to try to do this effectively, and how it would work.

I had had the good fortune of never really working for anyone. I had been part of a family business. I had been a chief executive. And so while it was a great privilege to work for the President of the United States, I had never had that upward management relationship, and it occurred to me that that was a void in experience. Again, it had nothing to do with ego. It just had to do with rudiments of managing, just as a Ph.D. is different than a graduate student in terms of your academic studies.

I pressed him very specifically about my decision-making and what breadth I would have, and the undercutting of decisions. Would I be supported?

Young: Yes.

McLarty: And I was pretty comfortable with that. He gave me the right answers, and they were clearly things he was sincere about. We talked about the Vice President. He wanted the Vice President to be part of what I would call in business vernacular the Office of the Chairman, but

basically would be a full partner. We'd come off of Vice President [Dan] Quayle, and even Vice President Bush under Reagan, where that position had been not as acknowledged in a positive way by the press. You know, attending funerals and things of that nature had been, not snidely, but had been referred to in the press as not a substantive position. And Senator Gore had run as a full partner in the campaign, and that's the way President Clinton wanted it.

That was going to require a major effort—trust and process and dissemination of information—to make that work effectively. I had known Al from his '88 campaign, but not extremely well. I left out Roy Neal, who was also in on the discussions on the Cabinet. Your memory does start to get a little clearer as you talk through it. Roy was in most of the discussions. He was the Vice President's long time Chief of Staff. So those were the kind of discussions—I didn't want any written agreement, and ten points, and let's agree to these. I wanted to get as good a "front-end understanding," as my late father used to say, as I could have. And I was satisfied with that.

Young: It was essentially that you had sufficient expressed trust from the President so that when the time came, when somebody would try to run around or under or catch you, that trust had to come to play. In other words, the President would—

McLarty: And I didn't expect perfection there. I had been a chief executive, and I had been where you don't want to cut off communication with anybody in the organization. We had 11,000 people, and I wanted the ability to talk to any of the 11,000 whenever I wanted to talk to them. I respect the lines of authority and responsibility, particularly in a political setting. From time to time a trusted advisor or strong long-time friend, or a Cabinet member, is going to have a conversation with the President that is not going to be perfectly cleared through you. You're not going to think otherwise. That's unrealistic. But you generally want the feeling that you enjoy the President's trust. That's really the point.

Young: What sense did you develop—or maybe Clinton was quite specific about this, we'd like to hear about it—of the President-elect's views of what he needed from staff, and the way he liked to work? He was new to Washington, too—not new, but he was like Jimmy Carter, like Ronald Reagan, they were both—

McLarty: Neither of us had lived and worked there. I'd traveled there for 20 years and worked with Congress, but that's not the same as working in the White House.

Young: But, the question is, did you get any sense from the President himself, of what he needed, what he thought he needed, what he would like—

McLarty: Yes, I did.

Young: —what he would like to see in the way of staff help?

McLarty: I did, probably not to the level of specifics that you would have liked in a more—not leisurely—but that's a very fast transition. You think about the election and, of course, you really think about it, just for a moment. You campaign from 18 months to two years, literally 20-hour days, all kinds of crazy schedules and demands, going just completely all-out the last two

weeks—he even lost his voice, as I recall, in Cincinnati. Getting elected, having this tremendous excitement and expectation and having to fulfill both demands, with everybody wanting to touch you and say, "You couldn't have done it without me." And trying to meet those demands, which President Clinton by nature wanted to do. Then you immediately go into this transition phase, seeing these issues coming straight at you and knowing, *Now I've got to reconcile what I've said with what we can do*. And you're physically—if not exhausted—certainly tired.

So that was the setting. But having said that, we focused a great deal on the economic plan. That's where the real focus was, and I think it should have been. We paid a little bit—not a little bit—we paid a political price for doing that. I think it was worth the investment, and it paid off both policy-wise, for the good of the country, and indeed the world—to make perhaps a bit of an overstatement, but not much. And it paid off politically.

But that's where some of the focus was, and that went to the staff level, because it went to this National Economic Council. How was that going to work to coordinate policy? It had never been done quite that way, and many people were critical: another layer of bureaucracy, Cabinet members would be—there would be a fight with Treasury, you know, all these idle speculations. So we talked a lot about how that would work, and the President clearly had a fair amount of confidence that I could manage that process with my background. I was pretty confident I could, too, with Bob and Lloyd particularly. That's one reason I was much stronger in my recommendation there than I normally would have been.

We talked about the Cabinet secretary. That was another key position. Of coordinating the Cabinet. How to keep the Cabinet connected to the administration, and on message, and how the President could stay in touch with the Cabinet. We talked about Congressional affairs, how to reach the Congress. Again, the President was well aware that I had worked with the Congress on both sides of the aisle given my background, so he was aware of that more than many others were. But you can't pass your economic plan without sufficient votes in Congress, and we weren't quite prepared to always win when the Vice President voted for us, which is obviously breaking a tie. We hoped we'd have a bigger margin than that going in. As it turned out, we didn't, in many cases. So those were a number of the things we talked about. We didn't have the luxury of time—and maybe not the presence, perhaps—to get us specifically into the scheduling, because that is a serious point, and some of the other aspects that are a bit more mechanical, but also important.

We also talked at some length about the National Security Council and foreign policy. The campaign had clearly not been about foreign policy. It's a little jumping ahead, but it's relevant. It became very clear to me, once we got to Washington during the run-up to the inaugural. Once you get the nuclear briefing, which Colin Powell gave us at Blair House, and once you get an evacuation plan from the White House—which all of us are much more mindful of now since September 11th than we were then—but even then, you got a clear sense of responsibility, that despite all the political trappings and campaign, despite the crucial need of the economy and so forth, your first sacred responsibility is protection of the country and our citizens. That this is truly the commander-in-chief.

Even coming from the private sector, from the business community, I felt some sense of responsibility for that, certainly as Chief of Staff. So you do spend time on those issues, about how the staff is going to work, because one serious mistake on foreign policy can have just enormous, devastating, even horrendous consequences. And so those were some of the things that entered into our discussion that meant we probably didn't get to some of the political, or other mechanical—not mechanical, but other more fundamental—running of the trains, that we would have liked to.

Young: So the discussion was oriented about results and responsibilities that were uppermost in the President's mind.

McLarty: I think that's fair.

Young: Rather than drawing a diagram of how everything should work, so to speak.

McLarty: That's true. I don't want to at all suggest we didn't talk about personalities and people and all of that, because we clearly did—but the way you said it is a good summary, and succinct.

Milkis: If I could just go back to the question Steve asked about your consultations with previous Chiefs of Staff. In reflecting on that, which discussion was most helpful? What advice was most prescient? Who gave you the best sense of what you were going to face in being Chief of Staff? Or is the job so different with each President that those discussions weren't particularly helpful?

McLarty: No, no, but there is merit in your last statement. They were all helpful, they were all forthcoming, and they were all patriotic in their sense of responsibility to be helpful, and I think they tried to be. And all were. I do think two points: One, the landscape changed pretty dramatically from a press standpoint. I think we had only CNN [Cable News Network] when we came to the White House, but we had three other cable networks with large ratings by the time we left. You had something like 150 internet sites when we entered office, and five million when we left office. The world changed.

And so what was the right standard for a Chief of Staff during President [Gerald] Ford's tenure had changed dramatically by this time. So you had to factor that in. By the way, I did not meet with H.R. Haldeman, not because I didn't seek to, but I got about an eight- or nine-page letter from him, unsolicited, that was very, very thoughtful about the Chief of Staff duties. Again, a very different time and place and got a similar type of memorandum, not letter—Haldeman's was actually handwritten—from Don Rumsfeld.

Riley: Are those in your personal papers?

McLarty: They are.

Riley: I would hope that those might be available at some point.

McLarty: I'll try to check with my counsel [laughter]. As I said, Jack Watson was very helpful because Jack is very process-oriented. Carter was a southern Governor, so there was some similarity there that Jim has already noted. Jack, I had known, so it was an easy conversation. Jim Baker was also helpful. Everybody I visited with was helpful, but I'd say, in many ways Jack was the most helpful, and we had the most detailed discussions. And you recall Carter did not have a Chief of Staff when he first went to—

Young: Nor did Ford when he first came in.

McLarty: And [Lyndon] Johnson, I don't think, ever did. He had the semblance of one, people claimed. We had a dinner for Andy Card recently at our home, with Ken Duberstein, who had been Reagan's Chief of Staff. We had, I think, 12 former Chiefs of Staff there, but you had to count Jack Valenti and Jim Jones as Chief of Staff. They counted themselves as Chiefs of Staff even though they weren't formally in that title.

Young: I wish I'd had a tape recorder.

Hult: Did you and President-elect Clinton talk about the people that would get put in various places around the White House staff? Or who made those decisions?

McLarty: Certainly we did.

Hult: Could you talk a little about that?

McLarty: Yes, we did a lot, or quite a bit. The President had strong input, and actually, final say. I certainly wouldn't have felt comfortable forcing someone whom the President was simply not comfortable with. I was not uncomfortable advocating someone that the President maybe had reservations about. But, clearly, you serve at the pleasure of the President, and he had gone through the campaign, and I thought he had earned that final say, just like the President of a college or a Chief Executive Officer has. Somebody has to have the final decision, and the veto ability.

But the President did have a number of thoughts—as you would expect—and recommendations, feelings. The Vice President did, as well. And certainly I sought those. Mrs. Clinton did as well, in some positions. Then, I sought other people's counsel during the transition who had worked in the campaign or had been very active in other political circles, including Ron Brown and Warren Christopher and others.

I didn't have a formal group, but I probably talked to eight to ten people pretty seriously. It was pretty clear to me who the President wanted me to talk to to get their best thoughts on this, because they had helped bring him to office, and he felt a sense of—not obligation—but a sense of inclusiveness to make sure their views and opinions were heard and considered. So that's how it evolved. Again, a lot of it was a natural transition. George Stephanopoulos and Dee Dee Myers had handled the press in the campaign, and Bob Rubin had handled the economic side. There was a fair amount of naturalness about who was going to be in what place.

Mark Gearan had been very close to the Vice President. Even when he started with President Clinton, he'd been the liaison. So he clearly was going to have a place. Harold Ickes I've already talked about, and Maggie Williams from early on was going to be Mrs. Clinton's chief of staff. So some of it was pretty straightforward, who was going to do what, at least initially.

Hult: Speaking of Maggie Williams, at what point, and by whom, was the decision made to have a first lady's office in the West Wing?

McLarty: Good question. As I remember it, there was no question. I thought that Hillary, whom I had known before she and Bill Clinton were married. I recall President Clinton calling Donna and me, who were already married, saying he wanted us to meet this woman he had been dating. Clearly he had thoughts about marrying her. When he ran for Congress, Hillary was very active in that campaign, even though they were not married at the time. So I had gotten to know her through that experience as well. But she had been a partner in Arkansas. She had been at the forefront of much of the educational reform. Of course, it was different—she was First Lady, but she also had a full time, professional responsibility in her law firm. I think she was named one of the top 50 or 100 lawyers in the country. Whereas First Lady, that's a different dynamic.

She had been active as a First Lady in Arkansas, so I anticipated that she would be active as well. I had served on one corporate board with Hillary, and she and Donna had co-chaired an effort to change the constitution for juvenile justice. So there had been a fair amount of experience working with her. But again, looking at other administrations, the First Lady always plays a strong role, either in a visible way, as Mrs. [Eleanor] Roosevelt did, or in a lower-profile way, as Mrs. [Laura] Bush is currently doing, but always having a strong voice. Again, the best example is Mrs. [Nancy] Reagan, who had a strong enough voice to immediately fire the Chief of Staff or have the Chief of Staff fired.

So Hillary did make it known that she wanted to play an active role in policy. I won't say healthcare was even discussed at that time or contemplated. It may have been more domestic policy. I don't remember specifics, but generally I think I'm right. She did want an active working office and would have her own staff, which every First Lady's had. But she would be a more visible, active partner than Mrs. [Barbara] Bush had been in the Bush 41, in terms of policy administration. So that's how I recall it. That was agreed to and done. The President and Vice President-elect Gore had anticipated that, were agreeable to it, supportive of it, and we went forward with it.

Hult: So you had an even more challenging assignment as Chief of Staff, then, because you needed to integrate both the Vice President and the Vice President's staff as well as the First Lady and the First Lady's staff into the West Wing.

McLarty: That's true, in some respects. That is true. Although I think it's fair to say that every Chief of Staff has had to integrate the First Lady's staff into the West Wing—

Hult: Or at least should.

McLarty: That's right. And if you talk to Ken Duberstein, who was Chief of Staff after Howard Baker, he will say the same thing, and I suspect so would others who were Chief of Staff for President Bush, President Carter. Mrs. Carter, of course, set a precedent when she attended a Cabinet meeting. That had been unheard of in the '70s. So it was not unusual. But I do think it's fair to say that you did have a stronger presence by not only the First Lady, but by the Vice President, than I believe at that time had ever been the case. Now Vice President [Dick] Cheney is a different circumstance. But I think there had never been a Vice President—I hate to say it so definitively—that had been that fully a partner in the campaign and in White House policy.

That's the way President Clinton wanted it, and it's fair to say that there had to be a level of trust developed. Even though they had been through the campaign, we were moving into a different period, and I felt a significant responsibility that that was something that was under my mandate to accomplish. And we were able to accomplish that, and I'm proud and pleased about it. Roy Neal was very, very helpful as Vice President Gore's Chief of Staff in terms of information flow, paper work and so forth, and decision-making. He was very much part of the process.

Mrs. Clinton was not that involved, particularly in the early days. When I say "that involved," certainly as involved as the Vice President. She became very involved as healthcare started to come front and center in late 1993, beginning of 1994.

Young: Shall we have a five-minute break?

[BREAK]

McLarty: I want to make one quick comment about the staff and, for that matter, the Cabinet, because it's a human element that is very important. We kind of touched on it, but I want to be sure that I at least have a chance to communicate it. It's a very wonderful, exciting time, being part of an administration, particularly a new administration, in this case, after 12 years of the other party holding the White House. You have great hopes and dreams and plans.

But in many cases it's also a very traumatic time, because people are leaving their home state, in some cases leaving their family, or moving their family. And we've most recently seen this with Karen Hughes, who obviously had a close relationship with the President, a powerful relationship in the White House. And that human element is not to be minimized in the White House staff or the Cabinet. That is an important factor to keep in mind, particularly with the demands and the hours. And that's something that President Clinton was aware of. We both became more aware and sensitized to it as time went on, but I just wanted to note that. We were talking about the staff. I think that is an element. Sometimes you think about where they came from and who does what and all of that, and you forget this is all about human beings with their strengths and their weaknesses.

Milkis: Where should we go now?

Young: Did you have more on this, the early, the transition?

McLarty: Sometime we've got to pass our economic plan here.

Milkis: We'll get to that in a couple of weeks. [laughter] Should we go to the first hundred days or did—

Young: As you mentioned a moment ago, you walk in the White House and it's empty. You walk in the West Wing, and there's nothing there. You're all alone. So why don't you—

McLarty: You're all alone, but it's a fishbowl and everybody can see you. It's both.

Hult: Yes.

Young: You're alone for about two minutes maybe, then they're after you. Why don't you talk about the very early days? Everybody speaks about how everybody has a learning curve, there is no real preparation for the reality of life and work, and it's added to by the fact that this is not home and you've moved. So what about the early days, and what about the learning curves?

McLarty: I had already experienced some of that during the transition period, both before I was formally named Chief of Staff and after the public announcement. So let me start there quickly, and then we'll move to the first hundred days.

Young: Sure.

McLarty: A couple of things I remember from the transition. I had not flown on the campaign plane, because, again, as this chief executive, I wanted to keep a certain arm's length distance while being supportive, but being as careful and appropriate as I could possibly be. The first trip I took was to Austin. I don't think I had been named Chief of Staff by that time, publicly. President Clinton met with the President of Mexico at Governor [Ann] Richard's intervening. I got to the airport, and, of course, we had had our own company plane in both Arkla and our family business endeavors, and it occurred to me with the Secret Service, you just couldn't walk on this plane. I called Bruce Lindsey, and I said, "Bruce, exactly how do you get on this airplane?" So even with the basic things, there's a learning curve.

We got to Austin, and I was to interview a young woman there, an attorney, at the request of someone, for a White House position. She was from Texas, and she met us there, and so I interviewed her in the motorcade going in. The motorcade stopped, and we had a volunteer driver, as mostly was the case during this period, and the President-elect got out and worked the crowd, which was not unusual. We went a little bit further, and the motorcade stopped again. We were in this discussion about her possibly coming to work in the White House. It finally occurred to me, after about 10 minutes, that the motorcade had arrived, and the President was already speaking. So I had to make this little bit of a late entrance, and, of course, this poor young student who was driving the car felt bad that he had not told us that we were at our destination.

So there are these basics that happen. And you also had a few moments when President-elect Clinton called me at home, in Arkansas. This was before we'd gone to Washington, and I had just gotten a call on our answering machine from a long-lost friend. There were many long lost friends after I'd been named Chief of Staff, wanting a job in the administration. This was a

wonderful fellow whom I had known and probably would qualify for what in the vernacular is known as a "good old boy." He had left this long message about his desire to work in the Department of the Interior, which I thought he was qualified for, at the proper level of responsibility. The next call on my answering machine after this five-minute résume presentation went something like, "Mack, this is Bill. Bill Clinton. Would you call me back?" Here's someone who has just been elected President of the United States. So there are certain basics there that you have to adjust to.

And along those lines, it was interesting, when Governor Clinton was in office in Arkansas, I would always refer to him as Governor Clinton in public, even though in a small state, many people call the Governor Bill, just like they do in many states. But in private I would call him Bill—it was quite natural, just like you would say Rich, or Russell, or whomever. Once he took the oath of office, I never called him Bill from that time forward. It has always been President Clinton or Mr. President. He has not insisted on that, but it has not seemed to be proper to refer to him other than with that title.

I don't know whether this is totally true or not: historians say that once President [John F.] Kennedy was elected, even Robert Kennedy would refer to him as President Kennedy publicly, but Mr. President even in private meetings. Now, I'm sure there were some exceptions to that. But there is a clear line of change there, a mark of change after the inaugural.

Of the first hundred days, what I recall is as follows. You first, of course, have the transition and the great excitement of the inaugural. We had 25 inaugural balls. I think it actually was five or six, but there were a lot of them. It's just a flurry of activity. One other quick story on the transition that you learn quickly. I had been somewhat more in public life than many chief executives, because, as head of a public utility in 11 states, you have a more visible role than if you're running a manufacturing company or whatever, perhaps.

So I had a fair amount of encounters with the press, both print and media, but again, not like working in the White House. I still recall to this day, it was about the Harold Ickes matter. I went to the airport to stay out of speaking about it, and Andrea Mitchell, whom I had done an interview with a couple of days before, saw me. I went over to speak to her, and then immediately they turned the camera on and started asking me about Harold Ickes. I wasn't fully prepared to respond, and it was a sensitive subject. Decisions had not been made.

When they completed it, I took a very deep breath, because Andrea was White House correspondent, very well known, and I said, "Andrea, I just honestly do not believe that was fair, nor was it professional." And I thought, *this is the biggest mistake that I have ever made here*. I said, "I'd at least appreciate your consideration, because I don't think that's a proper piece to run."

To my relief and surprise, she said, "You make a fair point. Let me think about that." I obviously worried about it most of the day, or at least was concerned about it, but as it turned out, she didn't run the piece. I've always remembered and respected that, and many journalists are very, very fair-minded. There are obviously some that you do not hold in that high opinion. But it

shows that when you say the "learning curve," you have to always be on alert, to have the topic of the day, ready to respond, and so forth.

I knew that even from my days as Democratic chairman. I recall once we were at an accounts receivable meeting, and I was going over each accounts receivable we had. They called me about Ted Kennedy running for President. And I wanted to say, "I don't care whether Ted Kennedy is running for President. I just want to be sure we get our accounts receivable collected." At that time I was wearing two hats, but once you get in public life, you obviously become much more attuned.

Young: On the press, did you do background?

McLarty: Interesting, good question.

Young: Did you cultivate relations with certain people?

McLarty: We did, but I don't think probably as systematically as I would if I had to do it over again. Again, I was pretty focused on the economic plan. It was pretty clear to me, other than national security, which had really hit home with me, that this was a domestic President, a Governor, and he needed to be very mindful that his first sacred, solemn responsibility was Commander-in-Chief, and he needed to understand it, which he did. And he'd had the National Guard and other calamities of that type, so he was not totally unversed in that. But the campaign had been so focused on domestic issues. So my focus was on developing this economic plan.

Let me just assure you, the first hundred days—I'll go back to the press. We spent countless hours in that Roosevelt Room, going over the economic plan, line by line. And I thought it was my fate in life to either be closeted in the Governor's Mansion choosing Cabinet members or going over, line-by-line, the federal budget and our economic plan in the Roosevelt Room. Both of them are nice quarters, but after about 14 hours, the walls start to close in on you.

President Clinton knew that budget. He wanted to have his imprint on it, he wanted to discuss—not every issue—but he wanted to be sure it reflected his priorities. We clearly paid a political price for that, because we were slower developing the economic plan and presenting it to Congress than it was anticipated we would be, probably unrealistically so.

The other point, the first meeting we had in Little Rock—to go back to transition, but it relates to the first hundred days—I'll never forget it. Bob Rubin called me. Bob had been named head of the National Economic Council, and I had been named Chief of Staff by that time. This was the first major meeting we were going to have with the President and the Vice President-elect, probably early to mid-December.

Bob called me from Washington, and he sounded like a Houston Space Center announcement. "Mack, we have a problem." And the problem was the deficit had been forecast at one level, and it was actually $60 to $80 billion higher than that once we evaluated where the real deficit was. And all of a sudden, all of these assumptions which had been relatively valid—maybe a little bit of a stretch, a little bit of a forward lean, but relatively valid in the campaign—were suddenly not

workable. And so it meant you were either going to have to raise more taxes or make deeper spending cuts, and it was a serious issue.

So, you think you had a little problem wiring up this room. We had a problem rewiring that budget meeting or economic meeting. We had about 20 people there, and Bob made his presentation, and I did, and Alice and Leon made their presentation. And Lloyd Bentsen, you know, said if he had more responsibility as chairman of the Finance Committee, it would be in better shape. And we all agreed with that, but it was kind of water over the— [laughter].

My point is we spent a lot of time on that budget, and one of the humorous things—I remember two things about the budget discussions, which largely took up the first three, four, five weeks. One, President Clinton—and he was President by this time, so I don't have to have this awkward term "President-elect," which is a mouthful—he would go down these lines, and he would identify with something he understood, like airport subsidies for a rural airport, like here in Charlottesville. It's a big number.

He would say, "Now, Mack, that would just be like Jonesboro." And I never will forget, Lloyd Bentsen would look like, "Where is Jonesboro? What are you talking about?" It was his way of saying, "I want to be sure I understand this, the decision we're making here, and what impact it's having. And are we going to get a return on this dollar? And is it really needed?" That's what he was saying. So that was the budget discussion.

Young: Excuse me. This is a very important subject—the first hundred days.

McLarty: It is indeed. It is for the next eight years.

Hult: Yes.

Young: It was indeed, and there is a long and important story to tell here. But the surprise, that the deficit—

McLarty: Was considerably greater—

Young: —was considerably greater. Would, in your view, President Clinton have wanted to go through, sort of line-by-line—?

McLarty: Yes, he would have.

Young: Even if that had not been the problem?

McLarty: He would have.

Young: Because it was a way of acquainting himself with—

McLarty: No, I don't think it was just acquaint. I think he had done that when he was Governor.

Young: I see.

McLarty: He knew he had made a pledge to the American people: "I'm going to do my part getting this economy moving in the right direction." Most fundamentally, in terms of the agenda—and we thought about a four-year agenda, we didn't quite think so bold as an eight year agenda—you cannot, you could not do many of the social initiatives of healthcare, welfare to work, educational reform, unless you had a stronger economy. So without that pillar and foundation, you were not going to be able to go forward with the rest of your "putting people first" program.

We did not fully appreciate—maybe some of the administration did, although I don't think they fully appreciated it, but I don't think the President or I fully appreciated it, certainly I didn't—how crucial our economic policy would be in international affairs. Because the center had clearly shifted from traditional foreign policy issues to much more international economic issues and traditional foreign policy parlance. When you meet with France and the United Kingdom, Latin American countries, they're not going to be talking about security. Now, after 9/11, the world has changed again, But in our era, they were talking about trade, investment, how can we do business here.

And my point is, with the kind of deficits we had, we had no little or no credibility in terms of our standing with other countries. The President went to the G7, but I determined not to go because the budget was at a critical point, and I didn't think I would add much. We had a number of senior officials—including Secretary Bentsen and others, Secretary Christopher—going, and I thought that was pretty well represented without me. But the point is, when we went to Japan, the President made a statement that I think is very true: To be strong abroad, you must first be strong at home. Five years later at the Council on Foreign Affairs, he made the statement, "To remain strong at home, we must be engaged abroad." It's two bookends, and both are absolutely right.

So the economic plan was absolutely crucial, and had we not been successful in passing the legislation, for better or worse—thank goodness it was for better—I believe we could almost have had a failed presidency in the first hundred days, or first six months. Because if we had been defeated on that fundamental issue, the expectation of the American people and the confidence—the consumer confidence, not so much the stock market, but the consumer confidence—could have been pretty seriously impacted, aside from the morale. So that's why there was such a focus on that economic plan.

Milkis: I wanted to ask two quick follow-ups to this, one with respect to the surprise and the deficit. What do you think the impact of that was on your first two years? Did it throw you off stride?

McLarty: You mean the deficit?

Milkis: Yes, the extra—

McLarty: No. I say no, but that's not quite right. I don't think it threw us off stride. It did initially. Obviously it concerned us, but what really happened is, one, we got a pretty tight handle

on it, and I was pleased about that, coming from the business side. If you remember, this is a little inside-the-beltway parlance, which you all are certainly knowledgeable about. There was great debate, consternation, in the inside-the-beltway press—the *Washington Post, New York Times, Wall Street Journal*—about the validity of the CBO [Congressional Budget Office] numbers and the OMB [Office of Management and Budget] numbers. We went round and round. This is like grading on the curve or something. Our numbers were more conservative than the CBO numbers—they were more conservative in spending cuts, a little more aggressive on revenues.

We thought we had valid sets of numbers, which obviously is a pretty comparable subject today. As it turned out, we absolutely did, and Alice [Rivlin] and Leon [Panetta] did a superb job on that, as did Secretary Bentsen. But what happened is we had to get a much tighter handle on the numbers, which this line-by-line gave us, although I think we'd have done that anyway. But we had to make some tougher choices, in terms of spending cuts, and in terms of tax increases. That's what happened.

So President Clinton had to forego the middle class tax cut that he talked about in the campaign. What happened is, two points: The truth of it was, when you were dealing with it, it was pretty clear that the personal tax increases essentially were on the top two percent. That's where you were getting the money, and you actually got a credit in the EITC [Earned Income Tax Credit], which we doubled or tripled, as I recall. As the bill went through the legislative process, which is like making sausage—it's not very pretty, and every Congressman or Senator has his or her idea how it can be better or what they need in their district or state. What happened, we had a stimulus package in the initial bill.

Milkis: Right. I wanted to ask you about that.

McLarty: It was thought we needed that because the economy clearly was stagnant. We needed something to jump-start the economy. And what happened, as the market started to see that there was going to be some probable certainty in the economic landscape, the economy did get a little better. Our tax increases were greater than the market had anticipated. They got moderated modestly in the Ways and Means Committee, and we had more spending cuts forced on us by the Senate than we originally had proposed, which is exactly the legislative process. But it obviously does look like sausage when you're in that four-, five-month period, negotiating with all the committees, with every Senator making public statements and going in and out. It's just a dreadful time. You can't find what you're doing. And the stimulus package got dropped, as you know, to make the spending cuts one of the ones dropped. As it turned out, it was right.

Milkis: And it was dropped?

McLarty: Yes. In hindsight I think it was right, because the economy had started to improve a bit. We probably did need to make some more spending cuts—at least that was my view—and we had already been very aggressive on tax increases, which turned out to be even greater because the economy was so much stronger. The revenue was stronger than anticipated. But what was interesting, the Republicans initially, cleverly, and predictably, latched on to that. This

was the "largest tax increase in history," which was probably true. They neglected to say most of it was on the top two percent of earners in the nation.

Bob Rubin and I were going to Texas. We made a swing through Arkansas, and Bob said, "Mack, why are you nervous? In Arkansas, there are 289,000 people we're giving tax cut to through the Earned Income Tax Credit. And there's only 5,902 that—" we knew each individual state— "that we're raising taxes on." And I said, "Yes, and I know 5,867 of them." [laughter]

But the Republicans, of course—and again, I'm a centrist Democrat, strongly believe in bipartisanship, which we were able to effectuate on NAFTA [North America Free Trade Agreement]—but they had dire predictions. I mean dire, and I wish I had the exact quotes from Phil Gramm, who is a friend, a Ph.D. in economics. But he obviously missed this one. "You know, we're going to have a depression, hundreds of thousands of people out of work." Newt Gingrich was worse with these shrill, just apocalyptic, predictions, which turned out to be exactly wrong.

Now, I'm not suggesting that it was only because of the economic plan that we had these extraordinary years—that [Alan] Greenspan called "extraordinary," and Greenspan is not exactly a fountainhead of optimism. But I don't think there's any question that it contributed to the certainty of the landscape and proved to be very sound economic policy. And I assure you, had the economy not improved, we would have certainly gotten the blame. So I think for us to take a measure of credit is more than fair. But that was the battleground.

What happened is we got it through the House and the Senate. I spent enormous amounts of time on that personally, knowing the swing votes there, both in the House and the Senate. We won in the Senate with Gore's vote. As I recall it, Bob Kerrey and I just saw each other, and he said, "Thank goodness you all persuaded me to vote that economic plan. It would have been a disaster had I not done it." And Bob—we had lunch with him that day, with David Gergen—and he was the last vote. He and Joe Lieberman called me in the White House. I recall it specifically, that they were going to vote for it, and that's what pushed it over the edge. Both were New Democrats.

Then what happened is, it still was stuck as a large tax increase, traditional Democrat tax and spend. And as we really started to get some traction that the economy was getting better, to our relief, we saw that it was actually going to pay down a bit of the deficit. We never dreamed of surpluses at that standpoint, but just to reduce the deficit modestly. People truly did not believe, in this country, that the deficit could be reduced. People thought that was inevitable. It's like inflation. You're going to have five percent inflation, it's just part of life. You're going to gain two pounds every year, you just can't do anything about it. And people had lost confidence that the deficit could be reduced, much less be eliminated.

So we saw it starting to go. I remember Lloyd called me and said, "Mack, we're going to borrow less money this month. We're not going to have to issue bonds, because we're paying down debt." And I said, "Lloyd, as a former banker, you should like that." He said, "Oh, I do, I do." But anyway, what happened is that once we got the darn thing passed, the real turning point for the better, one of the turning points—there were turning points both ways—we then had a chance

to define it. And that was the second war room, which Roger Altman chaired, and Rahm Emanuel and others were involved in. We put a full-court press on: "This is not a tax increase, it's a comprehensive economic plan. And here's why it's good for you."

Once that became, first of all, marketed in the political marketplace, but most importantly, once people started to feel it in their own lives—their mortgages went down, their consumer credit went down, jobs were better, unemployment went down, crime started going down—people said, "Wait a minute, things are getting better. This young President, I believe, has made a sound decision here, and things are moving forward."

That's when we really began to get traction, and the real nexus there, which goes right to the heart of the first hundred days, was that it gave us a credibility internationally, for the President then to establish international relationships, peace and prosperity. And then we did the North American Free Trade Agreement, which was a real turning point as well, much more than just a trade agreement, as important as that was. What it demonstrated is the President had the political courage and character to take on traditional constituencies, people that had supported him. And, by George, he was going to support this and get it passed. We were able to do that, not only with that presidential leadership, but in a bipartisan way.

Young: Yes.

McLarty: And the two things I recall about that campaign, other than negotiating with the Mexicans, were sitting in the Roosevelt Room once again, but not for quite as long, with Newt Gingrich and George Stephanopoulos counting votes. That was maybe one of the highlights of my Chief of Staff tenure, sitting at the head of the table, getting reports from both Newt and George on two different political philosophies, but after a common goal. The big point, you have to remember, too, it was an important point in his presidency.

Bill Clinton was not elected with a 51 percent majority. He was elected with a plurality. He got 43 percent of the vote, as I remember, 42, 43. Perot got about 19 or 20, and President Bush had the remainder. What that suggested, which I reminded the President, respectfully but sometimes rather correctly, on a number of occasions is that 66 percent of the people, virtually two thirds, had voted for change. That really was the message of the campaign, or at least one of the messages. But in my view they had voted for thoughtful change, not radical change. That's what they thought they were getting in this Democratic candidate, or hoped they were getting, and they gave him a chance to do that.

Once we got the economic plan in place, and once he showed the political courage on NAFTA, you basically saw his approval ratings approach 60 percent at the end of the first year. That's a pretty dramatic increase from 43 percent. Then, one of the other turning points, to round out the first year, building on the first hundred days, is that's about when the personal attacks started with Whitewater, Troopergate, other personal attacks. And that's about when we introduced healthcare, which was obviously a very, very sweeping, very, very heavy lift that other Presidents had tried and failed. And, of course, with Mrs. Clinton leading that, it made it all the more high profile. So that's kind of the first year in a fast-forward with a number of chapters left out, kind of building off the first hundred days.

The point on the hundred days—to finish it up. You don't just go in and say, "We have a hundred days." You do that, but you really say, "We have four years. We certainly have one year. Now how are we going to sequence our legislation and our initiatives?" That was the issue.

Young: Political prices were paid, though.

McLarty: They were.

Young: And in terms of the Democratic Party, the opposition—

McLarty: Well, Jim, I'm not sure of that. Prices were paid politically more broadly, with our not getting the economic plan in place and communicated. And certainly the legislative debate gave the feeling we were going nowhere fast, and/or this was just a huge tax increase, this was just another Democratic President. The fact that [the deficit] was $60-$80 billion higher than it had been reported—that's a pretty arcane point to make in broad public debate.

But from a political price standpoint, we certainly paid a price with traditional constituencies on NAFTA. You're correct. I recall the President, in an interview with Tom Brokaw in the Oval Office—it was on *Meet the Press* with [Tim] Russert and Brokaw—Brokaw had come down for the interview, right in the heat of NAFTA—the President said something fairly sharp, fairly shrill, about labor unions. And Lane Kirkland, who was a great gentleman, had been very shrill on the other side. And we took a break. I'll remember it forever. The President looked up at me, and he said, "I was a little tough there, wasn't I?" I said, "Just a little." And he knew he had been just a little too hard-edged, too personal in his comments. But we were clearly in the heat of battle.

Having said that, though, I don't think there is any question that we had a number of occasions in the administration, and the President believed this and believes it, where good policy was good politics. In this case, I think his political courage on NAFTA, in passing that—clearly with no giant sucking sound—and the economic plan were both good policy and good politics. So I don't think we paid a political price in an overall sense. I think we actually built support. But we did pay some political price in the traditional Democratic constituency.

Young: Yes. On the budget, you did that totally with Democratic votes.

McLarty: Democratic vote—

Young: Didn't get a single Republican.

McLarty: That's right.

Young: On the stimulus package, the Republicans became quite unified against that.

McLarty: And some of the conservative Democrats did as well.

Young: When you go to NAFTA, you've got to do it bipartisan.

McLarty: That's correct. You can't get it otherwise.

Young: How do you manage that?

Milkis: Actually had more Republican support, right?

McLarty: In NAFTA? We got over a hundred Democratic votes in the House—it was a good bipartisan effort.

Young: And then on healthcare—

McLarty: But you're right.

Young: Then on healthcare, you're going to need votes on both sides of the aisle if you're going to get anywhere.

McLarty: We didn't get them.

Young: We'll get to that. But—

McLarty: How do you manage that?

Young: Yes, you've got, in just strictly partisan terms, of Democrat terms, you've got the President, and I'm thinking about the Republican capture of the Congress in '94.

McLarty: Yes, I knew—

Young: You've got an agenda, a New Democrat or a responsible agenda, part of which is very unwelcome on the part of your major constituencies.

McLarty: You're right.

Young: And is not making you any friends on the Republican side, either. So you're not getting very far ahead, are you?

McLarty: Just doing the right thing, you still can't get ahead.

Young: When you said good policy is good politics, in a sense that's true, but there's a price. That's what I was referring to.

McLarty: You're correct, your thesis and reasoning is correct. My view would be something as follows: I was more knowledgeable of the Congress with my past experience than I was of the executive branch, just because that had been the experience that I'd had in my prior life, as I liked to call it. And it was pretty clear that what you had was a Senate that was more moderate,

centrist, more inclined to be bipartisan, than the House, which at that time was controlled by Democrats. Tom Foley was Speaker. That was more to the left of center, and the lines of division were much sharper. And that was going to be a complicated equation, no question about it.

I'm not sure, even with the benefit of hindsight—and the President and I have talked about it, and I've talked with others in the administration, including Lloyd before his stroke, and others—whether we would have been successful, could have been successful, in getting Republican support for the budget. We did reach out to Senator [John] Danforth and others. I worked closely with Senator [Sam] Nunn, whom I had known, to reach out to his Republican friends, including Dick Lugar, responsible moderate Republicans that we thought would consider what we believed was a responsible plan. But you had Senator [Pete] Domenici, a very respected voice, in opposition to it. You had some defensiveness on the part of the Republicans that the deficit was much higher than anticipated. They were very, very vulnerable there. I won't say "misrepresenting the books," that's too strong, but it had been skillfully portrayed. I am not sure we could have gotten Republican support for the budget.

Looking back, the President and I both wish we had started a little earlier and tried a little harder. Had we not had to recalibrate the budget, we might have had time to do that, but I'm just not persuaded we'd have been successful, even with that. I'm not sure that's the case on healthcare, with the benefit of hindsight. But I am also not fully persuaded we'd have been successful there once Bill Kristol wrote his memo—"Oppose, sight unseen…"—and Bob Dole was already going to run for President. That was going to be a tough sell. We seemed to have responsible moderates like John Chafee with us one day, and that quickly evaporated on healthcare. We, in retrospect, tried to do too much too quickly. The President has said we bit off more than we could chew.

Young: But on the economic policy, that was put first in any event, and that it had to be done soon.

McLarty: It was, it did, no question. So we finally decided, look, we've got to do this with Democratic votes.

Milkis: When did you decide that?

McLarty: Pretty quickly.

Milkis: Pretty quickly? It was pretty obvious?

McLarty: We had reached out there even during the transition and just weren't getting any traction. We made one more serious effort at it, even with the President meeting with Republican Senators, and could see that just wasn't going to work. I was very dismayed and disappointed, because I hoped we could do things in a bipartisan—more the Everett Dirksen, Lyndon Johnson manner. I guess I was a bit idealistic in that regard, but I had worked with Republicans the last 20 years and felt there was some common ground there. I kept reminding them, "All you guys are conservative, and sure you're not for more debt." But that didn't seem to resonate enough. I think they said, "Yes, but we're not for more taxes," or something. So we decided pretty early on we were going to have an all-Democratic strategy, particularly in the House.

We drove that hard, and we drove it hard in the Senate. I was deeply, personally involved in it. I felt it was essential, and we had, as I recall it, if it wasn't every morning, at least three times a week, right after the staff meeting with Secretary Bentsen, Bob Rubin, Howard Paster—there were about five or six of us—every morning we'd meet for 30 minutes about the budget. Just legislatively, how were we going to pass this? Not the budget. How are we going to pass it? And it came down in large measure to centrist Democrats. You had the traditional Democratic constituency with you because of the way it was constructed. So the issue was, could you get the Dave McCurdys and the [Wilbert] Billy Tauzins of the world to come over and vote for it in the House? Could you get the Joe Liebermans and the Bob Kerreys and the David Borens and the Sam Nunns in the Senate? That was clearly the swing votes.

Young: And what kind of a team was fielded to get this done? You were deeply involved.

McLarty: It was interesting. George Mitchell, of course, was leader in the Senate. George was a wonderful man, very articulate, and he would call me pretty regularly, and say, "You need to come over, talk to these oil guys. These southern guys, I just can't get through to them, I think it's my accent." [laughter] I said, "No George, I don't think it's your—you don't have trouble communicating. It's the message that's the problem."

Obviously Boren was going to be a tough sell. I'd known David for a long time and had known Sam as well, and neither voted for the plan. But [John] Breaux and others, of course, did. We basically marshaled those forces. One thing that is interesting, in today's climate particularly, that I did feel very constrained on—I think I'd make the same decision, even with the benefit of hindsight. In the budget discussions, you've got to remember, we were coming off the John Sununu, Don Regan era as Chiefs of Staff, and both had had a very autocratic, very strong-handed management style. Sununu had been criticized for using the plane, and so forth.

But I was very conscious of being an honest broker, not to represent just my views in a way that was more forceful than they should be. Not that I couldn't express my views, but they didn't need to be at the exclusion of others. But, even more importantly, the BTU tax came up initially on the budget, and the Vice President was strongly for it. I understood it. I understood the reasoning, the importation of foreign oil, the environment, strong case from an equity standpoint. Very, very poor case politically to get it done—almost unrealistic. We debated that, and the President was finally persuaded it was at least worth a try. I did not feel, having come from the natural gas industry—and this had nothing to do with my being Chief of Staff, an honest broker—it had to do with appropriateness and recusal. I think I could have pushed it more than I did, but I'm not sure, with the benefit of hindsight, I would have. But I offered no opinion on that.

The President kept saying, "Mack, what do you think?" I said, "Mr. President, I can't really speak to this issue." There were others in the room who were against it, so it was not like the other people were not represented. But I have regretted that I was not able to be more forceful in my view about this. As it turned out, it was taken off the table when it was seen it was not going to pass. That's another reason we raised taxes from an income tax standpoint, because you didn't have the BTU tax.

So that helped with some of the centrist Democrat votes, particularly those from oil producing, and certainly from coal producing, states. Senator [Robert] Byrd wasn't going to let that thing go any further [laughter] than I could throw a football.

Young: That's enough right there.

McLarty: That's exactly right. You basically have about 20 people in your legislative affairs shop. So you marshal those people out in the House and the Senate, you marshal your Cabinet with their relationships, many of whom had great relationships, obviously, on the Hill. You marshal your public efforts to try to sell it publicly. Then, in the end, you just get down to one vote at a time. You just sit down for lunch with Bob Kerrey and say, "Bob, this is not going to pass without your vote."

Milkis: You get the President involved in this?

McLarty: You do, you do. Sometimes that's helpful, sometimes it's not. [laughter] I was thinking about Bob, who is a good friend, I like and admire him. Of course, he'd run for President, and obviously he and President Clinton were not on the best of terms, and he came over to the White House. They spent three hours together, just the two of them, in the residence. The President came back. I said, "How'd it go?" He said, "Not very well." [laughter] But you just finally get down to one vote at a time, and we were able to pass it. But your point is right. We did pay a political price. Billy Tauzin switched to the Republican Party because he did not think we had honored some commitments on that. Dave McCurdy was defeated mightily in the Oklahoma race. I think he probably would have been anyway, but the vote hurt him. There's just no question.

And the NAFTA vote, we paid a political price in the House, in certain districts. I think the personal allegations and healthcare were much more determinative factors in the '94 race than the NAFTA or the economic plan. I think the economic plan was actually a modest help, but it was a driving force in the general election in 1996. So even the House races, you know small—not small, but individual—districts are very different than a national election. But yes, we paid a political price. You do, for every major piece of legislation, whether it's the Brady bill or welfare-to-work. That's part of governing and making decisions.

Milkis: To get the centrist Democrats to support you, were there not additional cuts promised in the future through the "reinventing government" program?

McLarty: There were, you remind me of that. We had already gotten it down to one-to-one. As I recall, that was a big mantra, get the tax cuts and spending cuts one-to-one. And we did have some additional hoped-for cuts, planned-for cuts. Reinventing government was certainly a New Democrat initiative and certainly an idea that resonated, not only with New Democrats, but with the Republican side, although they were very skeptical. They were even more skeptical with Vice President Gore leading the effort.

But yes, what was really more than specific cuts was the commitment, pledge, philosophy: We're going to be fiscally responsible. That's really what we were telling people. As it turned out, we honored that commitment, one, because revenues were so much stronger as the economy got stronger and more people were at work. We just had a strong flow of revenues, and we did keep government spending under control.

Riley: There was internal debate reported within the White House about the decision not to proceed with the stimulus package. I wonder if you could think back and reflect on that, and maybe tell us what the arguments were, and who was voicing those arguments, that the President needed to hold on to that.

McLarty: There were debates, long before the stimulus package. There were debates about how deep the cuts would be and where they would come from, and how large the tax increases would be and where they would come from. So you had a pretty straight forward—not division, that's too strong—but a point of view, which the President is entitled to, needs. It's like an organization. You need some of that creative tension in any organization. The difference, obviously, in the White House, is it gets reported, if not the next day, certainly within the week, what was said and what was done. Or at least what people have said was said and done. That's a big difference from the normal decision-making process. But it's fair to say that the more traditional Democrats in the administration, and also members of Congress, strongly voiced larger tax increases and less spending cuts, i.e., less deficit reduction. And within the White House, the economic team, we were solidified that that had to be a strong element.

I recall pretty vividly—Bob, of course, chaired the economic meetings, and we got out, I can't quite remember, but it was either $29 billion of how much we were going to reduce it, or $33 [billion]. It was within that range. Everybody was going back and forth. Finally I handed Bob a slip that said, "$31 billion. Let's agree." And that's what we agreed on. He and I walked down to the President and said, "This is what we agreed on. Is that agreeable to you?" And he said, "That looks about right to me." And that was the basis of the economic plan. That was a fundamental element, how much you were going to try to reduce it. You know, it had 500 elements in it, but that was the proverbial bottom line.

Howard Paster was more of the ilk of the traditional Democratic constituency. He came from the House, very sensitive to the House views. George Stephanopoulos had worked for Dick Gephardt, and he was more of that view. Mrs. Clinton was a little more of that view because she knew we would need some additional funds for some of the healthcare reform. The Vice President felt we could get the revenue from the BTU tax. Not all of us felt that was going to work quite the way that we hoped it would. But you had basically the economic team of Bob and Secretary Bentsen, Leon Panetta, Alice Rivlin, myself, and Secretary [Ron] Brown.

When the Cabinet started to weigh in, all were pretty strongly committed—not pretty strongly, very strongly committed—to a fiscally responsible program. And that in the end was where we ended up. It was more fiscally responsible in many ways than we had anticipated, because it actually was one of those times when the plan worked better than you thought it would.

Young: Can you tell us about the President's engagement in this whole—?

McLarty: Process.

Young: —in the whole process, a few words about his Congressional—

McLarty: Let me say some more words about it, because that's not a fair portrayal. I don't want to discuss other Presidents by comparison. Because I don't think that would be fair or appropriate. To say this was an engaged, hands on, energetic President would be an understatement.

Young: That's what I was getting at. If you could give us the details about that.

McLarty: I've already noted about his working on the plan itself. But obviously, the best salesman-in-chief we had in the administration was the President. He had run on this, he believed in it passionately. He understood it, he could communicate it, and he could sell it. So you not only had the bully pulpit, the sale to the public at large, which was almost another campaign, but you had the wholesale effort of selling individual members of Congress.

We had the same thing on NAFTA. That's just part of passing legislation, building certain coalitions—in some cases not even coalitions, just single members of Congress, or the Senate. And the President was—I want to say "dutiful," but it's not strong enough—just fervently engaged in that process. No telling how many calls he made from the Oval Office. I can recall sitting there as he'd go through Congressman after Congressman and Senator after Senator on the phone, talking about specific—because you'd have a new specific every time it went through a committee. So you'd have to go back and rework it.

Then, of course, it also had the same effort of calling individual Senators and Congressman and/or groups, into the White House. He and the Vice President as well. They were tenacious in their effort, persevering. Had they not been, we would not have been successful.

Young: Did the President get better at this? Was he a little uneasy at the lobbying effort, at the wholesale part of it? Did he get better as he went along? More comfortable, more confident? Or was it just a natural gift to start with?

McLarty: That particular aspect, he might have gotten a little better, a little more polished, but not much. This was kind of a Ted Williams, 400-hitter rookie season. Part of that, it wasn't a rookie season. You recall he had 12 years dealing with the Arkansas legislature.

Young: I see.

McLarty: A House and a Senate. Now, that's not the United States Senate or Congress, although most of those members have been House or Senate members in their own states. But the dynamic is very much the same. And he had also had the experience of the National Governors Association, the Southern Governors Association, the Democratic Leadership Council, in all of which you're building constituencies to pass certain issues. So, he was very experienced in this particular aspect. Not in the way Lyndon Johnson was, but also he didn't have the baggage that

someone has coming from the House or the Senate. He was a little fresher, had a cleaner slate, which was a plus, aside from his natural, personal skills and understanding the issues in detail and being able to communicate that.

And he liked to do it. He also not only enjoyed doing it, most of the time, and depending on who he was talking to, but he also realized this was absolutely an imperative. He did get better at a number of other things, particularly on foreign policy. He got more disciplined with his time. Some of that also reflected as the administration went on. We both had, I won't say an over-reaction, but we certainly were mindful—"we" being the President and me and others as well—of not forgetting who brung you to this dance.

The worst thing to me, not only for an elected official, but almost as a human being, is to achieve a great measure of success and then be unmindful or insensitive, either in reality or perception, of those who have helped you get there. Clinton had had a far-reaching campaign, very broad base of support from the Democratic Party and from others, highly personal in nature with his relationships. We spent a lot of time in the first year where expectations were huge: "I've helped elect this person, I gave him a contribution. He wouldn't be there without me, I'd like to talk to him." Not quite to that extent, but close.

Other Presidents, rightly or wrongly, have not chosen to be quite as sensitive and mindful of that, or have chosen to communicate in a different way. That took up a lot of time. I'm not sure that was time misspent. I think it paid off in 1996, but I think it would not have been authentic for Bill Clinton, or for that matter me, not to try to be responsive to those people who had helped elect you, in his case. But that did take up a lot of time. He did get better with that. But some of the initial enthusiasm and expectation also changed a bit. So that was another aspect of the dynamic in the first hundred days and first year.

Knott: You mentioned earlier that by the end of that first year, after the economic package had passed, and the President's approval ratings went up to about 60 percent—

McLarty: Approaching—

Knott: —you also mentioned that the attacks started to become more personal.

McLarty: They did.

Knott: I don't know if this is the point to ask this question, but— First, there were some real bumps in the road that first year—the travel office and the Vince Foster situation.

McLarty: I was not referring—

Young: Gays in the military.

Hult: Yes, that's what I wanted—

McLarty: Let's take them one by one because they're different. I was referring to the personal attacks on the President and the First Lady, and then specifically Whitewater and the appointment of the independent counsel, which was not until about December and then on into '94. It wasn't quite a perfect storm with healthcare, but it had some of those aspects, because healthcare was very controversial. And it had become politicized because you were moving toward the mid-term elections. It was already kind of squaring up the '96 elections. That's what I was referring to, but you're correct. There were two or three specific—I don't call them attacks. I would differentiate them from personal attacks, put it that way.

The gays in the military happened early on. I'm not absolutely sure to this day I can completely reconstruct exactly how that came into play. I honestly read some accounts and tried to search my memory, and I'm still not quite sure how that got on the agenda. What I believe happened is, it had come up in a general way in the press, and the President was asked about it at a press conference, and he responded. But he had not anticipated he'd be asked about this, and I'm not sure he had been pressed specifically on it in the campaign. He probably had in a general way, but not in a specific way. He gave the honest answer that he felt was consistent with his personal and moral beliefs.

It became immediately a huge story, and then the conservative opposition in the Congress—not the hard right on some of the personal attack issues, but the conservative elements in Congress—took to task that position, and it caused political problems for sitting Democrats in many districts and states. It became a very serious diversion. It also unsettled people with a young President that people had voted for. His line was, "Give me a chance. Would you trust me? Give me a chance to be your President." And people said, "You know, I'm not satisfied where I am now, I believe I will give him a chance—43 percent." Nineteen percent said, "I believe I want change, and I'll vote for Ross Perot." But still, 60 percent of the country wanted a change.

It was complicated, also, by the President's military record, or lack thereof, which had been chronicled in the campaign, which he had worked through. But it obviously just played right into that. Also, the Joint Chiefs of Staff were Bush appointees. So you had people, including Secretary Powell, who really did not know this President. I'm not saying they were disloyal, that's not my point. But they were not his appointees. So it was a somewhat difficult situation.

Milkis: Sam Nunn opposed it, too.

McLarty: He did, oh yes. I talked to Sam. Sam was more perplexed about it then, you know Sam didn't have any political problems in Georgia, but Sam and I had been good friends for a number of years and worked closely together at the DOC [Department of Commerce] and had very good rapport. He said, "Mack, what in the world is this? This is not consistent with what the President ran on." I said, "Well, Sam, it literally came out of the sky, and we're just dealing with it the best we can. It may be that you and the President have an honestly different view on this. But let's don't blow it out of complete proportion here. But this is like abortion, it's like a woman's right to choose. It's a very emotional issue, and we're going to have to deal with it and manage it and get through it."

You know, it's interesting, as it turned out, that is still the same policy today. What happened is we were able to work through it, and at the end of the day—like so many of these controversies—it became a non-issue. But it was problematic at the time. I think had it happened later in the presidency, it would have been less problematic.

Knott: Yes.

McLarty: One of the problems, challenges, that Bill Clinton had is people didn't know him. He'd been through the campaign. What? Fifty percent—if we're lucky—vote in a presidential election. So he is now the President for everyone in the United States whether they voted for him or not, or whether they voted at all, whether they paid any attention to who Bill Clinton was and what he stood for. And so, as people got to know him, not only from a policy standpoint—But, you recall that one of the real turning points, after the '94 election, was the tragedy in Oklahoma City, because the Republican "Contract for America" had railed against government bureaucracy. And all of a sudden, the government bureaucracy is the same person sitting by you at Sunday school or at a little league field. It's human beings. And Governor [Frank] Keating was magnificent in that, as has been reported. But that was a turning point as well, and it obviously changed the feeling and the understanding about who President Clinton was. So that was kind of the enigma.

We worked through that fairly—it seemed like an eternity at the time—but fairly quickly. And the Republicans were much more concerned about tax increases than they were about gays in the military. They played that out, and we took our hit and went on.

The travel office was an odd issue. I certainly had to deal with it, so I remember it vividly. It's a little bit like walking down a golf course and getting hit by a golf ball from the other fairway. You were looking at the putt you were going to try to make and didn't look out for the other ball coming and didn't think you had to. I spent a fair amount of time on that situation, more than I certainly ever wanted to or probably should have had to. What happened is the concern about the travel office, the information about possible inappropriate dealings, which was at the heart of the controversy, came from a friend of the President's, Harry Thomasson. It came to—I don't think exclusively, but certainly the First Lady was also aware of it, had been told about it.

The problem with it was, once Sidney tells me, or Karen tells me, that someone is not dealing properly, I'm responsible for that ultimately. I have to look into it. I can't just say, "Karen, I'm sorry, we're not going to look into that for a while, we've got the economic plan. You know, the fate of the Presidency rests on that right now. We're just going to have to put that off for six months." I guess you can say that, but that's not a very good response.

We did look into it, including Vice Foster, who was Deputy White House Counsel and David Watkins, who was also from Arkansas and over in administration. We were troubled by what we found, and with the business background, I have to say, if one of our used car managers in our dealership had $80,000 in his personal bank account that was company money, I'd probably terminate him on the spot. I would not ask our general manager to. I wouldn't necessarily say he's stealing it, but it just was inappropriate behavior. Now, had he been with us 20 years, we would have gotten the facts, but that's a pretty unsettling fact.

So, we commissioned what we honestly considered to be an independent review, which was by Peat Marwick Mitchell. Accounting firms are not held in very high regard these days, but that was before Enron, and that was a good independent management consultant to get the facts in an independent way. They concluded that clearly these people should be terminated. They had not handled these things in a proper business manner. Didn't say they had stolen, but clearly said, "This is our bottom line recommendation." And that was not skewed. It was independent.

Where we didn't handle things right, we made the right decision but did it in the wrong way. One, the fact that the First Lady was involved in it added a great deal of furor to the story. The fact that Harry Thomasson had informed us—and what had happened, Harry wanted to bid on some things. And the guy said, "I'm not going to let you bid. We already have a contract. We're not going to take bids." Like any businessman, he just said, "What do you mean? At least I ought to be able to submit a bid." But still, it was a sensitive issue, and we should have been a little more politically aware of that. It got out there pretty quick and got out there in the wrong way in the press.

Young: It was leaked, wasn't it?

McLarty: I'm not sure. We didn't handle it right, but it probably was. But we should have been aware it would have been. And, just to finish it up, as I remember it, the primary person, whom I never met, actually agreed to plead guilty to some of the charges, and the Justice Department, regrettably, did not take that decision and tried the case and lost it. You'd have had a different connotation had you had a person actually plead guilty. But it did cause a flap. It was a diversion, and it was a problem, and it was just not helpful in the first year. It gave a perception of some attitudes and ways of conducting affairs that clearly were not what you wanted to portray, and, in my opinion, weren't accurate. But it was a complicated, problematic situation.

In terms of Vince, I thought perhaps you might ask what was the highest moment and the lowest moment or something.

Milkis: We're going to do that at the end.

McLarty: I'm not sure I can hold out that long. From a personal standpoint, the toughest decision you make, or that the President makes, that you advise on, is whether to put people's lives in harm's way. That's the most difficult decision, committing military force. As an adjunct to that, when you're going to bomb Iraq and you know that civilians are going to be killed during that bombing, it's not quite the same as putting your own forces in harm's way, but it obviously has a human, moral connotation. It's a very difficult decision.

From a personal standpoint, Vince and I did grow up together, unlike President Clinton. We went to the same church, First Presbyterian Church in Hope. He was a year older. Again, not close personal friends, but friends. I was surprised when both he and Webb Hubbell agreed to serve in the administration. I was shocked. They had never worked in Clinton's administration, and that many senior partners leaving a respected law firm at one time, I thought, was surprising.

But Vince was a very fine, respected, attorney. His wife, whom we have known over the years, commented to my wife, "You know, Vince was kind of on the borderline whether he was going to serve. And he learned that Mack was, so he decided, 'I will too. I think I should too. I think I should fulfill that responsibility.'" I didn't know that until after the fact. I didn't even know Vince had agreed to serve until I was told about it. But it was obviously a tragic, tragic moment, and just so unnecessary, and just a good person was lost. And knowing his family, it's difficult to talk about even now. But it does show the pressures of public life.

To round it out, Bud McFarlane, who was National Security Advisor, I believe, under Reagan, who was a Marine, at one time also tried to take his life. Here is a hardened career officer. So the pressures are enormous, and regrettably that was a low moment.

Young: How do you avoid the burnout and the despair that people get into?

McLarty: That's a very good question.

Young: That's a difficult problem.

McLarty: It is.

Young: Particularly in the White House staff, which is a pressure cooker.

McLarty: It is in government, and we're seeing some of it now. I think that James Stewart wrote the book *Blood Sport*. It has that connotation to it. Tom Brokaw was being interviewed by Charlie Rose and he made a comment that I have remembered. He said that in this news cycle in which we live—and I'd mentioned about the other cable channels and all of that—that there is such fierce competition, particularly in print journalism, to get the story. There were more retractions in one year—I think it was '94 or '95—than there had been in the previous ten, by the major newspapers that cover the White House. I think there were ten retractions, major retractions, in the period of a year. Because you rush to judgment of the facts, and they aren't completely accurate.

But Brokaw's comments were that allegations become fact, and that is a real problem in public service, and now probably in the business world. The adage of you're innocent until proven guilty actually can almost work the other way: You're guilty until proven innocent. Sometimes it's rather complicated to prove your innocence. And in this age of technology where everyone, probably, but me, works off a laptop, you do get the background of an individual in these stories. Every time a story is run, there's going to be a repeat of allegations made, and I don't think that was the case 10, 15, 20 years ago. We're clearly seeing that—not only in political life, but in sports, entertainment, and so forth—much more personal reporting than we've seen.

In terms of how you avoid it, I'm not a minister or a psychologist and not qualified to give much of an opinion other than experience. What I talked about, when you're uprooted from your home and your family, has a real interplay. I think it played into Vince's situation where his family did move with him, but the home was much smaller, and his children were at different ages, and there are some financial aspects. The great remark is, "The way to leave Washington with a

small fortune is to come with a large one." And let me assure you, there's a lot of truth to that. Obviously, as a chief executive, my pay was modestly different when I went to the White House. I actually didn't draw any salary the first five years. But it's a dramatic difference. I don't mean it's a sacrifice—it's a great privilege to serve—but it does have those aspects to it.

One thing Donna did that I think was helpful, I mean, meaningful—in fact, I don't *think*, I *know*, because I've had so many people remark about it: She formed a spouses' group of the White House and the Cabinet wives and husbands that met monthly. Eric Tarloff—Laura Tyson's husband, who is a television writer, a very clever, witty fellow—was kind of the star of this group, as it turned out. He charmed everyone there, men and women alike. But just the fact that you're sharing some of those experiences, and that you're not the only one who is having trouble finding a dentist, and a cleaners that doesn't wrinkle your dress, or whatever it is. It was a nurturing force. So there's some of that. But the bottom line is, just to cut right to it: You've got to be realistic about what you're getting into. In my case, I was.

Young: But a lot of kids on the campaign—

McLarty: I don't know. I don't know that I agree with that. I think that, to a kid on the campaign, to use your phrase—

Milkis: Everybody's a kid to Jim though—

Young: Point of privilege.

McLarty: Jim doesn't have to worry about being politically correct as much as I do. But the reason I took exception, I didn't mean it as sharply as it sounded.

Young: That's all right.

McLarty: I think a young person has less to lose. An older person who has an established career, an established family, an established reputation, generally is going to be at a higher level. But there's no question, you have much more to lose, and I don't think there's any doubt that occurred to Vince Foster. It occurs to all of us. But you have to be realistic. You have to remember who you are, where you came from, and why you went to Washington in the first place. And at the bottom of it is your faith and your humanity. That's the essence of it. You have to believe in what you're doing. If you don't, you should leave.

Milkis: A lot of you were from Arkansas, and I suppose in some ways that was a help because there was a sense of common, shared experience. On the other hand, there must have been some disadvantages that so much of the White House staff was from Arkansas, referring to what Jim was saying about the Carter experience.

McLarty: It was. I was surprised. I would have done it a different way, to be blunt, and that's no disrespect to anybody who was on the staff. Some of the staff members, as Jim noted, we kind of had to put together there just to make sure we had a full team on the field. And as you would

expect, in any presidential campaign, particularly when a Governor is running, a lot of people who are active in that campaign are going to be from your home state.

But it was pretty clear to me that Carter had obviously had a number of people join him from Georgia, at very high levels, higher levels in many ways than ours. Reagan had had a number of people from California. Bush has a number of people in this administration, Carl Rove and Karen Hughes, both long-time advisors, Clay Johnson over at personnel was his Chief of Staff, Don Evans is at Commerce. So I don't think it's unusual.

There was a bit of an anti-Washington element there—I believe the President would agree with me on this, and if not, I would still hold my position. I don't believe we, or he, was as sensitive to that as perhaps we should have been. That does not mean you have to compromise what you believe in or what you ran on, or lose touch with the heartland in Indiana or the West Coast and California. But it does mean that you are now governing in Washington, and there is an establishment there that you are going to have to deal with or it's going to complicate your life. This is one place the President was not as natural as I anticipated he would be because he had come through the campaign. But the campaign is very different than being in Washington—you're getting validated or not almost every other week in a primary election, in the primary. You're going from one race to the other, so it's a pretty fast-moving train. Whereas in Washington, the dynamic and rhythm change dramatically.

I was surprised at the number of Arkansans, not so much in the administration, but that the President—and to some extent the First Lady and others—had said, "This is what I would like this person to do." Some of it is quite natural. It's not unlike your point about Carter. If somebody is going to be head of the correspondence unit, they need to know who Bill Clinton's friends are and who they aren't. And that person probably is going to be from Arkansas. There were many Arkansans, though, if you look at it. Nancy Hernreich, who ran Oval Office operations, did a superb job. James Lee Witt at FEMA [Federal Emergency Management Agency] did a superb job. Rodney Slater, Deputy Secretary of Transportation, then Secretary, excellent job. Bruce Lindsey as counselor, excellent job. So you can go on and on and on.

But, I must say, in the case of Webb Hubbell—he was very respected in Arkansas, 25-year career in the Bar. It's like some of the corporate misdoings that we're seeing today. You're just taken aback by people who have enjoyed enormous respect and a sustained level of success over the years. When Webb—whom I did not know well, I'd known him for a long period of time, but I did not know him well—as I recall, when he resigned at Justice, even under controversy, I think there were over 1,000 people from the Justice Department who attended his reception. Literally the entire department turned out.

And if you talked to the Acting Attorney General, Stuart Gerson, who was a Republican appointee, before we had an Attorney General in place, he will tell you to this day that his working relationships with Webb Hubbell were superb, that he was an excellent deputy. But it was a disappointment and something that does not reflect positively on your home state's image, which is certainly not what you would hope. It should have been handled with more care, given pretty much the history of the past. You had a pretty good road map there to know that was going to be a problem.

Young: I believe this is lunchtime.

[LUNCH]

Young: Why don't we start with some of the other major policy issues of your—

McLarty: Let's start a second with NAFTA and then quickly move to healthcare, taking them in sequential order.

Young: Good.

McLarty: I think it's important to underscore that when you talk about policy issues, particularly legislative issues, there is a sequencing and priority decision that is pivotal in the success or failure of these initiatives. For example, it was very clear that the President had to lead with the economic plan. That's what the campaign was about. That's who we announced first as our Cabinet members, the economic team. Normally you announce the foreign policy team. And that put, by the way—"pressure" is too strong—but it put an emphasis on the diversity, because our economic team, with the exception of Dr. Rivlin, were all white males. So, by announcing that first, the press immediately raised the issue: was this going to be as diverse as the President had talked about?

More fundamentally, when we arrived, we had the economic plan first. We also had the Family Medical Leave Act, which was an executive order, but was very important because it demonstrated a sensitivity and a concern for people's personal lives, aside from it being talked about and promised in the campaign. It was a very good part of an overall message, as well as, again, policy and politics: the economic plan, fiscal responsibility, but sensitivity to trying to balance the roles of work and family.

Then the issue became very seriously on the table, do you do healthcare next, following the economic plan? Do you do welfare-to-work, a fundamental tenet of the New Democrat movement? Or do you do NAFTA, which has already been negotiated but does not have strong Democratic support? And you had, as I recall, a timeline on NAFTA of some type, and it may have been just that the agreement was reached essentially, and you had to go forward or you were going to lose all momentum. We were already getting enormous—enormous is too strong—measurable pressure and criticism from the business community, particularly from the Republican side. "You're letting NAFTA languish, it's not going to pass, you're not committed to this," and so forth.

What I wanted to say and did say, "If you had gotten our economic plan through a lot quicker, we'd have gotten to NAFTA a lot quicker." But that was not a fully accepted response by some quarters. I asked the President three times if he was he sure he wanted to go forward with NAFTA. I knew that's what I thought was the right decision, but there were different points of view in the White House. I recall riding in one evening from Andrews with him in the car, and I said, "Mr. President, now we're getting ready to make this decision before the August break to announce we're going forward on NAFTA. Are you certain that's the decision you want to close

on?" He looked at me, one of the few times he was slightly terse—not rude—and said, "Well, Mack, I told you this twice." And I said, "Yes, sir, I understand that, but I want to be sure, because not everybody feels this is the right sequence of legislation." He said, "I'm well aware of that. We need to go forward, or we're going to lose it." I said, "I understand that, Mr. President. I just want to be sure we got our signals straight."

It was interesting to me as we were talking about working for someone or with someone unlike other people I have worked with. Everybody has their own personal style, but President Clinton sometimes would close on a major decision in a pretty unassuming way. I was more accustomed when you closed, [saying] "Okay, I've reached a decision." I had to be pretty attuned to when he had reached a decision and we were ready to move forward. Of course, I was very respectful that I certainly didn't want to move forward if he had not closed on a decision. So that was one of the many things that I had to adjust to in working with the President.

On the NAFTA, the first step was to close with the Mexicans. The agreement had been reached, but not in full. I had developed a close working relationship with the Mexican Chief of Staff and with President [Carlos] Salinas, having met him on this trip I mentioned earlier after the election. I recall, as we asked for more and more concessions in order to get votes, particularly on agricultural issues—tomatoes and peanuts and so forth—I still remember the bridges and everything else.

I called Pepe Cordoba, and I said, "Pepe, I know we're asking you go the extra mile." John Breaux and I had just reached an agreement that would bring about 15 votes—John said 20, but I think it was about 15—a substantial number of votes on certain agricultural issues. And so I called Pepe and said, "I know we're asking you to go the extra mile." He said, "No, Mack, you're asking us to go the extra, extra mile." And indeed we were. He and Jaime Serra came to my office, Chief of Staff's office, with Mickey Kantor, because Jaime and Mickey, who had negotiated the final agreement, had two points they couldn't agree on. We had to close on those points, which we did. I called President Salinas to close on those two points, and once we did, we had the agreement.

But then you had to launch the campaign. And that's when we got the former Presidents involved. That was the first time I had dealt with President Bush returning to the White House. I called President Bush. I actually called him through Jim Baker, and he was very sensitive about returning. It had been less than a year. We discussed it, and he finally agreed to come. Eventually Carter and Ford came as well. It was a tremendously powerful kick-off for the event. If I'm not mistaken—and Rich, we need to factually check this—I want to say the [Yitzhak] Rabin – [Yasser] Arafat signing was the next day.

Klein: I think that's correct.

McLarty: I think I'm right, because I sat by President Bush at that signing. I never will forget—off the subject, but we'll get to the policy—Rabin came in, the Vice President had Arafat, and I had Rabin. I had to go out to be seated, and I asked President Bush if he would he take Rabin and make sure, because we were just trying to get them to come together. Of course Bush immediately picked up on it and handled it in a superb, diplomatic manner that reflected his

tremendous experience and ability. But, at any rate, we did pass the NAFTA, which I've already spoken to. That concluded the first year, in many ways.

As we moved to the second year with healthcare, it had been talked about. They'd had the healthcare task force. There had been issues much like the energy task force about privacy and so forth on healthcare, which you've read about and studied. The President had promised healthcare in the campaign. And the issue on healthcare—it won out, so to speak, over welfare reform, because you could make a pretty compelling case. If you have the economic plan, you have the trade, the next issue would be welfare reform, or welfare-to-work, as we called it. But healthcare had been considered a higher priority, and with the number of Americans uninsured, I think properly so. It goes back to these competing priorities. You can't do everything at once, and you can get only so much freight through the Congress. It takes some time to do that, plus you can't constantly expend energy, commitment, and political capital to get legislation repeatedly through.

The first year we passed 80 percent-plus of our legislation, which was a higher percentage than Johnson. I think I'm right on that. It was a very high percentage. And, of course, the big percentage was the economic plan. But, at any rate, I recall there was great interest in who was going to manage healthcare. Dr. [Ira] Magaziner had helped with the policy formulation with the First Lady. But who was going to manage this with the Congress? We finally had persuaded Harold Ickes to join the administration. Some of the issues that had troubled his initial tenure had been resolved. I recall very vividly going to the White House briefing room, prepared to talk about Pat Griffin replacing Howard Paster—who left to return to private sector with his family, with children at home—and Harold Ickes to be the political component of healthcare as we would kick that off in the next year. And I got a barrage of questions about the personal allegations on Whitewater and other matters.

And with this great anticipation by these same reporters—who had asked me for the last two weeks about healthcare and who was going to take legislative affairs—it was barely asked until the end of the press conference. That's when you really sensed that the climate was going to change. I remember, starkly, walking out of the White House pressroom, briefing room, feeling that way.

Young: Yes.

McLarty: And my view of the future proved to be correct. We did initiate healthcare. I was not as deeply involved in the healthcare initiative as I was the economic issue, or economic plan, for pretty obvious reasons. One, I was not as knowledgeable and experienced in healthcare as I was with the economic issues. Two, the economic plan was the President's initiative. NAFTA was already on the table, so to speak, and the Vice President—I'd be remiss if I did not underscore his role in that with the Perot debate, which was pivotal, and the NAFTA.

But clearly the First Lady was leading this effort. There had been an enormous amount of work done on it in the prior year. The President was fully engaged. Anybody who suggests he was not is just not—that's just not factually— No one can say that with any factual basis. There was a big debate, a major debate, about how comprehensive the reform should be, and could you craft

a bipartisan effort that we had achieved on the NAFTA, but failed to do on the economic plan. I thought we had a chance to do that, because the economy was moving in the right direction. So we were past this partisan period of the economic plan. The President's approval ratings were good, despite the allegations coming to the front. Healthcare was a major issue that cut across all party lines and spoke to each party. And, of course, we'd come off the NAFTA.

There were some hopeful signs early on. Mrs. Clinton met with a number of Republican legislators. She acquitted herself quite superbly in hearings on the Hill, some of which had major roles by Republican leadership. Senator [John] Chaffee, as I recall, and others, were actively engaged in discussions with Democratic leadership on the issue. Two things probably impeded that and ultimately doomed it. One, the reform. The decision was made that we would basically go for the big enchilada, that we would try to have overall healthcare reform, which was a very persuasive argument. You can make a very compelling—it's a very complicated, difficult subject—but if you did parts of it, you could actually almost make the situation worse. But it made the legislation much more far-reaching, and when you do that, you're going to engender opposition.

Secondly, the political climate started to come into play. I'd mentioned the Kristol "Oppose, sight unseen" memo and the Dole interest in the presidency, and, of course, the '94 elections on the horizon. Then you had fierce opposition by some of the opponents of healthcare with the "Harry and Louise" ads and so forth. So we pushed forward on that. But by this point I had become more involved in some of the foreign policy matters. You know, we had Bosnia going on at this time—

Young: Yes.

McLarty: You had the Haiti situation. You had a number of hot spots around the world. The Bosnia situation was so troubling and so frustrating. We were spending enormous amounts of time trying to get some kind of traction with our European allies, going nowhere fast, hearing and reading daily about these atrocities that were being perpetrated. And, of course, we were still selling the economic plan and trying to ride that positive news to give some momentum to healthcare. And I became, not exactly the poster person, but I became pretty involved in selling that because it was a pretty natural role, and I certainly enjoyed doing that more than I enjoyed dealing with some of the legal issues that were becoming increasingly part of the White House. And I was much more qualified to do that. When the personal allegations started, and particularly Whitewater, there was also this obviously vigorous debate that has been reported, written about, on the independent counsel. It was a tough call, because you—

Young: You mean to reauthorize it?

Milkis: To reauthorize it, you mean?

McLarty: Not so much to reauthorize it as to agree to it or acquiesce to it.

Milkis: I see.

McLarty: The reauthorization came later.

Milkis: Okay.

McLarty: But the basic issues were that once you have an independent group, if they are independent, they almost have a mandate to find something wrong. It takes a very, very statesmanlike person to say, "I've looked at this, and it's fine."

Secondly, legally, there were some compelling arguments not to agree to it, if you looked at it just from a legal standpoint, and obviously Mrs. Clinton and President Clinton both are lawyers, as is Vice President Gore. The other side of it is, it gets into political perception and transparency: If you don't have anything to hide, why do you mind an independent counsel? So we had a pretty serious discussion about that, and we actually made the decision. As I recall it, we were in Prague. I was traveling with the President, David Gergen was with us, and we called back to Washington where this was increasingly fueled in the press.

Finally we reached agreement with Bernie Nussbaum and Mrs. Clinton and Vice President Gore and others who were on the phone that we would agree to an independent counsel. But it was a divided White House about that. One of the times that we did get George Stephanopoulos and David Gergen to fully agree. David, actually, was interesting—he didn't agree to an independent counsel at first, and he changed his view as he reflected on the facts of the decision.

When [Robert] Fiske was appointed, I recall, Bernie Nussbaum was our White House counsel at the time and was against the independent counsel because of legal, pure legal—Bernie was a very distinguished lawyer and had strong legal views of why we should not do this. Bernie said, "I believe we've reached the right decision because I know Bob Fiske. He's a fair person, and, Mr. President, this is a very positive development. He's serious, but he's fair, and I believe in the end you'll be exonerated or satisfied this will be a fairly conducted inquiry." Of course, somewhere down the line there was a change from Bob Fiske, and we don't need to dwell on that. But that changed the landscape rather dramatically, and, I think, very unfairly and unfortunately in a lot of ways.

In the meantime, healthcare had moved forward. We did set up a task force to deal with the increasingly legal inquiries and related press stories which were coming, if not hourly, certainly daily. And it's not unlike in business where you have a terrible lawsuit or some type of other distraction that you try to isolate, and have one group dealing with that and the rest of the organization moving forward. That's what we tried to do. I asked John Podesta to chair that group. John had been staff secretary and was quite skilled and knowledgeable and did a very good job on it. Then at some point we replaced—this goes to some of the restructuring that you're talking about—Mr. Nussbaum with Lloyd Cutler, who had been a very respected Washington lawyer, and was much more politically sensitive to some of these issues, by everyone's acknowledgment, including Bernie's, I might add.

Riley: If I'm interrupting a train of thought, I'd rather you finish.

McLarty: Just to finish it out, and we can drop back on a couple of the other matters I've left out. To finish up healthcare: A turning point, at least important to me, was the decision that I was quickly reaching about my role. I didn't give the President any hard time frame, but I basically suggested, "I see why you want someone you know and can trust and that knows you, but it seems to me this is an eighteen-month, two-year type of responsibility. I won't necessarily say I'll just immediately go back to the private sector—who can predict the future?—but let's get started with this." And it seemed to me that that was the natural flow when we started, and we would see how things evolved.

What was increasingly apparent to me is that the landscape had changed, probably that December when I walked in the briefing room. You could see this was going to become a highly partisan climate, that the change with Fiske was a very bad development, that any real hope of bipartisanship that we had garnered and worked so hard on the NAFTA was completely lost on healthcare. Politics and mid-term elections were beginning to be, without question, the overriding issue. So two areas that we were in—that is, a legal, litigious personal attack, hot, red hot, politically charged environment, and an electoral environment—in neither, I felt, was I well suited to be on the point of leadership for those issues. I had come as a New Democrat, trying to build a bipartisan consensus. It called for much sharper partisan rhetoric and stances. From a legal standpoint, while I'd had some background in managing crisis and so forth, it had a partisan ilk to it and a hardball political quality that I thought someone with different skills and mindset than I had could do a better job with.

I talked to the President about this before we went to Normandy. He wasn't surprised. I think most of Washington was surprised that anybody would give up any power in Washington. That's not why I came in the first place. I had a fair degree of responsibility as chief executive of a Fortune 500 company, and I wasn't sure I hadn't taken a step down in some ways—not a step down, but it was a different step. I was there to serve the President and the country, and I thought we had accomplished, at least in some measure—particularly the economic plan and NAFTA and the Family Medical Leave Act. They were the pillars that we had, and we'd gotten most of the government in place by this time.

We had done some staff reorganization with David Gergen coming in and Roy Neal coming in—a much more senior, mature staff. Pat Griffin was a seasoned professional. We had a couple of Cabinet setbacks by that time with Zoë Baird early, and I can't recall whether the [Michael] Espy matter was in this period. I think it was beginning to percolate. But generally, the Cabinet was in pretty good shape and had established their own identities and presence and generally were getting, on balance, good marks. There were a couple of weak spots, as there always are, but generally good marks.

But my feeling was—unlike when Howard Baker came in, where there needed to be a complete change, after Iran-Contra and all that—that what we needed, the way I characterized it, was a half term. We needed to continue what we were doing, but have a more politically oriented White House, because we were clearly moving into a political season. And we also needed, probably, a little sharper, more partisan, harder edge—whatever the right description is—ability, on this incoming fire, which seemed to me was going to continue for some period of time. It was

not going to be resolved, and, of course, it never was resolved. Almost to the final day of the eight-year presidency, it was one issue and controversy after another, either real or contrived.

So that's how the change took place, and my recommendation was Leon Panetta. I thought that was a half-term, basically promoting from within, someone who had been part of the White House staff, knew everybody there, and who could have the continuity, but who had the political background as a Congressman and also was a lawyer. We did effectuate that change, and I think it was the right thing to do.

Young: So that by the time you actually left, there were anticipatory—

McLarty: Yes, I had actually talked to Leon before we went to Normandy, as had the President. Leon's first reaction was, "Mack, I don't think we need to do this. You just need to get a stronger deputy who can get this handled for you, and you need to stay. You've got the President's confidence, and you're making a little more out of this political stuff than you need to. Other people can do that." Or something like that. But I was pretty resolute in it.

After we got back from the D-Day—which was a very moving trip, and the President did a superb job—we were moving through this gays in the military, and he was beginning to establish a relationship with the military leadership. They had gotten to know him, he had gotten to know them. We'd gotten some of our appointees in place, but it was really more that people were getting to know the President. We'd also had this chapter you either smile or cry about, cry or frown about, with the Secretary of Defense. Les Aspin had stepped down at year-end, and we had initially made this change with Admiral [Robert] Inman, which had not gone well at all, for a lot of reasons. You could sense it when Admiral Inman, whom the President had not known well, in his announcement, said something almost like, "I report to the people at the Defense Department." It immediately showed a lack of respect and natural working relationship with the President. We were concerned about that. But there were some other issues that were insurmountable, and Admiral Inman made the decision to withdraw his name. I think it was a correct decision. That left us with who we were going to move forward in obviously a very critical position.

Bill Perry had served with distinction as Deputy, was very close to Senator Nunn and Senator [Richard] Lugar and Senator [Ted] Stevens, having worked in the prior administration and having worked with them in the private sector. We had Bill come in. I knew him a bit, not well. I liked him when I interviewed him and was impressed by him, more importantly, and the President liked him, was accepting, but not enthusiastic. We agreed that this was the best candidate. Vice President Gore knew him pretty well and was a strong supporter. I never will forget. Bill Perry called me at 6 o'clock Saturday morning, after he had seen the President on Friday. I was up, because I usually went to work about 7:30 or 8 on Saturday to—you know, radio address, be sure everything is in order.

Bill said, "Mack, I've been up for about three and a half hours." I said, "Well, Bill, I've been up not quite that long." And he said, "I just can't do this." I said, "Oh, Bill, tell me why you're having some second thoughts here." And he had some personal issues not unlike what we've talked about. He had seen other Secretaries of Defense that had been criticized and beleaguered,

and he had a somber second thought that he just didn't feel like this was quite what he needed to do. I said, "Bill, would you just please not say no."

So I called the Vice President, who immediately responded and went to see Bill and had an excellent visit with him, gave him some comfort. Obviously Al, the Vice President, was in a much better position to talk about public life, the rigors of it and so forth. So Perry was announced, and we had the announcement, and Bill was very anxious about it. The press started peppering him with questions. We were actually in the residence part of the White House when we announced it, and he answered them just fine. You could tell the press was beginning to get a little bit in areas that would raise certain questions—not that he couldn't answer them, but he was getting a little anxious about it. And I never will forget. Ted Stevens stood up on the front row and started clapping. That sealed the appointment, and that was a good example of bipartisanship. Bill Perry went on to be a very distinguished Secretary of Defense, and thank goodness that saga had a positive ending. That helped us a great deal with the military, is my point.

We went to Normandy and had that and returned. In Normandy it was raining the day the President was to speak, and I was sitting by Tony Lake, who was the National Security Advisor. We were worried—major speech, rain, just completely washed out—and Tony said, "Oh, Mack, you're worrying too much. There's going to be sunshine by the time the President speaks." And I'll be darned, 30 minutes later, the sun was out, almost like it was today. It was just right out of a Hollywood script, and the President gave a great speech. But when we returned we still had to return to healthcare. Healthcare was not gaining momentum; in fact, probably it was beginning to lose some ground, and we still had these other legal issues that were being constantly reported about.

So I again approached the President and discussed this with him. He understood it, accepted it, and wanted to visit with Leon, but thought that was the right decision, a good decision. So that's how the change came to pass. We talked frankly. I said, "Mr. President, do you think I should step down and leave, or would you like me to stay? What do you think is the best course here?" He said, "What do you think?" I said, "I can make a case either way." He said, "I don't think you can. I think you need to stay, obviously, and I think you need to continue to do about half of what you're doing for me now, which you've done for about 25 years. Keep the direct advice and counsel, and keep doing some of the business outreach and things that you're doing about the economic plan that's right at the core. I think the rest of it will fall in place."

So that's what we agreed to, and it worked out. It exceeded my highest expectations. I thought it would probably be a pretty good six-month bridge until the year end, and as it turned out it opened an entire new responsibility, new chapter, that I found enjoyable and rewarding.

Young: It was in December of 1993—

McLarty: With Aspin—I'm sorry.

Young: With Aspin and also, same month, within five days, you also announced that the White House would undergo a major reorganization.

McLarty: Right.

Young: But the change in your office was not announced at that time.

McLarty: No, no. It was in July, I think, much later.

Multiple: July '94.

Young: So my question was, were these changes in anticipation?

McLarty: No, no. We had two sets of changes prior to my departure. Most White Houses, as you're seeing with Karen Hughes and others—and you've seen it certainly in both Bush I and the Carter White House—there is kind of a natural flow to come off the campaign, and then you make changes either for personal reasons or political reasons.

The first change was that we did not feel that our message was being clearly and powerfully—effectively is a better word—portrayed to both the Washington press and more broadly, that we were still in a campaign mode as opposed to a governing mode. That's when the Vice President and the President and I, and some others, were involved in the discussion in a peripheral—not peripheral, but not in as centered a way. We determined that we needed to make some changes there, and that's where the David Gergen idea—

Young: That was back in June.

McLarty: That's right. That was the first major change, with David.

Riley: Was that your idea?

McLarty: I think actually the Vice President had noted his name as a possible candidate. We had some others that were of equal standing, and I was strongly supportive of it. I thought very warmly and highly of George Stephanopoulos and still do. George, by his own admission, felt that we probably needed to consider a change as well in some shape or form.

Young: You were looking for what in particular?

McLarty: We were looking at that point for a number of things. Experience was one, experience in a White House, if you could get someone with some bipartisan ilk, I thought that would be helpful. We considered—I left it out, strongly, and probably, in retrospect, felt we could have done it more skillfully if we'd had a little more time or foresight—a Republican or two in our Cabinet. The President actively considered that and actively considered some senior person, or respected person who had supported Perot, because clearly you had had a divided election. Not so much politically, although it would obviously have had a political aspect to it, but just in the old John Kennedy sense that you had a Republican in your Cabinet. The President genuinely felt that way.

We weren't able to accomplish that for a lot of reasons. In retrospect, we perhaps should have tried or focused on it more intensely. We went back to that when we looked at David and some other people. We had some Republicans, over time, that we approached who were not agreeable to serve. Then of course, Bill Cohen eventually came in as Secretary of Defense, who was Republican, so it wasn't all just a one-way street. And at some point in there—I lose track of the precise time—you had Roy Neal come in as Deputy Chief of Staff.

We'd already developed this good working relationship with the Vice President's office, but the restructuring you're talking about had to do with a couple of things. One, you had this major initiative of healthcare in December, and how were you going to run that major initiative? Because the Domestic Policy Council had not quite had the ability that the National Economic Council [NEC] had on the economic plan. And secondly, you also had our legislative head, Howard Paster, leaving. So you had to replace him, and you have that in a White House. You have burn out, for lack of a better word, or people that have other considerations in their lives.

Young: Or your needs become more apparent and—

McLarty: Or a combination. But sometimes you have people that just leave. They just say, "I want to go back to private life. I've got to make a living. I'm away from my family too much," or "I can't handle the stress," or whatever it is. Then you have the other side, where you're not quite the right person at this time. So you have a combination. But they were not made in anticipation of my leaving.

Young: Okay, so that settles that. Was there a feeling that you needed to adjust your cast of characters, who's doing what? How much of it was a feeling, when you come to the reorganization after the initial changes in personnel—this is in December of '93—that you needed to restructure the way things worked? It was called a reorganization.

McLarty: In '93.

Young: In '93, it was announced as a reorganization, not just a change in—people are interested in finding out what kind of restructuring or reorganization this was, and why it was done.

McLarty: We were more formally moving from the campaign organization that began the administration to a more seasoned group that would govern after a year in office. And you had most of your government in place, which was a big, big point in change. You had gotten your major initiative passed, the economic plan. So you were at a different point in the cycle.

You also had somewhat of a better understanding of—after two or three major issues were resolved, like the Vice President's working relationship—of how the President wanted it to run now that we were over the initial period, to settle into a management style. You had your asset base in place, in the business vernacular. Now how are you going to manage those assets going forward, your acquisitions? That's not a perfect analogy, but I hope it makes the point. And then it was also impacted by some personalities, and then just some needs—as I say, Pat Griffin replacing Howard Paster. So it was a combination of those things. But you had a better sense of how you could develop an ongoing organization that fitted this President's needs.

If you look at the people who followed me, which were Leon, and then Erskine Bowles, and then John Podesta—who I had hired and worked for me—the basic structure that we ended up with in this '93, and the basic meeting schedules, and essentially the processes, were followed by every Chief of Staff that followed me. So it proved to be about the right structure and organization for this President, even at different points of time in the presidency with a different Chief of Staff. Two deputies dividing the responsibilities, having a task force for certain serious problems, and so forth. So that was the essence of it.

Hult: Sticking with the December '93 changes, now that's also about the time that Harold Ickes finally joins the White House staff. Formally he is listed as one of your deputies.

McLarty: Healthcare, right.

Hult: Was that mostly what he did as Deputy Chief of Staff?

McLarty: You mean healthcare?

Hult: Healthcare, yes.

McLarty: It was the intent he would spend most of his time on healthcare because of the initiative and because of this domestic policy council, NEC. As it turned out, he was quite able and well suited to deal with some of the more litigious political issues. He naturally gravitated, with my encouragement and approval, let me quickly say—I don't think Harold volunteered for it, but he didn't shy away from it. So he ended up wearing several hats, which is not unusual for a Deputy Chief of Staff. But his primary and strong focus on healthcare that had been anticipated did not quite play out as we had originally thought.

Hult: So, as he was undertaking those political and policy sorts of tasks, what was the other deputy doing? I guess it was Phil Laden?

McLarty: Lader.

Hult: Lader? At the time.

McLarty: Phil had responsibility for what I would call administration and management. He had much more of the management of the White House, the scheduling, the personnel, those types of matters, which fitted his background. He came from the business side. He was a lawyer, but he came from the business side and had the confidence of both the President and the First Lady. Vice President Gore knew him, as well.

Hult: Was that similar to the way that Mark Gearan and then Roy Neal divided up work, or not quite?

McLarty: It was. It was similar. Then Evelyn Lieberman and John Podesta had similar roles under Erskine. I can't recall right off the top of my head who John had in those spots, but it was

the same type of approach, with two deputies. I think Andy Card has it organized about the same way, and it's basically managing the White House and managing policy and politics. That's too simplistic, but that's pretty much the cut—

Hult: And then Panetta actually gives formal titles to those two positions that then, at least according to things like the government manual, disappear as you go into the second term.

McLarty: They did. We had a couple of people that did several functions for me that they did for Leon. Erskine had his people. It's your Chief of Staff staff is what it is. Leon maybe had a little more formal titles for perhaps either George or Ron Emanuel, but many of the functions are pretty similar. They're message people, press—that's, in some cases, just trouble shooting, problem solving. Mark, for example, would have been in a similar role, had Harold come in initially. But we had to shift to do that. Under Neal, Roy had the management of the White House, and that's what Phil later basically took over when Roy left for personal reasons. He was concerned about his family. Regrettably, he went through a divorce not too long after he left the White House, which was a very disappointing experience for him, I know, because Roy is a friend. He was concerned about his financial situation, and he had kids he had to put through college.

Hult: If I may, I'd like to ask just one more question about an earlier change, and that's the bringing of David Gergen to the White House. I'd like to know a little bit about the impact that had, from your recollections, on the White House staff itself.

McLarty: It was mixed. I think it would have been unrealistic not to anticipate it would be mixed. It was the first, clear decision that we were going to transition from the campaign to governing, and it was a clear signal that I ran as a New Democrat, as a centrist President, and this appointment will reflect that—or reinforce that may be a better word. Obviously, the traditional Democratic view, some of which was in the White House, took some exception, or at least had concern about that, wariness of that. So in the larger sense, this is not unlike we were talking about the Congressional elections and the general elections. It played positively with the general establishment in Washington, and the press was positive. It generally was well received. It created some tension in the White House, but some of that is inevitable. You're going to have that, for example, on the NAFTA and healthcare. You're just going to have that.

Hult: And presumably some of that also reflected the shifting of Stephanopoulos,

McLarty: It did.

Hult: And the time of those was such that it looked as though Gergen was brought in in order to replace Stephanopoulos, although that apparently was not the intent.

McLarty: Well, no. I think it was partially the intent. And George, on balance, was a pretty good trooper about it. George had already reached the conclusion that he thought he had become somewhat of a lightning rod, and there needed to be some change there. I'm not sure he would have chosen a Republican to be part of that change, but we talked about it at some length, and I think George handled it in a pretty statesmanlike manner. But David did not take over the press-

speaking role. It was not a direct change, one on one, and he became a much broader senior advisor than just the communications role, which is what we had discussed with him. I don't think David would have taken a pure communications role. He had done that in earlier administrations, and I think he felt he was at a different point in his career. He was.

Knott: Did you consider at the time replacing the press secretary? Was that part of the concern about not getting the message out?

McLarty: It was, and this Bush White House has some of the same issues with Karen Hughes and Ari Fleischer. Every White House has different levels. Jody Powell had a particularly close relationship with Carter, so you didn't have a communications area there. It depends some on the personality, and there was concern there. I was a strong supporter of Dee Dee Myers. I probably let my personal admiration for her qualities somewhat override good judgment, maybe that's too strong. But Dee Dee is a capable professional, and she has the good qualities of accepting responsibility and blame. She is a team player, she's not a whiner, and she is steady. Those were redeeming qualities that had impressed me.

But I do think that there were some that had a legitimate view that she was not as effective a spokesperson as we could have had. Mike McCurry did a very fine job there. Mike came from the State Department with—you know, some of it is when you begin and where you start from. It's like in a company where you take over with earnings at one level versus another. Mike was starting at a good point. One of the other issues we had with Dee Dee, and you have with Ari Fleischer—not to compare too much the Bush White House, but it has some similarity—is access to the President. How much knowledge does the press secretary have?

Also where it became a little problematic—as the personal allegations and all these litigious issues started—Dee Dee was not as well suited for that as the traditional press secretary role. That did not play to her strengths. Mike skillfully handled it where they got to be so voluminous that they used to set up a different press operation completely to handle it, with Joe Lockhart initially. Or Mark Fabiani maybe was in that role.

Milkis: Mark preceded Joe.

McLarty: Yes, but a whole different press operation, where Mike McCurry just didn't answer those questions. We had not quite reached that point—we were moving toward it, but we had not quite reached that point.

Young: Again, on June 3rd, the story wasn't getting across. That was the principal concern in these June changes.

McLarty: Yes, in '93.

Young: Yes, in '93, bringing in—

McLarty: Right.

Young: The President himself—there's material in our briefing book—was quite exercised about the profile that he was not being perceived correctly or accurately. Did he take a big hand in this initiative?

McLarty: He did perceive that, as did President Kennedy, President Johnson, President [Richard] Nixon, President Ford, President Carter, President Reagan, and President Bush I. I can say that with some certainty about Carter and Bush I and, I suspect, Bush 43. Presidents get very, very frustrated when they believe they are being not fairly treated by the press or that their message, their point of view, is not clearly being communicated and understood. I think that's fair. And the President, by his personality, can express emotion. There's no question about that. He can get angry.

Young: Yes, that's pretty explicit.

McLarty: But in fairness now, every President has their own way of expressing things. I don't want to be critical of any other President. I never found the President in any of my dealings with him, not just personal, but in any of his dealings, to ever have an attitude of being abusive or overbearing—

Young: No.

McLarty: I think other Presidents maybe were, or have been. Again, I was not there, so I'm not going to make judgments. But his emotion or anger, frustration, was certainly palpable, not unexpected from someone in that leadership position. But I always found it a pretty natural, normal, understandable emotion. And usually he was much less sharply personal of anyone then about the situation. It was interesting. He would rarely criticize me, for probably pretty obvious reasons. In fact, I'd have to kind of draw that out of him. It's a statement to our friendship and to his character that our friendship was much stronger and deeper when I left the White House than when I came. And we never had what I would consider a serious cross word or acrimonious moment.

We had, obviously, issues we didn't perceive the same way. We had times when we were a bit frustrated with each other. But my fear when we started about the friendship being impaired was not well-founded, which I am pleased about. It speaks to the way he approaches things.

Young: I didn't mean to imply that it was abusive.

McLarty: Oh, no, no. It is a difference there.

Young: "We've got to do something here."

McLarty: We've all seen certain pictures of certain Presidents who literally have had a finger in the chest and have pitted one staff member against the other. I never saw any of that. And that's worth noting. But to say he was frustrated, I would certainly stipulate that.

Young: And wanted not to be.

McLarty: I think he was troubled that certain conservative elements, some that were very well funded, were real. I probably thought that was overstated in the beginning, an overstated fear, and, regrettably, I don't believe I was correct. I think he saw the potential damage that that element could create, and it obviously did.

Young: That's another subject we ought to get into, because historically it's an interesting subject—that is, the "get Clinton" movement.

McLarty: There are others who truly could speak more knowledgeably, but I would be glad to respond to it.

Young: Yes, but your perspective on that. But let's finish up.

Riley: I don't want to ask a question about staffing, but we've moved a little bit into the President's own style as an individual in office, and that's the kind of thing I'd like to spend a little bit of time on. You made a fascinating point earlier in saying that in dealing with the President you often had to have a very nuanced ear to figure out when he had reached closure on a decision, which strikes me as a fascinating observation. I'm wondering if others around the President had as nuanced an ear, and whether that might not have left room for a misinterpretation or misimpression that closure had or had not been reached in particular instances.

I'm particularly interested in this because some of the information in the briefing materials suggests that there were a series of orbits within the staff—that there were the President's people, and the Vice President's people, and Mrs. Clinton's people, and that there are at least some instances in which decisions that people thought had been closed, in fact, get reversed or re-opened because somebody else has the President's ear after the closure has been reached. I would like to open that up and ask you to comment on his style and anything you might have to say about this issue.

Young: Or any misperceptions in the press.

McLarty: There's some truth and accuracy in what you say, and suggest, but not total accuracy.

Riley: Okay.

McLarty: You did have, in the Clinton White House, the orbits, to use your word, of the President, Vice President, and First Lady. I don't think that's unusual. In our case, the Vice President had a more major role than any other Vice President, with the exception of Vice President Cheney, who has a different role. And, as we talked, the First Ladies have had differing ways to exercise their influence. Hillary's was more formal in terms of the office and the active participation in policy.

There were people on those staffs. We all worked for the President, but the Vice President had a staff, as every Vice President does, and the First Lady had a staff, as every First Lady has had.

Having said that, I believe we integrated. I don't mean it self-servingly, but the record reflects that we integrated the Vice President and the vice presidency in the administration in a very effective, additive manner. Obviously that started with Vice President Gore and President Clinton. But Al was very, very, good about supporting the overall effort and, not substituting, but complementing the President when he needed to.

In fact, the only time I ever saw Vice President Gore get tired—you know he and President Clinton both have enormous stamina and energy—the First Lady's father was ill, and she returned to Arkansas and couldn't do a healthcare panel. This was in, I think, '93, leading up to the introduction in '94. The Vice President stepped in for her and conducted this all day meeting, which was a pretty tiring exercise. Then he came to a Cabinet meeting that night we had at the Blair House—I recall it pretty vividly—and spoke to the Cabinet and so forth, and finally turned to me and said, "Mack, I'm just so tired. I'm just afraid I'm not going to be able to finish this meal. Do you think it's all right if I leave?" And I said, "You've had a long day, I think you should." That's the only time I've ever seen him show serious fatigue.

But my point is, he was obviously a great trooper to fill in that obvious public appearance that the First Lady had, in an important, but not high profile, meeting. So there were times when you had maybe decisions or at least points of view revisited. You also had the political consultants that had played an active, major role in the campaign, that were still weighing in and asked to weigh in on issues.

And one of the President's strengths is absorbing and assimilating this information, unlike some other Presidents—Ford and Reagan come to mind, but there are others—who pretty quickly close on a decision, and once they're there, don't want to hear any more. They don't want to hear too much before they make the decision. That's just their style as chief executive—that's not a criticism, but it goes back to this kind of philosophy, particularly with President Reagan. Whereas in President Clinton's case, he's extremely curious and wants to be sure he hasn't missed anything. One of the things we discussed—and I did express some concern about it—in looking for just that right decision, you can let the perfect be the enemy of the good. At some point you have to make the best decision you can at the moment and move forward.

It's natural, in a political sense, to want to minimize that downside and try to make the best policy decision and the best—least painful, least harmful—political decision you can make. That lends itself to polishing and buffing at the edges, trying to get it just as right as you can as you go forward, and that can lend itself to some of the characteristics you're talking about.

Riley: Let me come at this from a slightly different angle. How do you serve as a disciplining agent with an individual who is not famously known for his own discipline with time or with reaching closure? My assumption is that because you're coming out of the business sector there is a sense that you're there to add some discipline to the organization. What I'd like to hear you comment on is your mechanisms for doing this and the kinds of frustrations. Did you have an understanding about whether you were going to be the principal conduit for information? How often did you find yourself playing catch-up with those who might have had direct access to the President otherwise?

McLarty: I did make a decision pretty early on coming out of the campaign, with the Democrats having been out of office for 12 years, with there being very high expectations. Candidate Clinton had raised those expectations, just by his style and nature. In a campaign—not just President Clinton, but any good political figure—you can appropriately nuance issues and decisions, and you should. I don't mean mislead, but you don't have to be as precise in a campaign, because you have a piece of legislation on your desk—President Clinton is a master at that. President Bush is pretty good at it, too.

But when you get to the actual governing and legislation, you have to be very precise. What's in a welfare bill that may alienate Peter Edelman to the point that he resigns? Whereas in a campaign, you can say, "I'm for welfare reform, welfare-to-work, you should have an incentive to work. But I'm sensitive to the person's plight in this situation."

Riley: Sure.

McLarty: That's a little simplistic, but I hope I'm making the point I'm trying to make clearly enough for you to understand it. So, that's a real difference.

I think your point is, early on, had you really tried to achieve the level of discipline, order—whatever you want to call it—that you naturally were moving toward as the administration moved forward? You could have run the risk of either misdirecting energy and efforts, which I believe would have been fatal to the economic plan since our margin of error was about this close, or equally bad, tear the organization asunder. I've seen that done in business. In trying to get from the 75 percent to the 100 percent, you almost implode the entire enterprise, and you have people backbiting, and losing trust, and lack of collegiality, and you completely lose a sense of purpose.

I made a decision pretty early on that, given the way the President had come off the campaign, wanted to operate, wanted a lot of views, my best judgment was—and I discussed it with the President to a pretty reasonable extent—let's concentrate on what's truly important here. Let's first protect the nation from a security standpoint. Two, let's get a government in place, which is no small feat—it's about 4,000 positions. Three, let's get our economic plan developed, and put forth to Congress, and pass it, and communicate what's in it. That's a pretty formidable task. Let's get accustomed to Washington and start building relationships here. Let's be sure we integrate the Vice President—that's key.

Those are about five major priorities, not to mention establishing relationships with world leaders, many of whom President Clinton did not know well, if at all, which goes back to the foreign policy. Those are the big items. That's the big bottom line here. The process is not the bottom line, that's not really the money in the bank. And to just over-emphasize all of those process issues, a lot of which needed to be done and would have required some measure of discipline and decisions and even changes in personnel early on, I don't believe that was acceptable. I don't believe the system would have tolerated that.

Riley: There was a value on access and accessibility that was reinforced by the President's own—

McLarty: Yes, but I don't want to mislead. I don't think I ever had a real concern, and I don't believe it was warranted, about people going around me to the President, or having access that I didn't know about, or decisions being made, or information being shared, that I was playing catch up. One, I wasn't that autocratic in my approach. Two, I had been a chief executive, and no good chief executive, or college president, wants to be cut off from the people he or she works with. That's just not the way to build an enterprise. If you can do that in a way where you're not undercut as Chief of Staff or chief operating officer or whatever, that's a much better model.

I was there as an honest broker. That was absolutely crucial. That's what the President insisted on, wanted, and I thought it was right. You'd seen other Chiefs of Staff that had used other models fail pretty dramatically in an unpleasant way. And everybody knew the President had confidence in me and trusted me, and that I was going to get last bite of the apple, if it required that. I was not going to try to manipulate things where I did get the last bite of the apple—for lack of a better phrase—to get what I wanted done.

Bob Rubin and others have said that, and that's just a much more constructive model. Do you have to sacrifice a little bit of process in order to do that? Yes. Did we have to sacrifice more than I would have like to because of the campaign and personalities? Yes, no question about it. Would I like to have done some things a little differently and more aggressively? Yes. Would I have done them in retrospect? I don't believe I would have.

Knott: You told the story at lunch about this discipline question, where you hurt the President's feelings. Would you be willing to put that on tape for the record?

McLarty: Oh gosh, I hate to tell a joke again.

Knott: We'll laugh. We'll pretend we didn't hear it.

McLarty: No, this has to do, not with the staff, but with the President himself. I was concerned, as well as frustrated, about the President running behind schedule, or late, which had been acceptable in the campaign. But I thought it somewhat reflected an insensitivity to other people who had scheduled appointments, even though this was the leader of the free world, as the President sometimes is called. The President had just given a wonderful speech, extremely well organized, thoughts were so clear and powerful and coherent.

I went in later in the afternoon, and the President was doing his paperwork. I said, "Mr. President, wonderful speech, made your points in such an eloquent, organized way. You know, it just struck me how someone with this tremendous God-given ability to organize his thoughts and deliver them in such a clear, compelling way, can be so disorganized personally and run behind schedule consistently." I knew it was a pretty pithy remark, and I said, "Well, I made you angry now." He looked up over his half glasses and said, "No, you've hurt my feelings."

One thing on the "orbits." There were some elements of that, and you saw it, for example, on healthcare, where it fit in the legislative agenda, and with the Vice President on the BTU tax and other issues that he had worked on. You have that particularly when you have a partnership with

the Vice President, as President Clinton did. One of the issues that I remember well is, we had a meeting with the President in the afternoon with Vice President Gore, who was going to talk about reinventing government. The Vice President was well prepared for this meeting, had his staff. He wanted to go over what he was doing in this very important area. This was a big initiative.

It was scheduled for about an hour. With the presentations that were made by some of the members of the Vice President's reinventing government task force, and the Vice President, we were going well over an hour. And of course, vintage President Clinton, when we got to the end of the hour, I said, "Mr. President, we're a little behind, can we sort of sum up here, if you can." The President said, "Oh no, I want to hear more about this. The Vice President did a lot of work on this. No, Mack, we need to hear more about this." Well, the two problems were that we were already behind schedule, from the morning's work, and we had a major healthcare task force meeting with the First Lady scheduled at 3 o'clock—and it was already 3:10—with her healthcare task force that we were supposed to hear with equal vigor and enthusiasm and attentiveness.

So you do have this element of your life flashing before you, knowing that when you get to this next meeting, it's not going to be the President who was running late. It was, "Well, we didn't quite organize this meeting just the way we should have. It was the Chief of Staff who didn't quite organize this meeting just right." That's why Jack Watson has deemed this position as the "chief javelin catcher." That's just the way it works. That's why when Howard Baker, whom I had known, called me to congratulate me in Arkansas after the announcement, he said, "Mack, congratulations. You just got the worst job in Washington." And I said, "Howard, I know."

So that's where you do have some of the orbit, again to use your word. I think every White House has it, and every organization has it, to one degree or another. Ours probably had aspects to it, because of the strong Vice President and because the First Lady was involved in policy, that made it more difficult. But I go back to the central point—and obviously you would do some things differently, and there was some uneasiness and some change in personnel as you go forward, which is pretty natural—but I do think the clear, insistent focus on the priorities of national security, economic plan, government in place, Vice President integrated, planning the agenda, getting your economic plan in place, and then going forward with NAFTA, then healthcare, welfare-to-work, education reform—those were the right priorities, and, for the most part, we got those done.

Young: And that was the work plan.

McLarty: It was.

Young: So to speak—

McLarty: It was the vision and the work plan.

Young: This is very important to get on the historical record, because one of the cottage industries in Washington is not figuring out what's wrong, but why it's wrong.

McLarty: Yes.

Young: One of the themes that keeps cropping up in the press is, "These people don't know what they're doing." Or "The President is indecisive. He blows with the wind." Or it's the consultants, "He's listening to the polls." What is not seen, and why this testimony is so important, is that there was a method and a purpose behind what was being done, and the noises are being misinterpreted. This is one reason Russell was asking about what the President's own way of working was—it wasn't as represented or as reported.

McLarty: A couple of points. It's like most things, and I appreciate the words, or note the words. There clearly was some element of what you just said. This was a Governor, not a long-term sitting Senator, who had come to the presidency. He was a reasonably young Governor, who had come with a 43 percent mandate, not a 60 percent mandate, who was trying to move the country in a different direction, i.e. change, which is never easy, with a pretty broad agenda. This is not a passive President who is going to try one or two things, or one or two big things.

It's interesting, because it does go to some of the personality of the reporters covering the White House at the time, of what they write about, and your relationship with them. In retrospect, while I spent a fair amount of time with the press, I had not spent as much time at all with the press as I had, for example, with the Congress. So there was a relationship-building there as well as a learning curve. You also have this issue in establishing relationships: How much background and how much foretelling, leaking of information, are you going to give to the press? It can engender a very good relationship, but may not be quite the right thing for the presidency.

The other point that I would at least give a different thought to: I was pretty focused on just getting the job done. But that's not all of the responsibility. The Chief of Staff, particularly, needs to strike a balance of what he or she is actually involved in. And I probably did not convey clearly enough exactly what I was involved in. I was not particularly conscious of where I sat at a table, or whatever. Those things weren't on my agenda. And that's not unimportant, because perception is reality in a political setting.

But the other point is, President Clinton did not get in a rhythm with the Washington establishment and the press corps initially, by his own admission. He did a better job of that as time progressed, although clearly had issues during the full eight years. He was much more in rhythm with the people of the country than he was with the Washington beltway. That was what he had done in the campaign.

Hult: Some of that, at least from what one reads from outside sources, reflected the fact that he had difficulties with the campaign press on occasion, and many of those people then ended up back at the White House.

McLarty: That's true. I'm not as knowledgeable to speak there as others, because I was not a formal part of the campaign. But I believe what you're saying is more accurate than not. Particularly the Whitewater incident: I know for a fact that one of the reporters felt that he had missed that story and some of the facts during the campaign, and wanted to make sure that he

didn't miss it a second time, so to speak. Also, you had certain members of the press who had been assiduously cultivated by the Bush I White House and were accustomed to getting information in a certain easy manner and did not receive quite that same tender, loving care from us. Not that we were punitive. It's just we weren't as responsive. And you also have an interesting phenomenon where you have different reporters who are actually from the same newspaper competing for various stories, and that creates a dynamic and a tension.

One point that I think the President has been unfairly criticized for. There is no question that Bill Clinton is a master politician. There is no question that he can portray things in an exceedingly skillful way, particularly on the campaign trail or in other settings, no question about that. And there is no question that in doing that, he is sensitive to public opinion, and people's feelings, and therefore polls, to use your terms. I think that's smart. He'd be foolish not to be sensitive to public opinion and people's feelings and what's important in their lives. That's part of any elected official, both intuitively and overall. But if you look at the decisions, I think I can make a compelling, powerful case that it's not at all a lack of character to reach a principled compromise. That is how things get done, and President Clinton and our administration were very good at that. Without that, we wouldn't have gotten the economic plan done or the NAFTA done, or welfare-to-work. You've got about five million people working who weren't working before that.

Milkis: Or deficit reduction, '97.

McLarty: The economic plan, that's comprehensive, the job creation. You had two things there: You had tremendous job creation with unemployment staying below 4 percent, which was unheard of. I never will forget, I spoke at the Perot convention—we spoke about Ross Perot earlier, that's my lot in life— I was to speak to the Perot convention in '94, and I actually looked forward to it, which was a mistake. [laughter]

We had reduced the deficit in half, and I presented this, and truly people did not believe it. It was very interesting. Not at this convention, but another meeting, Ross said, "Mack, you've got to put a tail on it." I said, "Ross, what do you mean?" You would think that being from southwest Arkansas, I would know. He basically meant that you've got to get it to zero before people understand it. People don't understand you've reduced the deficit from $320 billion to $160 billion. That doesn't mean a lot. They know their interest rates have gone down, and the unemployment rate's down, and times are better, they're more confident about the future. This was a remarkable time. My point is, in terms of decision-making, no question the economic plan required some tough decisions. NAFTA, we've already talked about. The Mexico peso, let's talk about the facts here.

We sat around the Cabinet room table, with Congress's leadership, Republican and Democrat. [They said:] "All this is the right thing to do, we're going to support you, we'll pass legislation." Eighty-five percent against it, don't believe we can do this, both Republican and Democrat. So we had to do it by executive order. That was a very unpopular decision. The President called me at midnight before he closed on the decision. This was after I was Chief of Staff. He said, "Mack, do you really think this is the right decision?" I said, "I don't think you have a choice."

Thank goodness, it turned out well. So, to say that he did not make these decisions on principle or did not have the courage to make decisions that went against the grain is just unfair, unfounded. And the steel tariffs, which President Bush has gotten criticized enormously for, being a free trader in the campaign—we went the other way there. Obviously, that did not please a core labor constituency in the steel industry, and it was painful, because you knew it was going to, at least in a more immediate sense perhaps, cost jobs. So I take strong exception to this "polling to make decisions." I believe it's totally unfounded, and I've already been on the soapbox, and my mother is looking down saying I should quit pontificating here and I will. But I can cite example after example of what I call principled, courageous decisions that proved to be correct policy, and good politics.

Milkis: Now, the one place where this effort to strike a principled compromise failed was in healthcare. You've mentioned a couple of reasons why it failed: One was this Kristol memo, which resonated within **[**inaudible]

McLarty: Timing is everything.

Milkis: I have trouble accepting that, because I've known Bill Kristol for a long time. Seeing him as this Delphic oracle is still startling to me. But that said, the other thing you mentioned is Whitewater. Is there anything one can point to in terms of blame, in the Clinton White House, in the way that legislation was formulated and presented—?

McLarty: Now, you mean healthcare?

Milkis: Healthcare, yes, I sure do.

McLarty: With the benefit of hindsight, one would say that it could have been done differently. The President has said that publicly, and I think Mrs. Clinton has, too. A couple of points are worth noting on healthcare. Number one, I don't have a perfect historical record, but I am generally correct in what I am saying. [Harry] Truman, Nixon, among others, I believe even Carter, all attempted—in Truman and Nixon's case, two pretty effective Presidents during their particular time, Democrat and Republican—attempted major healthcare reform and failed. Obviously a very high bar to clear.

Secondly, the fact that such a strong effort was made has put the debate, dialogue, understanding, concern, much more squarely on the table in the public's mind's eye. The [Ted] Kennedy-[Nancy] Kassebaum bill, which came two years later, about portable healthcare, would not have been passed had you not had the failed, but serious, effort of healthcare reform in '94. Even a recent movie we just saw, *John Q* with Denzel Washington, talks about the lack of healthcare in a very dramatic way. And healthcare costs continue to go up three, four times the rate of inflation. That is a serious economic problem in our system, aside from the moral, human side.

A number of people, including me, put forth the strong suggestion of putting the issue somewhat more on the table for discussion and dialogue and doing it in a step-by-step way. I'm not sure that would have been politically more successful, given the environment. So that would have

really meant putting it off until after the ’94 midterm, maybe doing welfare first, then coming back with healthcare in a less politically charged environment, maybe in a step-by-step basis.

Milkis: That’s interesting.

McLarty: But you know, it’s like every pass that I threw as a quarterback—high school quarterback, let me underscore, not college. I didn’t think any of them were going to be intercepted when I let them go, but it was clear when you look at the game films that it was going to be intercepted. Hindsight is a remarkable substitute for judgment and wisdom. But, with the benefit of hindsight, we paid a major political price for that. The actual loss was not quite as personal to me because I was not Chief of Staff when it actually failed in the House, but obviously I felt a real sense of disappointment and knew it was a clear setback for the administration.

I saw Sam Donaldson last night, who is a character. He introduced the President in Ireland not too long ago, and I saw him the day he was leaving, just by happenstance at the airport. He gave this wonderful introduction of President Clinton, he spoke with Bono [Paul Hewson], who obviously is now a world leader. He gave a wonderful Sam Donaldson-like introduction, saying that the President had all of these vicissitudes and so forth, but got up every day and went to work and got things done and ended up with the highest approval rating in the history of the modern presidency, and so forth and so on. But the point is that the President did keep moving. He believed so strongly in what he was doing that he kept getting up every day, as he always said, going to work for the American people. You have to have a deep commitment and belief in what you are doing, aside from just the physical resilience.

To finish it out on healthcare, the fact that Mrs. Clinton—even after some very difficult issues that happened after I left the White House, very difficult issues, from a personal standpoint, and of course the healthcare issue as well—was elected Senator from New York, speaks volumes about where all this ended up in the scheme of things, in a broader perspective.

Riley: I want to do the flip side of the question I asked you earlier, which was about the permeability of the process into the Oval Office and how some of us from the outside would view that. We collected, and are collecting now, a lot of anecdotal evidence about the President’s remarkable ability to multitask. I want to throw that out and ask if you have any specific recollections of being amazed or surprised when you were working with him on this extraordinary intellectual ability to absorb and to take things beyond what the rest of us mortals can do.

McLarty: I think that may be a little generous, but it’s a good point, and it’s an interesting point from my perspective. Some of it probably has to do with age and relationship. Because I’ve had the great opportunity and privilege to know and work with—not as closely as I did with President Clinton—to know and to work with three Presidents: President Carter, President Bush, and President Clinton. To some extent now, also President Bush 43, but to a lesser extent. I’ve been relatively close with some of his staff people and Cabinet members, but less so with him. You do have a different view—at least I have a different view—of a Lloyd Bentsen, who was older—and I followed his career—even Dale Bumpers. I was 23 or 24 in the legislature when

Dale was Governor and later Senator. And of President Bush. Not an awe, but certainly a deep respect. And, of course, President Carter. But, in working with Governor Clinton, because we were the same age, had known each other, there probably wasn't as keen an appreciation of his intellect and ability as I would have had had I not known him as well.

Now, I think he grew a lot in that campaign, and, like a great athlete, one from your home state of Georgia, who plays football and basketball, or football and baseball, this really played to his strengths. The national scene played to his strengths even more than being Governor. So, I don't mean that I was not mindful and very impressed with his ability and skills, certainly his communication skills and intellect. But they broadened and blossomed during his time as President.

I think the multitasking is a remarkable capability. It can be a modest negative at times, in terms of lack of focus and discipline and decisions. I think on balance it's certainly a strength, and his communication skills, while they're not singular—I was on the podium the other night with Olympia Snow, and I dreaded it because Olympia is a great speaker. But he does have some extraordinary skills.

I've seen him sit on Marine One and read, do a speech on the way to the speech, and take a speech that's prepared—he never likes them when they're prepared—and he'll doodle around with that blue felt tipped pen, and he'll give it just like it's a prepared text. He finally learned. I said, "You're great, this is great, but you're going to have to cut it down. You can't add on to the speech as written. You're going to have to replace things, not just add on." Which he learned to do.

Riley: Sounds like our editor.

McLarty: He should have learned to do that after the Dukakis introduction in '88. There is that capacity. One of the things I found truly remarkable about him is—it goes to this point about the decision making—some things that I have said—and I'm sure this doesn't just apply to me—when I thought he barely was listening, he will repeat virtually verbatim. Two examples. We had breakfast after he was defeated for Governor in the Governor's mansion in Arkansas, where he felt his career had been truncated—that was his word of the day—after he was defeated at 31 or 32, for Governor.

"This was the last breakfast we will ever have in a public setting"—which I thought was a little dire and dramatic, but other than that—I was talking to him. He came home for something, we were talking about that day, and he remembered the entire conversation. He said, "What word do you remember that I used?" I said, "I remember truncated." And he said, "Oh, that was easy, I used it about five times." And I sent him a rabbit's foot after the Dukakis thing—that's what made me think of it, after he gave that horrendous speech in Atlanta where Brokaw was pulling like this on the air, and I was not there—

Knott: The applause line was "in conclusion."

McLarty: Exactly. He decided to go on the Johnny Carson show, and I thought he had lost his mind. In fact, Bruce Lindsey went with him. So I wrote him a letter and sent him a rabbit's foot for good luck. This was in '88. I'll never forget the Carson line. Carson did a great job, because he had a long introduction of Clinton, just like—And you know Carson's wit was more nuanced, more skillful than Jay Leno's—or Letterman's for that matter—but it probably shows my age more than anything else. And he worked Clinton over pretty hard and then became very positive toward the end. He asked Clinton, "What do you think about this appearance? What's it going to do to your political career?" Clinton said, "Well, it will either make it or break it." And it had a lot of truth to that.

So I also sent him this rabbit's foot before the first State of the Union speech. We were down at the library, and I said, "Do you remember those rabbit's feet?" He said, "Yes, they're right in that bowl over there." I said, "What?" He said, "We've had them in the White House full time. Go over there and look." And two rabbit's feet were right there in that bowl. [laughter] That's a 15-, 20-year period. Obviously I remembered them.

The only other story of that nature that is relevant: We had flown to Moscow for our first meeting with Boris Yeltsin. We had met Yeltsin in Vancouver, but this was the first meeting in Russia. We were seated around a table there, as you do. I was sitting by President Clinton, and he wrote this note, "8AM Moscow. Mack, a long way from Hope. Thanks, Bill." That shows a real strain of continuity. The interesting thing, we went to Yeltsin's dacha that night. He could not wait to show us his stereophonic system. And the reason he could not wait to show it, it's made in Hope, Arkansas, by Klipsch Speakers. Klipsch was an eccentric genius in Hope who literally invented stereophonic sound but didn't know how to market it. Of course Yeltsin couldn't wait to get us over to show this. I wrote Clinton a note back saying, "Not as far as you thought." [laughter] So there is that tie there. But his intellect is very strong, and that obviously has led to his ability to understand very complex issues, reduce them, make decisions on them, and, as importantly, to communicate them.

Young: The loss of Congress in '94 was pretty much of a shock for him, wasn't it, or a blow?

McLarty: I'd say both. I'd say a blow first.

Young: It seemed to have—

McLarty: You could see it coming. You hoped it wouldn't be to that extent. History suggested that it would be virtually impossible not to lose seats, and with the loss of healthcare and the personal attacks, which had continued, you knew that the worst could happen, and it did. Gingrich was a very effective communicator in the election, and the economic plan was still not fully embraced at that point.

We talked about David Pryor earlier, who was a great politician. Clinton used to say Pryor had more political instinct in his little finger than most people had in their entire body, which I think is true. But in '96, people had gotten to know the President, the economic plan was rolling with tremendous momentum, and we were having real growth in the country, without inflation, which

we really had never had in modern times. We were lowering this deficit, and people started to really believe it at that point.

But also, we had been very, very responsive, in an absolutely proper way—what government should do, in my opinion—to the business community, both large and small. Even the NFIB [National Federation of Independent Business], the small business community that had been the core of the Republican support in ’94, had to admit that their business was better than ever. We really had gotten some tax relief for small businesses and they had to acknowledge that. And big businesses had to admit that commercial diplomacy, market openings, trade measures, had been a dramatic support, or element, in their success.

So my point is, traditional Republican constituencies may have voted for Bob Dole, but they were not energized and mobilized as they were in ’94. So, that’s what I believe, good policy makes good politics. I think that was one of the keys to the ’96 election. There were a lot of other keys as well, it was clearly about the future and leader Dole. I like and respect Bob a great deal, but he was viewed not looking to the future, and there were a lot of other factors. I do think that was an important factor. But in ’94 that was not the case. That was a real difference between ’94 and ’96.

Young: We still have a fair amount of ground to cover, but two points. Could you tell us a little bit about—Clinton came back after that reverse.

McLarty: That’s how I remember it, yes.

Young: In ’94. And Newt Gingrich’s star fell. Could you talk a little bit about Gingrich and Clinton and their relationship? What they were up to?

McLarty: Yes, I can. You make a very good point. I was coming up with Rich [Klein] in the car, and we were trying to reconstruct things a little bit. Some of these personal allegations and attacks had the initial impact of being damaging to the President, his administration, and many around him. We’ve already talked about Vince Foster and other difficult stories and situations. But they seemed to have, in the end, if you look at it with some perspective, almost a boomerang effect. Gingrich was defeated. Bob Livingston could not run for senior leadership position, and Bob is a good man. Al D’Amato was defeated, [Duncan] Lauch Faircloth, who skillfully replaced Bob Fiske, was defeated.

So in the end, the very accusers and most strident attack elements in the opposition, it was their own downfall. There was a lot of damage done along the way, and some—tarnishing may not be the right word, but some chipping away—at the President’s reputation and his presidency. So there was collateral damage, I guess is the proper term, or shrapnel. I was always trying to stay out of the way of shrapnel during my tenure there.

I could comment only briefly about the relationship with the President and Newt. I know Newt fairly well, like him, he’s brilliant in many ways. Unbelievable out-of-the-box thinker, has an idea a minute, and can communicate them powerfully. He is somewhat mercurial, a little unpredictable in where he is going to be on certain issues. On foreign policy issues he was very

good. He was one of the few people who stood steadfast on the Mexico support package when D'Amato was not, and many others were not. He had visions of greatness, and that came across in his ambitions, which is not unusual in Washington, in Republican or Democrat.

But, in the end, he seemed not to be able to sustain that success and leadership and vision and literally seemed to—I won't say be his own worst enemy, that's not quite the right phrase—but just simply not to be able to sustain that kind of leadership. In some ways he was like the President—both were from the south, both had some similarities in their personality and their backgrounds. But I think the kind of one-upsmanship proved to be too much of a complicating issue for Newt, and he became uncomfortable with it, uncertain with it. He obviously had some personal issues that impacted him as well, and that led to a change in leadership in the House on the Republican side and made the "Contract for America" not nearly as powerful a vision as it had the promise to be when it was first announced.

Rush Limbaugh was a big factor. The conservative element was part of this whole movement. We had a prayer breakfast, not the national prayer breakfast. We usually had a prayer breakfast to kick off every season, and the President, who is a very good student of the Bible, spoke and spoke quite eloquently. He mentioned Rush Limbaugh, not once, but three times in his speech, or his comments. And I said, "Congratulations, his ratings just went up about ten points." You don't mention him, but it was obviously bothering him. It was part of that strong conservative element that really got a tremendous rush there, for the moment. Then the government shut down and all of that. You know all about that.

Hult: This is a subject that has always puzzled me, and you may not want to go in this direction right now, but we were talking about the personal attacks. It struck me that many of those attacks against President Clinton and against Hillary Clinton were quite personal, were not just policy related. I was wondering if you could reflect a little bit for us what in your view it was about President Clinton that elicited such virulent personal hatred. I don't remember that being directed toward any President since Richard Nixon, for example, though he was on the other side of the ideological spectrum.

McLarty: That's a very good question. I agree basically with your premise that many of the attacks had little to do, if anything, with policy, and they were highly personal. Some of them you could argue would be legitimate issues; however, some of them you could argue were not. And I'm not sure I can give you a very thoughtful answer, even though I have thought about this from time to time over the years.

By nature, the President is a pretty likable fellow. Even people who were of a different persuasion in Arkansas, for example, never really suggested in a serious way that he was not fair and open and accessible to the business community or others who were clearly not going to be for him. His record of honesty and integrity, to my knowledge, was never seriously questioned in Arkansas during his time there. I don't think that was Arkansas mores. Other Governors had been questioned in our state and others. So I'm not sure I can give you a good answer there.

Some of it goes back to your question about Gingrich. When someone is kind of out-maneuvered in a political setting, and defeated, there is a natural reaction of not particularly liking to be

beaten. I think there was some of that element in the Gingrich relationship, where the President got the best of him, for lack of a better word. But, there was clearly a very conservative, hard right element. You spoke of a cottage industry. That truly became a cottage industry. It was well funded, was very philosophical in some of its origins, and didn't seem as quite directly pointed personally as philosophically, but it certainly took on a venomous quality.

I think the First Lady probably is somewhat different. You got a First Lady and a woman who is in a leadership position and is strong and direct in many of her opinions, and I think that was a lightning rod, and that is a different dynamic than President Clinton. It elicited tremendous support and enthusiasm. Doug Sosnik, who worked in the White House, a very capable political fellow, said traveling with Hillary was like traveling with a second-rate rock star. And, of course, the First Lady's response to Doug was, "Doug, I'm sorry to hear I'm second rate." I think he amended that.

She engendered tremendous enthusiasm around the world as well as here in the United States. So you have very strong positive feelings. But you're correct: very, very strong negative feelings, some of it from the business community, particularly with healthcare. Even before was the fact that it was felt she was very liberal and had a strong influence on the President. It was a lightning rod in that regard, even from pretty responsible business sources. I certainly got an earful of that on more than one occasion. I haven't given you a very in depth, complete answer, because I really simply don't have one at this point.

Milkis: Do you think some of it might have to do with President Clinton being a centrist, as Jim was talking about before? Nixon was also attempting to be a centrist. Sometimes a centrist is more of a threat to the opposition than somebody like John Kennedy, for example, because he effectively preempted—or as they would say, poached—some of their principles.

McLarty: You mean like Bush is doing with the New Democratic agenda?

Milkis: Absolutely, and because of Clinton's success—

McLarty: Well, it's being outmaneuvered. It's the same point in a different way, the welfare-to-work and so forth. I think that's a fairly specious argument. It may account for some of the emotion, but I think it's much deeper than that. It's much deeper than the centrist point. There's that old deal about the submarine: If they're attacking me from the left and the right, then I must be in the right place because I'm in the middle.

Young: I'm referring to the "Get Clinton" movement. I don't know how many arms it had, but I was really referring to something that I don't think emanates inside the beltway, out of the political conflict of Washington. I remember seeing on pickup trucks here in Charlottesville, bumper stickers, very early, "Impeach Bill Clinton." These had NRA [National Rifle Association]. And I thought I saw, the little time I was in Arkansas, when this project was announced, hate mail.

McLarty: You had that element. Before you noted the NRA, I was going to pick up a bit on that, which goes to some of the subject. But I'm not sure that we need to spend too much time because

I'm not sure I'm a particularly good source. I do think the stands on issues elicit a lot of this emotion. Let's put aside what I would call the far right, maybe the religious right, whatever word you want to use. I'm not sure that's a fair characterization, but put that aside just for the moment, and let's go to the issue side.

From a business standpoint, the tax increase did incense a certain amount of the business community. You're taking something from me that I worked hard to get, whether it's the small business owner who has risked everything to build a business for his son or daughter or the big business person who feels like this is confiscation almost. There was clearly that element.

The President, when he got tired one night in Houston, made that great remark, "I raised your taxes more than I probably should have," which was obviously not a great political remark. His mother told him never to make a speech if he had not gotten six hours of sleep, or something like that, which was good advice. He knew it was at the upper end, no question about that. We talked about it because there were others who urged it to go higher, and he made the comment, "Look, we're already at the edge of the envelope."

Bear in mind, we had about $60, $80 billion to cover that we had not anticipated. We couldn't get a BTU tax, so where are you going to get it? And Sandy Weill—I may have mentioned earlier, chairman of Citicorp—who is a very respected executive, and a Democrat, has told a number of his good Republican friends on Wall Street in the last several years, "I believe you did all right even with those higher taxes, didn't you?" Everybody, obviously, in a high-income level has done extremely well the last several years. So the higher income rates clearly have not been a real deterrent to wealth accumulation. That's part of it.

Guns are a big part of it, there's no question about that. This is a hot-button issue, particularly in the south, and really all over. The NRA, among others, can mobilize fierce feelings about that, totally unfounded, in my opinion. For these reasons, a Governor from Arkansas who is not for hunting, I don't care how charismatic he or she is, they're not going to be elected. We need to get serious here. And when you've got police organizations and policemen saying, "We need to have some measure of gun control," that's not exactly the far left. Clearly the differentiation has not been made between sportsmen's hunting firearms and even the right to own guns versus some type of gun control measure.

All I'm trying to say, not to debate the issue, it's a tremendously emotional issue that gets into literally, almost confiscation intrusion into my life. In some ways, Mrs. Clinton raises that specter and concern even more—healthcare was part of it. People resent that, and that causes emotions.

So, finally, whether it's this principle compromise or ability to nuance issues, or the cleverness of a politician—and that was exacerbated by some of the personal shortcomings of President Clinton—there is this feeling by some that this is a person who does not have a real moral center. No one likes that, and that can elicit emotion as well. I think that's unfounded. I don't believe it's correct. I see the viewpoint, but I don't believe the facts sustain that. But there is that feeling. Some of that is resentment: He's a better politician than I am, or he's a better politician than my

candidate is. But some of it is a much more deeply held belief. This guy is "slick Willy." You can't trust him.

Now, when you get to the far right, and the evangelical right—not as a group, that's the reason I hate labels—but when you get to the far right, that gets almost into libertarian, no government—that line of thinking that has an anti-government sentiment. That's a different animal.

Young: But part of that is, the government is ours, not yours—that is, legislating Christianity, if you will, into the law.

McLarty: Yup.

Young: And anybody who—

McLarty: Yes, you have that.

Young: Carter had the same problem.

McLarty: Well, you also have the pro-choice aspect. It's highly emotional and can engender tremendous, tremendous feelings.

Klein: And it's all amplified by the internet, by communication technology, all of that.

McLarty: That's a good point.

Hult: Yes, yes.

Klein: Take an existing element and amplify its voice.

McLarty: And then, finally—you mentioned the cottage industry, and we're seeing it now, even with this administration, with this Larry Klayman from Judicial Watch. I'm not sure how he gets his funding. He's suing Dick Cheney, and I was surprised by that. I guess it's an equal opportunity employer here, but there is a pretty strong element that, with the news network, the internet, the cable channels, is going to get press. Not to get too deeply into it, because you have to keep your mind on what you're doing and not get too cynical about it. But when Klayman would get an order from a judge to have a deposition for six hours—which is a pretty long time, it's about what we're spending here today—he would have a video camera taping the people he would depose. Then he would take out one sound bite from that and deliver it to Geraldo Rivera or another talk show that night for replay. That's a set-up deal. That just feeds all of this, and people hear this. Again, the allegations become fact. That's getting at your question. I'm not sure it's a perfect answer.

Knott: You mentioned that he referred to Rush Limbaugh three times at a prayer breakfast. Did he learn to live with this, or did it constantly nag at him?

McLarty: No, I think he got much more acceptant—for lack of a better word—of it, and it probably reflects a little bit whether things were going well. If the economy did well and political fortunes improved, those things worry you a little bit less. I haven't found the President to be a vindictive person. It's really quite the contrary. He has a recognition of who his detractors and enemies are, but if you generally talk to people, he's been pretty good about that. It's pretty genuine, in my opinion.

Politics is a contact sport. I remember reading in the *New York Times,* maybe because I was in New York, right after the personal attacks started. We can probably shift subjects here, but D'Amato, who is not an unlikable fellow in some ways, had a quote in the *New York Times* in—I think it was '94. He said, "We hit him hard in the campaign, and we hit him hard in '93, but we're going to have to hit him harder for him to stay down." That's a pretty animated statement from a moderate Republican Senator from New York, which is a Democratic state. But that goes to the actual visceral feeling that we've got to just literally kill this guy for him to stay down, or I think he'll get up at the count of nine and knock us out.

Milkis: He did the Whitewater hearing, too, didn't he?

McLarty: Oh he did. One thing about the Whitewater hearings I never will forget. [Richard] Ben-Veniste, who is a great attorney, went up to Al and said, "Al, you better get these things concluded. The ratings are going down, they're dropping fast." [laughter] And Al did, because he saw his poll numbers going down at the same time, which ultimately defeated him.

Klein: And there was that very famous exchange that Ted Koppel had with Senator D'Amato on *Nightline* one night. They're talking about the day's hearing, and Koppel says, "Do you expect to indict the First Lady?" "No." "Are you going to be able to make a criminal case?" "No." "You can't impeach her." "No." "Then what's the point?" And that started the "We better wrap this up."

Young: Five-minute break?

[BREAK]

Milkis: I'd like to start with a very simple question. Beyond your liberation from the position of White House Chief of Staff, you move on to be Senior Counselor to the President.

McLarty: Right.

Milkis: We'd like to hear some reflections on that role and how you saw the Clinton administration from that different vantage point, the White House from that perspective during the second term.

McLarty: Two or three big issues that came clear in my mind how important they were and how meaningful they are to the Clinton presidency and, to some extent the legacy, were globalization, international economics, foreign policy issues and relationships, and how that relates to the legacy question. From a counselor's position and from an envoy position, I clearly had a

different perspective of that and had more time to reflect, understand, and be a part of it than I did when I was Chief of Staff.

As Chief of Staff you can justify some of the foreign travel, but the truth is, if it's between getting the budget passed or traveling to the G7, budget comes first. It's just that simple. The press may say, "You weren't part of the team that went." In my judgment, that's just not right. But, having said that, I wonder do the times make the President, or the President make the times? There's no question that Bill Clinton came to office not only as a Baby Boomer, but more important, at a change of century. He began in one century and concluded his tenure in another. And we've already talked about the internet statistic, and there are several more, but that's a pretty phenomenal statistic. If you think about it, three cable networks and all that. That's a pretty dramatic change in a pretty short period of time.

Knott: Absolutely.

McLarty: I remember my grandmother seeing both the horse and carriage and a man on the moon. That's a pretty dramatic span of life, and in some ways, we saw almost that span in eight years, or certainly it seemed that way at times. So President Clinton was well suited for that sort of transition and transformational time. He one, got it, and understood it, and yet it was important to understand the linkage between what I would call a sense of community, what I grew up with in Hope, Arkansas, and the sense of community that's been talked about a lot since 9/11. And yet the ability to look outward to a world that was increasingly connected in time and distance had been collapsed. As a counselor, being involved in international affairs—including the 1996 Olympics, the Centennial Games, which were fascinating to be involved in, as well as Latin America and the hemisphere—certainly gave me that perspective.

Also the peace around the world that the President and the administration played a central role in—I won't say a singular role, but a central role—where the Middle East, particularly when [Yitzhak] Rabin was living, had some prospects for stability. It was a great personal loss to the President when Rabin was killed. It clearly impacted him, you could just see it in his body and language and demeanor for several weeks after it happened. The Bosnia conflict, which I spent a lot of time on in '93 and '94, was such a difficult situation, and yet the President made some very skillful decisions with Secretary [William] Cohen and others, and resolved that in a rather remarkable way. He took a tremendous risk, again going to these pollings and so forth.

Milkis: Yes, he went against the polls.

McLarty: And ultimately—the President and I talked about this about a week ago by phone when he returned from a trip—ultimately the people in the country want a winner in the sense of somebody who can get things done and resolve difficult issues and make real progress. In the end, that's probably where people cast their ballot. There are some short-term prices to pay for that, and of course, you're not always going to be right.

In my role as counselor, a couple of points. It basically took on the role of two or three major areas. One was to be, in some ways, a more engaged actual advisor to the President on policies and decisions than I'd even been as Chief of Staff, because you had more time to think about the

issues and present your views. I felt I had more freedom to do that because I was not the honest broker in this position and wasn't worrying about whether we'd reduce the staff 15 percent, or the travel office, or whatever the problem of the day was.

I was very fortunate to have the trust and respect of the President, and therefore the access and trust and respect of the other senior staff in the White House and the Cabinet members. So you weren't diminished in terms of your ability to influence decision-making from a role other than Chief of Staff. And all the Cabinet members, Secretary [Ron] Brown, Secretary Christopher, and others were just superb about the working relationship in that role.

You see that in the White House particularly. Carter had some of these in his White House, and you're seeing a little bit in the Bush White House, where, unless you had the ability to really convene the right players and move things forward, you don't have the ability to influence decisions. In my case as counselor I had that ability, and that made a real difference. I had that ability as envoy. You don't get that unless you have Sandy Berger's National Security Council supporting you. You can't get it done the same way. So my role really was one of advice and counsel to the President. I've already talked about the Mexico peso support package, the Haiti decision, continued economic involvement. Secondly, there were major projects that I was given. The Summit of the Americas in 1994—to organize that agenda and travel to Latin America really was a pathway to the envoy role.

The most fascinating foreign policy assignment I had, I first was called on to travel to Saudi Arabia to meet with His Majesty King Fahd. This was during my tenure as counselor. Fahd had expressed discomfort with this administration. He was obviously very close to President Bush. Ambassador Bandar [Bandar bin Sultan bin Abd al-Aziz Al Saud] was the senior member of the diplomatic corps, very influential. I developed a close relationship with Prince Bandar, who was a big Dallas Cowboy fan and had a great relationship with Jerry Jones, who has been a friend of 30 years. Also, President Bush 41 had endorsed me to Bandar, and that's a pretty good endorsement to get with the Saudi Ambassador after Desert Storm. That gives you a pretty good tailwind at your back in a relationship.

But Fahd was concerned, he didn't know this President. And so I traveled to Saudi and had a private, one-on-one meeting with him, with Bandar, and our Ambassador there, Ray Mabus. It went quite well. I was always concerned. Bandar was the translator. I kidded him later that I wasn't sure he was translating what he wanted to say or what I actually said. But the meeting seemed to go well, and reports seemed to be positive back.

The most fascinating assignment I had was a second trip there, which I think was in '95, but it could have been '96. We were in the midst of this Bosnia conflict, and one of the ways we hoped we could achieve some peace in the region was to have some measure of parity in military might between the Serbs and the Bosnian Federation. Of course, the Serbs were much more powerful militarily.

So I was asked by Tony Lake to go to Saudi Arabia, Kuwait, and the United Arab Emirates to raise a substantial amount of money, approaching $200 million, from our friends in the Middle East for their Muslim brethren in Bosnia. The only problem with this is that the Emir of Kuwait

had turned this offer down from Vice President Gore when he was in Washington, and Secretary Perry had been rebuffed by the Emir of the United Arab Emirates, and I wasn't real sure of my going over there, with those two negatives, how exactly this was going to be a positive mission. I saw it as a no-win deal. I told Tony I just wasn't sure it quite worked. Of course, the next day I got a call from the President saying he really felt this was worth the effort, and I should go. It was a fascinating equation because we could not get an appointment with Crown Prince Abdullah [Abdullah bin Abdul Aziz Al Saud], who had become the acting ruler of Saudi Arabia. This was obviously the lynchpin and, not the most important, but a critically important relationship, larger than either Kuwait or UAE. Fahd had had a stroke and become incapacitated.

We couldn't get a clear signal, and Mark Parris, who was our NEC advisor, later our Ambassador to Turkey, kept saying, "If Bandar isn't part of the meeting, we shouldn't go." And it finally struck me, after doing some homework and reading between the lines, the real issue here is that Abdullah did not want Bandar in that meeting. He wanted to have a separate meeting. So literally, at the last moment, Abdullah agreed to an appointment. I went straight to the airport with Ambassador Parris and a fellow named Major Jim Pardew, who had been Dick Holbrooke's right arm over in Bosnia. So I had a very good strong supporting staff, and I got on the plane, talked to Jim, and I said, "Jim, you're from the South?" He said, "Yes, I'm from Arkansas." I said, "Gosh, Jim, I don't need Arkansas advisors going to Saudi Arabia. I need some broader-gauged people for this." And Jim reminded me that he had been a key advisor to Dick Holbrooke, and in Holbrooke's mind, that was a high standard. Dick's a good friend, and it's a high standard.

At any rate, we arrived. Abdullah had a less than positive view of the United States, unlike Fahd, who was late for the meeting. We had it very late at night. We had about an hour to meet. It was the first time a senior U.S. official had met with Crown Prince Abdullah. I thought we got agreement for $100 million, but I wasn't sure. And as we were walking out, the Saudi translator said, "Congratulations, you got the order." And I said, "Do you think that we did?" He said, "Yes, he committed.

We then flew to United Arab Emirates, where I was supposed to meet Sheik Zaid [Zaid ben Sultan Al Nahaian], who had gone to his retreat. I had met his son, whom I knew, Sheik Mohammed [Mohammed Bin Zaid Al Nahaian], who was head of the defense force, and we met with him and got an order from him. We went out in the middle of the desert, it was almost like *Lawrence of Arabia.* We got on his helicopter, went back. Then we were going to Kuwait, because I had a speech in Mexico and a breakfast with President [Ernesto] Zedillo that I was crowding up against, time-wise.

The Kuwaitis had gotten their feelings hurt that I had stayed a day longer in the United Arab Emirates because Sheik Zaid wouldn't meet with me, so they weren't sure they were going to meet with me until the next day. We were flying into Kuwait in the middle of a sandstorm, and I'm a white-knuckle flyer anyway, not knowing whether we had a meeting. Well, we did have a meeting, we did get the order, although it took them about three days to finally decide. The Central Bank Minister, a very polished fellow, drove me to the airport. He said, "You'll get the money, just give us a couple of days to think about it."

So I said, "Well, it's a substantial amount of money. We'll be glad to do that, but I want to hold you to the commitment." He said, "You'll get it." So I flew back to Paris, had breakfast with Pamela Harriman, which was delightful, and flew straight to Mexico City. I was feeling rather important, getting all these major commitments.

I got off the plane—it was an Air France flight from Paris, and there was a huge throng of press there. I thought, "This will be good. I'll get to give a press statement." I thought it had been reported I was meeting with Zedillo the next day. And they all just went right by me. I turned and looked, and I actually had a fellow who had handled the NAFTA from the private sector, who was also well known in Mexico, a Mexican, very tall, distinguished fellow. He thought they'd all come to see him because he had just gotten back from a European tour. Well, Mrs. [Danielle] Mitterand was on the plane with us, and that's what it was. So my humility was back intact in a hurry before I had my meeting the next day.

It was a fascinating trip. We landed at Gander to refuel, and I called my wife and I said, "This is the lowest moment, it's blowing snow, this mission is going to be unsuccessful. Why am I doing this? I hope to see you sometime in the next life." I called President Clinton to give him the report. I said, "Mr. President, I flew through snow storms, and you call Crown Prince Abdullah and thank him for this commitment." The President laughed and said, "I'll do it today, give you a report on it." But it's an important relationship, and it was a fascinating assignment. There were several assignments like that.

Young: Could you just tell us a bit about what you did to get the money? How you got it?

McLarty: Well, you know, being brought up in the automotive business, you're told to get the order. My late father would have been dismayed had I not gotten this deal closed. It's an interesting question. I don't want to be self-serving in my answer, because it's relevant to Bill Clinton as well as me. Much of international relations is highly personal relations. It goes straight to a level of trust and mutual respect. I'm obviously not a trained Foreign Service person. I do a pretty quick briefing, and can usually get pretty studied on the issues, and seem to have avoided any major diplomatic guffaws, which I always worry about, going to Latin America as well as the other trips. Carter had his mistake in Mexico when he was there during his presidency, and those things can resonate in a pretty serious way.

But when you work through it, it's, one, do they think you have the authority? Which I clearly had because of my direct-report relationship with the President. Two, is your word good? Can they trust you? And three, taking your measure. Is there some sense of compatibility? Do they like you? Can you work through differences in a way that is respectful to get to a conclusion?

Young: That's the negotiating.

McLarty: Yes. It's in their interest to do so, and how do you get them there and let them save their—not face—save their position in the process? It's not too different from negotiating a gas contract with Exxon or Amoco. It has some of the same elements to it, and I spent 10 years doing that, or negotiating with Ford Motor Company on a credit line. General counsel at Ford was a lot tougher than Crown Prince Abdullah, and a lot more unreasonable, I might add. So, it really was

something I enjoyed and was reasonably good at, and it was fresh and new. I felt important. And it was a learning experience.

The Latin American experience was quite different because the Summit of the Americas, the agenda, had not come together. We had these 34 heads of state coming and not much of an agenda, and that's not quite where you want to be in a meeting with 34 heads of state. So the President asked me to try to pull that agenda together. Of course, it really grew out of the NAFTA, so I already had the relationship with Mexico and Canada.

Two points there are important, on the NAFTA and the relationship with Mexico. The Summit was doomed to failure. The Latins had given up that this was going to be a substantive meeting. The Mexican Chief of Staff, Santiago Onate, who had replaced Cordoba, told me he thought we should cancel the Summit when I went to Mexico. I said, "Santiago, I don't think that's the way we want to start this meeting. Let's start again here." President Salinas made many mistakes, but there were many virtues and accomplishments in his presidency. Because we had negotiated so intensely on the NAFTA, we had developed a good rapport, and he went to the Rio Group meeting, which is the major countries in Latin America. It's kind of their G7, and he clearly saved the Summit in the sense that there's new leadership, President Clinton is committed to this. Let's give this one more try.

Then I immediately went to Brazil, which is the major player, in many ways, in South America, because 45 percent of the economy is Brazil. The trick there was to get President [Itamar] Franco, who was an eccentric President—he had actually come in almost in a Harry Truman-like way when there was a scandal with President [Fernando] Collor, who was a John Kennedy type, great promise, but had a scandal early in his administration. Franco was an eccentric caretaker, but, well, popular. But not an internationalist.

The trick was to get him to accept President [Fernando Henrique] Cardoso, who had been elected but not sworn in, to join him at the Summit. Cardoso was a potential leader of true world standing. So I met with President Franco. The deputy foreign minister of Brazil, whom I had met with, actually briefed me, and he very much wanted this to happen, but said, "I'm not sure Franco will agree to this. He'll always use talking points. Do not get discouraged if he does not deviate from his notes. He will not give you an answer at the meeting."

So we sat down at the table. I had read his background, of course, and done my homework, as you should. I noticed that he had been educated at a Methodist church in Brazil, or a school that had been sponsored by the Methodist church. Our son had worked in Brazil, and that's really how I got to Latin America. In the '80s our son, before he went to Georgetown, had actually worked in Bolivia and Brazil for the Methodist church. He wanted an Indiana Jones adventure, but we structured it a little bit differently. But this was kind of like son, like father. I followed him down there in the '80s. And then we had also looked at Arkla at gas properties in Argentina and Mexico for privatization. So I was fairly aware of what was going on.

I mentioned this to Franco, and first he was very surprised and impressed my son had worked there. He got touched and started reminiscing about his childhood, put down his talking points, and we had a personal conversation. I said, "Mr. President, I know it will be difficult for

President-elect Cardoso to accompany you, but I really think it would mean a great deal to the President-elect, it would help the Summit," and so forth and so on. He said, "I believe we can do that." And the deputy foreign minister who was with me, I thought I was going to pick him up off the floor. Again, it was a lucky stroke, but it touched a personal sense that changed a stiff, formal meeting. So that's really where I started traveling.

The Summit went superbly. The President went and did a great job. The problem is, we made all of these commitments at the Summit, and then we had to carry them out. That's where I really got involved in Latin America and made 50 trips, or 45 trips, to the region after the Summit to try to fulfill the Summit agenda, which I found very gratifying and enjoyable despite the physical demands. You're not changing time zones there, and that helps a great deal. That led to the envoy role. In the counselor's role, prior to the envoy role, I had talked to the President after about a year, year and a half as counselor, "I really think I've done about what you asked me to do, and this seems like a logical break."

He said, "Mack, do you have something specific you want to move to?" Of course, he knew my background. I said, "No, our family businesses are intact and so forth. I just want to be sure I'm making the right contribution here." He said, "We've got a couple of things. One, we've got the re-election coming up, and two, we've got the 1996 Centennial Games, the Olympics, coming up. It's a huge thing for America to be hosting the games."

From a political standpoint, they need to go well, that affects people's mood and attitude. Reagan obviously took full advantage of that when the games were in Los Angeles. Not in a bad way, but just, as President of the United States, you're going to get the blame or some of the credit because you have responsibility, or you're at least partially responsible. He said, "Would you stay through the election, and would you handle the Olympics?" That's a pretty hard offer to turn down: The Olympics are a pretty exciting proposition.

I can still remember Wilma Rudolph and Bob Hayes in the Olympic games when I was a child. The re-elect was important, and there was a group of about 10 or 12 of us who met every Wednesday, I believe, in the White House on the re-election campaign. So that was really what filled the counselor's role, and then it gravitated over time more and more toward Latin America after the re-election.

In the re-election, you know, I played a role as advisor. Others played a more major role than I did, certainly. Bob Squire was a key advisor. I thought he was a pretty good balance wheel to Dick Morris. Of course, Bob has since died with cancer at far too early an age. But you sit by somebody every Wednesday, you develop a rapport there. I still remember, Bob came in one night, I think it was the finals of the NBA [National Basketball Association] playoffs, and Bob said, "Mack, we're the only two people who'd rather be watching that than be at this meeting." There was some truth in that.

The re-election went well. I played a pretty active role with outreach to the normal constituencies, both the business and some of the southern states as well as some of the specific Hispanic, Latino constituencies that tied into the Latin American activities. After the election, I said, "This is the right time to leave." The President said, "One more thing. We've got Fast

Track coming up, and we've got the second Summit in Santiago," which I obviously was involved in already. It did strike me the way to complete my role was travel the road from Miami to Santiago and put a strong period at the end of that paragraph and chapter on Latin America and the hemisphere.

We also had moved Canada, which was part of the Summit and the hemisphere, from the European desk in the State Department to the Western Hemisphere. We created a different configuration in the State Department to get it grouped more as a hemisphere, which was important, in my view. That's one of the bureaucratic changes, but not unimportant. So I stayed for about a year and a half. We lost fast track, which was a setback. I was not as involved in that vote as I had been in the NAFTA. It was a tough vote. We lost it for a lot of reasons, some good, some not good, and it was a setback. We did have a very good Summit in Santiago, which kept the hemispheric partnership intact and moving forward.

One thing on the NAFTA I'd forgotten, key point, very key point. Again, shows you how important international relations are and relationships. Number one, on the NAFTA specifically, and then I'm going to go to the first Yeltsin meeting because this was important.

Young: Yes, that's what I wanted to ask you about, Vancouver.

McLarty: On the NAFTA, [Jean] Chrétien had been elected Prime Minister and had basically campaigned, or taken the position against the NAFTA because [Brian] Mulroney was very, very close to Bush, basically a moderate Republican Prime Minister. It was a standing joke that when Bush called Mulroney, he said, "Yes, hello." Far too close to the American President, was the inference. I'll come back to Prime Minister Mulroney, because Brian was a pivotal participant in the Vancouver meeting. We got to the point where [David] Bonior had come out against NAFTA, and Gephardt, of course, had, and it clearly was in jeopardy. This was early, because we were late introducing it, and it was a pretty narrow pass to wind through.

I called the Chief of Staff to Chrétien to discuss this matter, never had met him. I said, "This is not quite the way we want to begin the relationship, but we are at a critical point, and we cannot have Prime Minister Chrétien being against the NAFTA. Can you please finesse this a bit and send some positive signals?" Jean Pelletier was the Chief of Staff, very seasoned political operative, very close to Chrétien, but French Canadian, and he pushed back a little. He said, "We understand the dilemma. Give me a day to work on it, and I'll call you back." He called back and said, "Yes, I've talked to Jean and he thinks he can deal with this issue. He would like a call from your President to confirm it, and to thank him for his efforts." I said, "It will be done within the hour," which it was. But I believe, had Chrétien been negative on the NAFTA, at that point, with the opposition that was building, particularly the lack of support we were getting on the Democratic side, I believe we would not have been successful. So that was a key, key chapter.

Millis: How was he able to get away with that? That's a parliamentary system.

McLarty: It is, it is. Public opinion in Canada was favorable, number one. He had never said he was against the NAFTA, not unlike President [Vicente] Fox. He had reservations about it, thought it should be strengthened, but Bonior and others had felt he might come out against it.

The Gephardt chapter, to finish that out a second, because there's been some things written about that. I've known Dick for a good number of years. We served the city of St. Louis in the natural gas business, so I naturally had an interface with him, and Dick was very active in DOC in his earlier stages. I like him a great deal and respect him a great deal. Don't always agree with him. But on the NAFTA, I did think it was in our interest to have continued discussions with Dick, and he never said he wouldn't support it. He always said he would support it with certain conditions, which we probably were not going to be able to meet. But he never just slammed the door.

What we actually tacitly agreed to, and it was unspoken, is that he would be against it in the end, as we finally decided we were not going to be able to reach common ground, but he would not be vehemently against it and would not use all of his chips against it. I think the prolonged discussion with Dick, while it was absolutely genuine on my part and his, to the best of my knowledge, was very positive in the NAFTA passage. Had Dick decided and hardened early that he was against it, it would have been yet one more pillar against the bill, which we did not need. So prolonging that decision and moderating him in his opposition was a relatively important aspect.

Young: Was Tom Foley very helpful in that?

McLarty: He was. Tom was effective and helpful and committed. He was indeed. Bill Richardson, who was in the Congress at that time, was strongly supportive and effective early on. [George] Buddy Darden from Georgia was very effective and paid a price, was defeated, largely because of his NAFTA vote. So we had some strong and courageous Democratic leadership.

Milkis: Can I ask just one quick question. You mentioned it before, but I've always thought, and I'm wondering if you can confirm it, that the debate that Gore had with Perot—

McLarty: Which I mentioned.

Milkis: Was critical.

McLarty: It was.

Milkis: You mentioned before. How important was that?

McLarty: Oh, it was important.

Milkis: Public opinion, the appeal to public opinion—

McLarty: We had almost no room for error was the problem. We'd started late because the economic plan was passed late. It was a tough vote, trade votes always are, and you just couldn't have very much go against you and win, even with the strong effort by the President and the strong endorsement by former Presidents and Secretary of State. One of the occasions I worked with Dr. [Henry] Kissinger, which later led to our efforts together.

But Perot was still very popular. In 1993, when Ross would come to Washington, doors would swing open in the halls of Congress. Frank Lautenberg, when he ran for election, asked Ross Perot to come campaign for him in New Jersey. David Boren was extremely respectful of Ross Perot, as were many others. He got tremendous vote, 19 percent for an independent candidate is a lot of votes.

Milkis: Second in the 20th century, only to Teddy Roosevelt.

McLarty: So Ross was a very formidable figure.

Milkis: And thought to be a good debater, too.

McLarty: He was very skillful in the debates. We went to St. Louis, I remember going to St. Louis again, we served the city, so it was a natural trip for me. Clinton debated Perot and Bush there, with Jim Lehrer being the moderator. Clinton had, by that time, a pretty good campaign staff built up, was willing to campaign, obviously had already gotten the nomination. Bush flew in on Air Force One, with Secret Service and everything that the President has, appropriately

Perot came in with one aide, and they asked him how he got staff for this, and he said, "I talked to my barber before I came up." You know, he had that short haircut. There was this kind of anti-approach, Perot was so quick on the one-liners. He was very good, very smart, and bold. He was very confident. I don't think he could use his charts in the debate, but he was on the attack. It's always easier to attack than defend. So he was very good.

On NAFTA he had some strong feelings. He had listened to Pat Choate, who had written a book about the NAFTA, and some of his points had some validity. I thought, on balance, he didn't have the correct position. Of course, it played to his political constituency as well, so he was influenced by that, as you'd expect him to be. Jack Quinn, I believe Jack was the Vice President's Chief of Staff at that point, had been general counsel. I think he actually had the original thought of the Vice President debating Perot, and the Vice President embraced that, and they announced it to the President and me.

Knott: That's true. There's some stuff in the briefing book.

McLarty: Now I wanted to say, "Boy, I think the President should sign off on this. I think we have a partnership here. This is a pretty bold, high-risk move." Because we had already started to get some pretty good momentum, but we clearly were not over the goal line. In fact, I wasn't sure we were going to score. But you're right: Perot had a great command. Of course, Larry King—it's like a referee who's unfair. You knew that Larry was going to be warm towards Ross Perot, just because of their relationship and previous appearances. But the Vice President was pretty confident. He had his position down, and he skillfully handled that discussion and debate. The format played right into Al's strengths. It was less formal than his debates with Governor Bush, and he came off much warmer and more personable. He completely won that encounter, and Perot lost a bit of his composure, and it played right into our favor.

What it did was energize the support. It gave us some real energy and confidence. It sustained the momentum. As I say, I like Ross, I respect him, we've become very good friends. We did a lot of international work. He will call you with these terrible situations of individuals and ask for State Department help. They're all perfectly legitimate and valid, and we would try to be appropriately supportive through the proper channels, which he appreciated. I have a very high regard for him. There are areas I sharply disagree with him, but there clearly was not a sucking sound. With unemployment being below four percent, I don't think you can make that argument, with four to five million people moving from the welfare rolls to work. We had the better side of the argument.

The point is, on Mexico, going back to both the NAFTA decision, the Mexico support package, and the drug certification, which was always horrendous. It was worse than mid-term finals. You knew it was coming, and the certification process is a blunt instrument. It's not a good piece of legislation. It has basically now gone off the books. You have to certify all these countries, Colombia being one of the more difficult, as you well know. It just is not a good policy because you're sitting in judgment of others. It is, for a lot of reasons, not good, and it's totally subjective. Not totally, but largely subjective.

Without the passage of the NAFTA, I do not believe you would have seen the Fox election. You had the peso crisis after the passage of the NAFTA, and without the passage of the NAFTA, and the Mexico support package, you would not have been able to sustain Mexico looking outward, moving toward a more contemporary democracy. If you had had that kind of retreat in Mexico, you could have had such serious problems of immigration and narco trafficking that would have gone right into our states, as the economy is now going right into our states. If you look at corporate America, they now group—look at Wal-Mart or anybody—they'll group Mexico, not with Latin America, they'll group it with their North American operations, and Central America as well.

So that was crucial. Zedillo showed great courage on the Mexico support package. Had we not supported him on drug certification, which was a tough cause, I believe we would have undermined his presidency and reform movement. Those are tough decisions. One story is worth telling, even though we're running short on time. At the certification discussion, we went through all this, there were about eight or ten of us, mostly the Cabinet members, including General [Barry] McCaffrey, who was not a member of the Cabinet, but obviously critical in this discussion. We got to Mexico, and there was a pretty strong voice why we should not certify them. This General had been caught in cahoots with the narco traffickers down there who had been head of their drug program. It was just a mess.

But we had great confidence in Zedillo, which I think was well placed. I have great admiration for him. And the President said, "You know, I thought about this. I saw Chelsea last night, and she's growing up. You know, Mack, if you think about where Chelsea will be—" he obviously referred to me because I knew him, the President and I are about the same age— "twenty years from now, what we do on Mexico is going to impact what kind of upbringing her child has, because those issues are going to have an interplay directly in our country. I think we have to certify Mexico, as we did on the support package, and hope and pray that they honor this commitment." It was a pretty poignant, personal way of framing a decision, and the three people

who had been in opposition seemed to be quieted after that commentary was made. It was very clear where the President was and where he was going to be. He had heard all the debate he wanted to hear.

On Vancouver, we had developed a good relationship with Brian Mulroney, who is impossible not to like and have an affectionate respect for, just wonderful, has a wonderful personality. We went to Vancouver, and I had gotten to know Mulroney pretty well. Of course, he's very close to President Bush. He was our host. Well, President Yeltsin did not particularly like or respect Bill Clinton during that first meeting. They had met for 15 minutes in the campaign, and he thought Bush was going to win. Yeltsin was older, he viewed Clinton as his junior, and he had some defensiveness in his personality, as well.

So they had lunch, and it was a very stiff lunch. We stayed for the reception time, and you could tell this was not the warm rapport that you would hope. I pulled Prime Minister Mulroney aside, and I said, "Brian, this just doesn't strike me as a warm and engaging encounter here." He said, "Well, you're a great judge of character." I said, "That's not my point." He said, "Let me work on it. I see the seriousness of it." He did a superb job during that luncheon of at least not having them isolate and get their proverbial backs up with their position, keep it as warm as they could. He reported to me how it had gone: "You needed to wake up worrying about it, but not lose sleep over it." It had at least had reasonably good rapport. Well, Yeltsin took a tour of Vancouver, of the bay, and we had a dinner that night. The dinner was not as well orchestrated as it should have been. It was at a very nice restaurant, and it was overly formal, in my view. But I wasn't in charge of protocol, so I didn't try to second-guess it too much.

Yeltsin had had several drinks touring the bay and had several drinks before we sat down for dinner and several glasses of wine immediately after we sat down for dinner. Secretary Christopher was sitting next to me, or I was sitting next to him, and it was clear after President Yeltsin turned away about three courses of food that he was not going to eat that evening. Chris turned to me and said, "I don't believe we're going to have a very productive dinner." [laughter] I said, "Well, you're as owl-like and sage as I've heard you are."

So the next day we had a fair meeting at best. [Viktor] Ilyushin was Yeltsin's Bruce Lindsey—he was not Chief of Staff, but he had worked for Yeltsin for about 20-25 years, very close to him, kind of his executive secretary. I called Victor aside, I had gotten to know him. I said, "Victor, we've only got six more hours of meetings. We haven't gotten anything accomplished here, and expectations are very high for this summit. We're going to have to get down to business and deal with some of these issues and come out with at least a semblance of progress." He said, "I agree."

The next morning, Yeltsin walked in, and it was remarkable, because even after these kinds of abuses, he just looked perfect. I mean erect, looked like he had just gotten 12 hours of sleep. I had had one glass of wine and looked haggard. He walked in and said, "Mr. President, we've got to get down to business this morning," and Victor winked at me, like that was the phrase. During the meeting, the first time that, as Yeltsin discussed a particular matter, he said, "Beel." From that time on, it was never President Clinton, it was "Beel, my friend Beel." You could see the chemistry was established, and the mutual respect had been established in the meeting. My point

is, without Prime Minister Mulroney's fine and skilled and experienced hand at that lunch, I do not believe we would have reached that initial rapport, which obviously was crucial for, really, the security of mankind, without being too dramatic about it.

Young: Clinton had something to do with it, didn't he?

McLarty: Oh, no question about it. But Clinton was off-stride in how stiff Yeltsin was. You get into this situation, "If you're going to be rude, I can't show too much weakness here and be solicitous." So it's a pretty awkward situation for him, without Mulroney giving him lead-ins to do that. Where President Clinton quickly caught the situation in the earlier meeting was with some of the other people, part of Yeltsin's group. Yeltsin felt he had constraints on what he could agree to on some of the issues we were talking about, and Clinton quickly sensed that and started to accommodate that in their discussion and gave Yeltsin room to move without putting himself in an awkward situation with his colleagues.

Young: Did Clinton have a special gift for sensing the other person's situation?

McLarty: Yes, very good.

Young: That's a necessary precondition for an effective negotiation.

McLarty: It's certainly helpful. He was, and is very skilled there. We had a dinner with President Carlos Menem in Argentina when we were sorely trying to get support for the Kyoto Treaty, which was a very hard sell for an emerging market, and we had dinner that night. I got a little bit amused. We all had on blue blazers and looked like a football team. Of course, all the Argentines were so dapper with their ascots and cashmere coats, we felt a little frumpy next to them. But President Clinton was so powerful, compelling, on the environment, environmental issues, which were not thought to be his natural—not only strength—but even the sincerity of his commitment was somewhat questioned, because, particularly in Arkansas, he had to balance the environment and job growth with the number of paper industries and poultry industries and so forth. There's a balance to be achieved there, but it's obviously a different equation when you're President.

But Menem, you could tell—and this is a very seasoned, experienced, skillful political leader who had a very good rapport with Bush I—was taken aback with the level of knowledge and the palpable sincerity and feeling of the argument. He agreed to support the Treaty, announced that the next day, major breakthrough. But without that sense of the other person and without that ability to command the situation—but not in an overbearing way—I don't believe we would have been successful.

Knott: Was there a part of the job that President Clinton did not enjoy, or was not particularly engaged with or enthusiastic about?

McLarty: Good question, a very good question. Certainly a major part of his success was the fact that he did enjoy the job, that he was an optimist, positive. It showed, and I think that reflected both the FDR presidency and the Reagan presidency. It perhaps affected the Carter

presidency in a negative way, although some of the issues were part of that as well. It's a lot easier to be happy when the economy is growing and unemployment is going down than when it's not. I think there were times when he clearly was frustrated, and, particularly in some of the earlier days, there were times that he was physically tired because there was not much break in the campaign and the inaugural and the beginning days, as I mentioned, and he pushed himself extremely hard throughout that entire period.

And the personal attacks were dismaying to him and disheartening. He fought back and handled them under some very, very excruciatingly difficult and embarrassing situations. While I was not in the White House at that time, that clearly was an unpleasant time. So just like in any human life, you have good moments and not so good. But I don't think he ever forgot the trust and responsibility of the presidency and what a privilege it was to be in the Oval Office and the responsibility that he had been entrusted with from all of the American people, whether they voted for him or not. I really believe that sincerely and believe it's a fully accurate statement.

He enjoyed the job, and not just the big things. He enjoyed the people, and that's one reason he was so successful in the campaign, first Democrat to be reelected since Franklin Roosevelt. He clearly enjoyed the people aspect. He was moved, visibly moved, by people whose lives had been helped or supported by policies that we had been able to put in place. That had great meaning to him.

The Family Medical Leave Act, he has told that story, and he heard it, all of that is true. And that is obviously an extremely rewarding side of government. So that's how I view it and remember it, and I believe it's a fair recollection.

Knott: Were you in touch with him at all during those very difficult days in '98 when he faced the embarrassment of the impeachment process?

McLarty: Not a great deal, for a couple of reasons. One, yes, I had some contact and conversation with him during that dark and weird period, including the impeachment process which was, of course, much more political than the other aspects. The speculation had maybe occurred before I left the White House. It was still not developed or felt it was factually true, and so, just from a purely personal standpoint, I was relieved that that was the case. When I saw him shortly after some of the more specific information had been revealed—I think it was even before that, however—he basically said what I would expect him to say, "Mack, don't believe everything you're reading. There are some issues and problems here, but we'll get through them. Legally, I can't say any more than that, nor do you want to hear any more than that." And after being in the White House for six and a half years, I fully understood that, I assure you. So that was the extent of it.

Riley: Were you at all involved once the impeachment proceedings began?

McLarty: No, I really was not. I was out of the White House. That was in '97 and '98. I talked to the President on occasion, but it was mostly either purely lighthearted personal things or about specific issues. I still had some modest involvement in hemispheric issues and economic issues where he would just call me for an opinion about that.

Milkis: What was your reaction to it, Mack, when you found out that, in fact, these speculations had some basis of truth? Were you deeply disappointed?

McLarty: Oh, certainly. I was surprised and dismayed and disappointed. I was surprised not only by the lack of judgment, but the level of risk and the obvious consequences of that risk. I saw no signs at all—and I believe I am not quite that naïve or inattentive—when I was in the White House of any behavior of that sort. Had I, I obviously would have been extremely direct with the President about it. But he was mindful of our relationship and probably was careful in that regard, at any rate—not to suggest that anything happened, I'm not remotely suggesting that. Just the contrary.

Young: Sure.

McLarty: But human frailty is what it is, and as dismaying and disappointing as it was, and as painful and as harmful as it was to the President and his family personally as well as his presidency—a huge price was paid. When there are human mistakes made, I believe that you forgive people. Other Presidents, who have been in many ways great and successful Presidents, have had foibles as well, both here and in other countries. I'm not trying at all to excuse it or rationalize it.

Young: Let's move away from that. We haven't got much time, and we do need to hear from you about what you think the Clinton legacy is in the stream of history, and what advice you would give to students of this time—future students of this time—about how they should look upon this presidency and understand it.

McLarty: Could I have about a week or two to reflect on that?

Young: Sure, if you'll give us another interview.

McLarty: One P.S. on the personal matter, just to put a period on it. I do think it should be noted that the President and the First Lady managed to work through that with their daughter, Chelsea, and that's a statement that should be at least noted for the record. I want to underscore that. In my times with them now, they certainly seem to have a very strong marriage and relationship, and that's to their credit.

In terms of the legacy, there are a lot of ways to look at this presidency. I would emphasize—or a central point would be—the tremendous change that occurred in our country and the world during the eight years that Bill Clinton was in office and how his ability, skills, background, experience, age, were well suited to be President during this time for our country and for the world. I do think the globalization, technology were such major drivers in these eight years, not just in communications and news reporting, but in actual economic terms as well, leading to a dramatic increase in productivity—the likes of which we've never seen and clearly leading to this economic growth without inflation.

Low energy prices also helped there. That was so key to the deficit reduction, to low unemployment, to consumer confidence, reflecting in popularity of the President. And it also played a role in relations with other countries including China and Russia, which go straight to the national security issue. Because I think, even after some of the difficulties, the fact that in the eighth year of the administration, running out of energy and ideas—you know lame ducks can still fly—that President Clinton was able to pass the China WTO [World Trade Organization] trade bill. That's a major initiative. I had lunch earlier in the week with a young man from China who is very smart about their economy, just returned there. He believes the trend toward open markets and democratization and openness is just irreversible and very strong. I hope and pray and believe he's right, and I think that trade bill reinforces that.

Also, there was a sense that this was a President who genuinely understood people's hopes and dreams and fears and anxieties and identified with that. You can maybe chuckle a bit about "I feel your pain," but he does have, and did have, great empathy. That showed at Oklahoma City, it showed at the TWA crash, it showed over and over again. And people did feel that he was getting up every day and going to work for them. And most people, even his detractors, except this element we've talked about, felt he was reasonably fair-handed about this. I heard that over and over from many of the business leaders that I dealt with. So that was an essential element here.

The intellect and the communication skills clearly differentiated his presidency from other presidencies. We laughed, but it wasn't a laughing matter at the time: his State of the Union address in '94, if I recall it right, it was when we introduced healthcare. We went to the chamber, and I always sat right behind the Chief Justice—you know they never clap, so you don't get quite the full sense of things. You always want to say, "Stand up and clap!" but you can't do that. I noticed that Vice President Gore darted off the podium, and George Stephanopoulos had put the tape in wrong. It was the wrong tape for the TelePrompTer.

For the first 60 seconds of his speech on the State of the Union, he ad-libbed the speech. We laughed about it that if Ronald Reagan had done that, he would have just given what was on the TelePrompTer, and people still would have clapped, he would have given it so wonderfully. But in Bill Clinton's case, he was so skillful he just ad-libbed it 'til they got it right. That's a pretty high-wire act and shows a remarkable amount of grace and poise and just pure communication skill.

The presidency will have an element that will be negative concerning some of the personal indiscretions and even allegations, many of which I think were baseless. But that will be a part of the Clinton presidency. Some of that—not all of it, but some of it—does reflect the dramatic change in the news cycle and competition and all those other factors. I don't think you can disregard—not that, that's too negative—I think it will also be noted that he is the first Democrat to be reelected and finished with a pretty high degree of popularity despite some of these less than positive elements. So that's the three or four key points that I would see. Finally, you know, it's the great Reagan line, are you better off now than you were four years ago? In Clinton's case, I think most people would have to say, "I'm better off now, I'm more hopeful about the future after eight years, than I was when it began."

Riley: There were some reports at the time, published reports, second hand, that the President occasionally mused that he felt he was a President out of his time, that he was somebody who was suited for dealing with large scale problems, crises, and in a way lamenting that something like that didn't happen on his watch. Is that a fair assessment? Do you recall conversations with him where he was in a reflective mode and wondered how he might respond if something like September 11th had occurred on his watch?

McLarty: I don't believe there's much substance there.

Riley: Is that right?

McLarty: There's been a lot written about his obsessing with his legacy and so forth. He certainly hasn't obsessed about it with me. Any President, or for that matter any of us, are mindful that what we hope to leave behind is a better situation than we found. That's certainly the case with the President who is going to be written about in history. But I think that's dramatically overstated. The President has a pretty good sense of perspective about these things. You now the old Rudyard Kipling line "walking among kings, nor losing the common touch." I think he's pretty well grounded there.

I recall a conversation we had flying to Little Rock in the last two or three days of his presidency. He was speaking to the Arkansas legislature. Of course, I had served in the legislature, and he had spoken to them many, many times as Governor. It was a pretty nostalgic trip. He reflected for the first time about what he might do after the presidency was completed, much more in just general terms, not specifics. He made a couple of points. He was going to be a former President, and he shouldn't let something that he really wanted to do or find fulfilling, he should not not do it because he was a former President. He said, "I just can't get into that mode of thinking. If I want to do something, and I feel it's redeeming, I ought to do it." And it just showed, I think, a groundedness.

If you look at the expressions that he's made toward friends of long standing, not just in our home state but around the country and to some extent around the world, that speaks to the measure of a person's priorities and character. You look at the funerals that he has made an effort to attend, of people who helped him early, who were not great centers of influence by any shape, form, or fashion. He has been very good about that and continues to this day to be good about that. That's a pretty telling characteristic.

So I don't think he is musing about his legacy. I think he's really thinking seriously, *What do I do?* We talked a little bit about it. This is an interesting time in one's life, in your mid-50s—you're not quite old enough to just quit, but you're not quite young enough to do what you did when you were 25, either. It's even more difficult for a President. So he's giving some thought to that. So much happened during those eight years, and this 9/11 is such a traumatic, tragic, and unforeseen event, as is a world war or a conflict. Of course, the Vietnam conflict sank President Johnson. So you've had events cut both ways.

Governing in this eight year period, in this transitional time, and helping people understand the changes that were taking place, not becoming too disoriented with this dramatic change, being able to honor your past but look to the future—to use one of the sound bites—

I would have to say that that's clearly a critical time in the life of our country. So I don't quite buy into the point of view that you need a cataclysmic event to have a great presidency. I don't buy that.

Young: I'm sure that if comprehensive reform in healthcare had occurred, that would be right up there with the economic policy—

McLarty: It would have been.

Young: And the globalization

McLarty: It would have been. I agree with that.

Young: And it was a lesson in the discouragements or constraints on making a major change and having to be content. He made some public statements about this, doing small things also helps. But you don't come in hoping for small things, you come in hoping for big things, and he didn't get satisfied with all of them. Maybe that was what was going on in his mind, that that was a real disappointment.

McLarty: It was. On the other hand, if you look at it another way, it became very obvious you could attempt to do too much too quickly, and instead of being dismayed about that and paralyzed, he learned from it.

Young: Yes.

McLarty: And quickly picked up the torch. Instead of "Let's swing for the fence for a home run every time," it was "Let's try to get a lot of singles and a lot of runs scored, and we'll win the game." I'm serious here. I think he learned from that mistake, and went forward.

There's so much at the core here in the Clinton presidency and in Bill Clinton as a person. I'd like to think, from a personal standpoint as well, that the central reason you went to Washington was to try to help people and leave the country better off than it was when you got there, to have a stewardship that was responsible and meaningful. It's such a great privilege to serve, although there were days I wondered why I was there. But that was at the center and is at the center. I'm not sure that he doesn't measure success much more than these grander events and more traditional measurements. I think that's really what sustained him in that campaign and sustained him in the tougher days of that presidency. So that's the measure, that's the scorecard.

The only thing about serving in the White House, as a P.S.—you get there, and of course it's an awesome responsibility. It takes a moment to just get oriented to the physical setting. I'd been in the Oval Office, but when you're shuffled down to see the President, you don't go by offices where the coffee pot is and so on. The offices are smaller than they are on *The West Wing*. The

Chief of Staff's office is very, very nice, but the halls are small. The actual Oval Office and the Cabinet room are very, very handsome and roomy, but you have to get physically accustomed. I had a little bit of a problem coming from a business setting. So many people were running to the old OEOB [Old Executive Office Building] across the street. How many times do you have to walk across the street to see your staff? This is crazy.

But after a couple of weeks, you just settle in and start working. I'm sure it's just like it is when you're teaching: You settle in, you're in your rhythm and routine, and you've got your priorities and what you've got to accomplish that day. Then the night shift begins, usually, in Washington, that night. I went home one evening and saw a special on the Kennedy years, just by happenstance. It showed his advisors there and members of the Cabinet and so forth. That was one of the Presidents that I grew up with, and it was very powerful to me that an hour before I had been in that same spot in the Oval Office advising the President of the United States. It struck home what a tremendous privilege, and the sense of history and the sense of responsibility that one has, whether it be a Chief of Staff or other position. It's a unique time in one's life. It was a great privilege, and it was a lifetime in six and a half years.

Young: Well, it's time to stop. Thank you very much. We are indebted to you, but more important, people in the future will be indebted to you for the light you shed here today.

McLarty: Thank you very much. Thank you for a very professional and certainly personally courteous encounter.