WILLIAM J. CLINTON PRESIDENTIAL HISTORY PROJECT

INTERVIEW WITH HENRY CISNEROS

November 21, 2005
San Antonio, Texas

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TRANSCRIPT

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Riley: There are a couple of preliminary things we need to do at the outset. The first is that I want to reiterate the most fundamental of the ground rules, which is that the proceedings are being conducted under a veil of confidentiality. Everybody in the room has taken a pledge that what is talked about in here stays in here or on the tape. You have an opportunity to read the transcript. The transcript will become the authoritative record of the interview. The rules are set up to encourage you to speak candidly to the historical record. Your audience is not the people seated at the table here so much as it is the people in the future who are going to want to come back and make use of this oral history in the same way that many of us and our colleagues have used oral histories from the [Harry S.] Truman and [John F.] Kennedy and [Lyndon B.] Johnson libraries.

The second thing is just a voice identification aid to the transcriber. I'm going to go around the room and ask everybody to say a word or two so that the person doing the transcription will have an idea of who we are. I'm Russell Riley. I'm an associate professor at the Miller Center at the University of Virginia and head up the Clinton Presidential History Project.

Cisneros: I'm Henry Cisneros, chairman of CityView, and served as Secretary of Housing and Urban Development [HUD] in the Clinton administration.

Marquez: I'm Ben Marquez, professor of political science at the University of Wisconsin.

Martin: I'm Paul Martin. I'm assistant professor at the Miller Center at the University of Virginia.

Riley: All right, we want to start by going back and asking you when you first met Bill Clinton.

Cisneros: I first met Bill Clinton in the early 1980s when I was mayor of San Antonio and he came here on several occasions to address conventions. On one of those occasions, I introduced him and he spent a little time in San Antonio and got a feel for the community. We were making very good progress in those days on a number of fronts and he seemed to be impressed with that.

He subsequently invited me to Arkansas several times during the 1980s. Once I went at his request to speak to a statewide group, and another time I went at his request but for Hillary [Rodham Clinton], and after visiting with him in the mansion in Little Rock, Hillary and I flew

on a private plane to Hot Springs and spoke to a statewide healthcare group working on community-based healthcare initiatives.

Riley: This would have been mid ’80s?

Cisneros: Yes, ’85, ’86, ’87, that timeframe. The latest of those visits was probably in ’89, but we have a photograph somewhere of him on one of his visits to San Antonio and my preparing to introduce him in a convention-type setting. We did a press conference on one of those events.

I had first heard of him, before I met him, from a gentleman who resides in Austin who was my political consultant all those years. His name is George Shipley. He runs one of the most effective political firms in Texas. As early as ’81, maybe before that, ’80, he said, “Keep your eye on Bill Clinton in Arkansas. He’s everybody’s idea of the most rapidly rising young Democratic politician—for sure, southerner, but probably a figure on the national scene.” He described the history of the lost Congressional race, the attorney general’s position. I don’t think he was Governor quite yet at that point.

In any event, George Shipley had his eye on President Clinton early and drew his attention to me. We also had a mutual friend in David Broder who wrote a book called *Changing of the Guard*,’78 or so, maybe a little later, ’80. Both Clinton and I were featured in it. Broder came to be a friend, I really respect his work. I suppose it’s difficult to call a journalist a friend, he might not agree to the appellation. In any event, he told me about Clinton then in that personal visit here in San Antonio.

Riley: Did you have any connections—I’m trying to recall, because I picked up something earlier in a conversation—with the ’72 campaign?

Cisneros: No, I did not. I was not even in San Antonio in the ’72 campaign, I was still back East. I had been a White House Fellow ’71, ’72, then went to Harvard and MIT [Massachusetts Institute of Technology], the Kennedy School [John F. Kennedy School of Government], and a Ph.D. program at MIT for that span of the election. So literally, I voted absentee from Massachusetts.

Riley: But you weren’t doing work for [George] McGovern anyplace?

Cisneros: No, I voted for McGovern, but that was the extent of it.

Riley: At the point that you were having your conversations with Shipley, he was serving as a political consultant to you or were you—?

Cisneros: Yes, he’d been my political consultant actually since about ’80. Then we ran the mayoral race in ’81. Every election since—I ran for reelection three additional times and passed numerous bond issues, and we passed the referendum to build the Alamo Dome here. Shipley was my chief advisor on all of those things.

Riley: Do you know if he had worked in Arkansas at the time?

Cisneros: He had not, but there was this network of southern political advisors. A fellow named Ray Strother out of Louisiana, for example, who was legendary, kind of a precursor to [James] Carville. All those fellows knew each other and Clinton was a legend in that group, just for his political moxie. This is a *Primary Colors* kind of aura of prodigious political skills.

Riley: When you were traveling in Arkansas with Clinton, when you were meeting him, were these suggestions to you confirmed? Was this somebody making a marked impression on you at the time?

Cisneros: I was not able to draw a big distinction between Clinton and some of the other outstanding people who came to San Antonio in the '80s. Obviously very bright, very articulate, but on the youngish side and hard to picture as national political material in the era of [Ronald] Reagan and [George H.W.] Bush and prominent national figures at the time. So a very bright but youngish Governor of Arkansas wouldn't have jumped out ahead of Chuck Robb or Gary Hart or Walter Mondale, whom I was close to in the '84 election, etc. It would have been difficult to say this was clearly the guy who was going to take us to the Presidency.

Then, when I visited Arkansas, unfortunately, the same ambivalence that people have felt toward President Clinton over the years manifested itself in Arkansas, in my visits there with local people, even drivers, as I got into the questions. There were obviously those who loved Bill because he may be a rascal but he's our rascal. And there were those who didn't like him and had all kinds of rumors about things, financial dealings or political machinations, so the same kind of—obviously I feel toward Bill Clinton as toward a brother. I would walk across hot coals, literally, for this guy. He's been very good to me and I'll appreciate that for the rest of my life. Sometimes those personal feelings trump even policy differences or anything else, but those earliest evidences indicated, on the part of other people, some of the same ambivalence that has characterized Bill Clinton's entire career.

Riley: You were not involved in the development of the Democratic Leadership Council [DLC]. That was not a—

Cisneros: No. I was considered to be one of those ideal members of the Democratic Leadership Council because I was an outside-the-box minority. That is to say, I was a Latino mayor of a city in the South, doing progressive things that were not in the classic Democratic mode. My primary issues here were economic development in order to generate jobs, but not the standard Democratic, minority, liberal agenda of civil rights and anti police brutality and income maintenance support and so forth. We had to address all those things in their place, but the overarching strategy was to create justice in our society by creating jobs.

There's a certain formulaic nature to the job creation process, and you can't be a traditional knee-jerk liberal and create jobs because jobs are created principally in the private sector, if they're quality, long-lasting jobs. That was my mantra. It was how I got elected here, bringing people together around the issue of jobs. This city had been poor and inattentive to its economic development.

Actually, the people who ran the city, though they were business leaders, were anti economic development because it would have brought in competitive companies, competitive wage structures, maybe unions. So I broke the mold in the ’70s on that issue. Then when I ran for office, I was able to get a coalition of minorities who wanted better incomes, union members who wanted better wages, the new-wave business people who were more interested in growing their businesses than belonging to the country club and the elite power structures.

My opponent was someone from that community, so we put together an unprecedented coalition. That got the attention of the Democratic Leadership Council and people like the organizers of the Renaissance Weekends and such. But in order to do that job at the local level, you really have to focus. Though the temptation is to go and preen for the next position or tell your story in order to get a book out of it or something, I just hunkered down and tried to do the job here.

I didn’t do the Renaissance Weekends because frankly, the only time I would see my family was over the holidays, and you don’t run to South Carolina to be with other upwardly mobile young Democrats and similarly the Democratic Leadership Council. I also wasn’t completely comfortable with the politics of all the members of the Democratic Leadership Council. While I had understood Chuck Robb and Senator [Sam] Nunn and Lawton Chiles and the rest of the crowd, in my view while we might be saying some of the same things about the job creation process and reducing the burden of government and so forth, I wasn’t sure what their motives were.

I knew what *my* motives were. My motives were to put money in poor people’s hands. But I wasn’t sure what their motives were. I didn’t want to completely roll in with that crowd when we had Jesse Jackson and others who were also an important part of our party coming from a completely different direction. He was at the time calling the Leadership Council the “White Boys’ Club” and such. I felt like I needed to keep my powder dry rather than commit to a side in this Democratic fratricidal debate.

Riley: You had a good working relationship with Jackson?

Cisneros: Oh, yes.

Riley: Did you know Jackson at the time?

Cisneros: Yes, I had a very good working relationship with Jesse Jackson.

Riley: How did you develop a relationship with him?

Cisneros: He was the logical leader of the African-American community, the most notable, he ran for President a couple of times. When was that? In ’88 for sure, was it ’84 also? Yes, ’84 and ’88. Though I was a Mondale supporter, in fact, interviewed by Mondale in 1984. I was one of the five people who went up to North Oaks, Minnesota, that summer to be interviewed for the Vice Presidency along with Dianne Feinstein, Lloyd Bentsen, Michael Dukakis, Wilson Goode of Philadelphia. Geraldine Ferraro was not, but she came into the process late.

Even though I was Mondale, Jesse was here during the primaries. As mayor and a Democrat, I treated him with respect. He stayed in my neighborhood, literally stayed in a public housing unit overnight in my neighborhood. I continued to live, and still do, in the same house, it was my grandparents' home, in the deep west side of the city, the Latino community. So it was logical that someone who was considered a prominent Latino leader—although I decidedly, all those years, rejected the label of the "Hispanic Jesse Jackson." I used to tell people, "I cannot be an advocate for the Latino community nationally *and* the mayor of San Antonio. This is a city of almost a million people, about half of whom are not Latino, who elected me to be their mayor and that's what they elected me to do. That's my job."

While I am proud to be Latino, and if I can serve as something of an example for young Latinos who are thinking about a non-traditional career or wanting to do public service, I'm happy to play that role. I'm happy to play a role to support all our national Latino organizations. I cannot be expected to be the point person on every issue for Latinos because in my town, these things cut about 50-50 and I've got to play an honest broker role here. The national press would constantly be down here. Every time there was a national issue that related to Latinos, I was the first go-to person on immigration interviews and so forth. I chose not to be the Jesse Jackson of our community.

In addition to the fact that it wasn't even appropriate. The Latino community is so much more diverse than the African-American community. Not only are there vast regional differences, it's very different, the issues that confront Latinos who live in Miami, versus San Antonio, versus the valley of Texas versus Chicago, versus New York City, Puerto Ricans versus east Los Angeles. But there are national origin differences, Cuban, Puerto Rican, Mexican, Central American. Political differences: the Cubans tend to be Republican, Puerto Ricans tend to be the most Democratic of all our groups. It's difficult to say, "We have one spokesperson for this vast diversity." So that's how Jesse and I got to know each other. We were viewed, at least postured in the national press, as the top of the pyramid of our respective communities, though I always deferred to people like Raul Yzaguirre, Antonia Hernandez, the head of MALDEF [Mexican American Legal Defense and Educational Fund], and the others who did have formal or titular roles as advocates for the Latino community.

Riley: I know Ben has probably got some questions. I want to ask one follow-up about this. It occurs to me that during this period of time Bill Clinton could have been eyeing you as a possible opponent or contender—

Cisneros: No, I don't think so. I never envisioned myself or made one single move that could have been considered of that nature. I was a mayor of a moderate-sized city in the South, not plugged into the machinery of the national Democratic Party. Clearly a Democrat, always a Democrat, nothing but a Democrat, and the party regarded that favorably and as an asset, particularly among Latinos, but I wasn't playing with the intensity you have to play to be considered a contender for anything. In fact, I had not even made a decision that I would run for another office, though the Governorship of Texas was likely the course that I was on. I decided in '88 not to do that. Ann Richards then moved to the front of the pack along with Jim Maddox and a couple of other people.

It was sheer serendipity I got the call from Mondale. I had been in some high-profile roles, becoming the first Latino mayor of a major American city. That generated a lot of press and magazine stories, a couple of cover stories and such. Then Senator [John] Tower, a Republican Senator, recommended me to the Reagan administration for membership on the bipartisan commission on Central America, the [Henry] Kissinger Commission. Travel to the region was there—it was called the [Henry] Jackson, Scoop Jackson also, the report was named for him in part. But Democrats like Lane Kirkland, John Silber, etc., and Republicans like Jack Kemp. So that got a lot of profile because this was during the period that Salvador was coming apart and Nicaragua, the Contras, and so forth. I took a middle-road stance supporting democracy and opposed to the right-wing death squads and all that stuff in Salvador but also opposed to the Sandinistas in that they were aligned with [Fidel] Castro and so forth.

In any event, that generated some profile, and then *60 Minutes* did a piece on me in '83 I guess it was, maybe early '84, one of their classic profiles and it was very positive. So out of that came sufficient national attention that Walter Mondale called me and said, "I would like to interview you in this process. I can't promise what's going to come out of it, and you've got to acknowledge that the odds are long. You're 35 years old and a mayor of a city, without extensive national experience, so maybe not exactly the person most would view one heartbeat away from the Presidency, but I'd like you to agree to the interview." So we did it, July 4, 1984, my wife and family and I were in North Oaks, Minnesota.

So there was that level of profile. No, I don't think Clinton ever considered me an opponent. We were in different leagues. But I think he considered me at least a loose member of the FOBs, Friends of Bill, somehow, because anybody he ever met was in some order of connection to that galaxy. Then I think he probably did consider me one of the "new idea" people you would want in a Democratic administration, just the way we were innovating and articulating.

Riley: One more and then I promise I'll get back to you. It's fascinating because I think from the outside again it makes sense that he would want to have you within his orbit, because he is trying to piece together a coalition of people who could be useful to him in raising himself to the Presidency. At the same time, you also have your own success story here and your own future promise.

Cisneros: I never saw myself in the first rank of political players. First of all, there would be a limit on how far a Latino could go in American politics at that time. Might could be Governor of Texas, might could be a U.S. Senator, but the likelihood that America was ready to elect a Latino to the Presidency, I did not see that as a course.

Secondly, for most of my career I had focused more on the policy agenda of urban issues, cities, Latino concerns, than the techniques and tactics of political advancement. In fact, I frequently quoted Elliot Richardson, whom I had worked with when I was a White House Fellow. On an airplane ride with him one day he said to me, "My advice to young people in politics is to do a good job on what you have in front of you. If you do a good job, few enough people do that the future will take care of itself. If you don't do a good job, then the future takes care of itself also. You've just taken yourself out of serious contention. So the first order of business is focus on what you've got." I took that not only seriously but maybe too seriously, in the sense that I really

tried not to do the things that one would normally do. I many times turned down interviews, national platforms to speak, etc., just because I thought, *They don't relate to what I'm doing today.*

Riley: Ben, you want to probe into some of these?

Marquez: So many things, I hope I can jump in later too—

Riley: Absolutely.

Marquez: I'm interested in your activities in the Democratic Party. Let me preface my question by saying my current project is on the introduction of Latino players in Texas politics from the 1950s to the present. One thing that's clear about Texas politics in the '50s was that Mejicanos and blacks were just not players. But then by the 1960s they were. When you became involved in Democratic Party politics, was it anything of note for you to be there as a Latino? What were the issues facing you?

Cisneros: There was a long history that predated me of activist Latino leaders in Democratic Party politics in Texas. As you say, since the '50s when Henry B. González was elected here a city council member, then a state senator, then ran for Governor, ran for the U.S. Senate in 1960, and became the first U.S.-based Hispanic to be elected to the Congress in '62 when a seat opened here in San Antonio. There were several types of Democratic activism in Texas. One was the current that was Henry González, which was breaking trail as an elected official, close to Lyndon Johnson, close to the Kennedys. There was also the more established patron system in south Texas that delivered Mexican votes for the political machinery, witness the infamous Box 13 and the bosses down on the ranches in south Texas that ran Democratic politics. So you had that whole crowd that spawned its own elective officials and such.

Then you had the new activism that at its extreme broke with the Democratic Party and became the Raza Unida Party, José Ángel Gutierrez and all the people around him. Ernie Cortés came out of that milieu. But just to the inside of that was a whole series of activists who were sympathetic to the Raza Unida cause but remained Democrats, like Joe Bernal, like Albert Peña of an older generation and then behind them people like Willie Velazquez. So there was a great ferment, in fact, open animosity among these factions.

You had to tread very carefully if you were a newcomer because on the one hand you could never satisfy the guys on the left that you were enough of an advocate. By definition, if you succeeded within the traditional Democratic Party, you had to have taken positions, or conveyed an aura, a persona, that was antithetical to their view. If you showed up in a suit, you by definition were not wrapped in the clothes of '60s radicalism. Even just appearances. You could never be pure enough because the furthest of the left there was wrapped up in Angela Davis and anti-Vietnam and all of the César Chávez movement, and that was new to Texas.

So it was a difficult minefield to walk. But what succeeds like nothing else is popular success. That is to say, if the people love you, the party wants you. They view you as an asset, a way to communicate to the public at large, vote getter and influential and so forth. In the final analysis

that's the greatest asset I had working for me, that I was able to execute a brand of politics that was a big tent and include a lot of people and then succeed on the policy side, so that the powers that be came around, the newspapers came around, and in the final analysis, you're rolling a juggernaut that people want to be part of, right? So you walk into a crowd on the left and they have to give you respect though they may wish you had gone further and they know you're sort of playing the middle and you're a "good pol" in that sense, but that's part of your constituency. Then on the right, people know you're not exactly one of them, but it's succeeding and they want to come. That was the milieu of that moment.

Marquez: As I've observed your career, I've noticed that you said things I've heard others say, "Nothing succeeds like success" and you've certainly become integrated into Democratic Party circles. But for a very successful person such as you, it seems almost easy to break that racial barrier. People speak of it almost as if, if you succeeded on the policy level, if you succeeded as a politician, the Democratic Party would take you. Was it that direct or did you face other—?

Cisneros: This is a classic story of standing on the shoulders of giants. There were people who came before me for whom that was not possible. No matter how good they were, or intelligent, or brilliant, or articulate, or good politicians, the party was not open to them in the Lyndon Johnson/John Connally era and before that. Mejicanos were basically thought of as one step above peons and were laboring class and didn't vote and were not citizens and couldn't pay the poll tax and all of those things. So some very strong people, a man named Gus Garcia in this town who was brilliant, brilliant, probably would have been in the Supreme Court in another time, but it was not to be for that generation.

Then came Henry González and Joe Bernal and others who made it clear that there was a place for, not only a place, but that the party was going to need this growing, burgeoning. For the first time there were signs that people would vote. The Viva Kennedy clubs of 1960, something called the MAPA nationally, Mexican-American Political Association, both in California and here and places between like New Mexico, Colorado. Rodolfo "Corky" Gonzalez, Arizona, there began to be enough evidences that hey, we can't take this constituency for granted, it's an important part of the Democratic machinery, though they didn't know how to relate to it, didn't know what it all would mean, etc.

So then comes my generation, and if the Democratic Party could get a person who has both a Latino following and is capable of fitting into the mainstream policy apparatus, then it doesn't get any better than that. That's where I fit in, I think. And people who followed me, like Dan Morales who became attorney general of Texas and others, the present crop of Congressmen from Texas like Charlie González. But I have to make sure you understand the constraints that I was working with included—and I haven't mentioned—the mayor's position here, the whole city governmental structure is nonpartisan. So one of the things I had to do in order to get elected in 1981 was assure people I was not going to use the office for partisan purposes and that I would not be involved in Democratic Party politics and that I would not endorse nationally and so forth. I got a lot of Republican and business support in 1981.

By '83, when I ran for reelection, I ran with an indication that that was no longer the case, that I would be involved more actively in Democratic Party matters. The reason I had to do that was

that in 1982, when Lloyd Bentsen was running for reelection and wanted me to be his co-chair, I had to tell the sitting U.S. Senator from Texas, the leading Democrat in Texas, that I could not help him. He was not pleased. He was not pleased at all that here this bright-light Democratic mayor would say no to him. But I didn't have any choice. I'd made a pledge in San Antonio. So it was extracting myself from that—

Riley: Now, you extract yourself from that by—

Cisneros: By saying, in '83, when I ran for reelection, that it was no longer a commitment.

Riley: So it's not a formal thing at this point, it is, "This is my obligation to the people who are electing me."

Cisneros: In '83 I basically said, "I'm going to be more involved in Democratic Party politics." And remember, '83 was the year I was on the Kissinger Commission, '83 was the year I was in the *60 Minutes* profile, '84 I guess. And '84 was the year, got reelected in '83 overwhelmingly, 92 percent of the vote, spring of '83, two years later, and then the whole Democratic Party scenario with Mondale played out in '84. Anyway, I hope that answers your question.

Marquez: Yes, but you seem to have been involved in politics at an important transitional point, and I wonder if you could reflect a little bit on the extension of the VRA [Voting Rights Act] to Texas when San Antonio switched from at-large to district voting.

Cisneros: That's a very important period.

Marquez: Did that help you move more quickly? Do you think you could have advanced politically the way you did without the VRA incentive?

Cisneros: I don't think the Voting Rights Act was particularly applicable in my case. I was already on the city council and a citywide elected official in 1975.

Marquez: Okay.

Cisneros: The Voting Rights application occurred in '77. Actually the application may have occurred earlier, but the Justice Department's intervention to change our system of voting from at-large to districting occurred in '77. We had the election in '77. Then we went to a districting system. So I went from an already at-large city official to a one in ten districts. So you could say that for me it was a step backward from citywide to a district, but it also coincided with the implosion of the political organization that made it possible for me to be on the council in '75, the Good Government League, and I was much more an independent.

So'77 through '79 and '79 through '81, I was able to establish my own political identity, and in that respect it was probably a step forward.

Marquez: I see.

Cisneros: It could have been a major step back in the sense that I was a council member from the central district on the West Side now and not a voice for the city at large. I was able to overcome that and by ’81 elected citywide.

Marquez: Can I ask one more question? Getting back to Clinton.

Riley: I’ll bring us back there very quickly.

Marquez: Something you mentioned about your early interactions with Clinton and other Democratic political officials. Could you talk a little more about that process? How do people get to know each other? How are stars recognized? How do people work their way up the hierarchy?

Cisneros: It’s not much different from what we see playing out today. The process by which Governor [Mark] Warner is becoming thought of as Presidential—it’s not a very sophisticated process, it’s just sort of the “great mentioner.” The influential mentioners, like David Broder’s column and books, you make a speech and you don’t know who’s in the audience but it turns out it is Dick Reeves who wrote for the *Daily News* or one of the New York papers and includes it in a book. Then suddenly enough people read it that they say, “Have you heard about this guy in Texas” or Florida or Alabama or wherever it is.

Riley: It’s not going to be Alabama, as someone from there.

Cisneros: Who was it? Mississippi, the attorney general of Mississippi a couple of years ago who was riding high on the tobacco cases, [Michael] Moore, was one of those. Every moment you could probably pick off five comers. Right now, Barack Obama, Harold Ford in Tennessee, Warner in Virginia. They’re the new comers. Then we’ve got Evan Bayh. So it’s just again, that process of enough exposure and enough mentions and enough documented good work that constitutes—you’ve got to take that seriously.

Then these folks relate to each other. For people who live and breathe politics, that kind of rumor mill is out there, who to watch. I had a reputation for succeeding, I think, more than anything else. Also of being able to articulate a different message. The message was this sort of centrist—if I wasn’t totally identified with the DLC I think my message was exactly theirs and in some cases even slightly to the right on some of the international things. Growing up in a military city and a product of ROTC [Reserve Officers Training Corps] and the United States Army Infantry, I was pretty much an establishmentarian in terms of U.S. international posture.

Riley: Your military service occurred when?

Cisneros: I was commissioned when I graduated from college in ’68, had a scholarship to graduate school so I was able to do that, then was selected a White House Fellow and did that, and by that point the Vietnam War was winding down, and they gave people who had two-year commitments the chance to complete those in less time. I did three months in the Infantry Officers Basic Course in Fort Benning the summer of ’73 and then was a company commander in the Massachusetts Guard during the period I was at MIT.

Riley: But that would have been another one of those feathers in your cap, so to speak.

Cisneros: Not really. I wish that we could do it all and that I would have been able to fulfill my obligation in ’68 when a lot of my classmates actually went to Vietnam and served in combat units. That would, I think, have been the more honorable course. But I saw things happening in our own country like the assassination of Dr. [Martin Luther] King in March of that year, the assassination of Bobby Kennedy in June of that year. That was the year I graduated. It was arguably the most tumultuous year in modern American history. The cities were burning. That’s what I wanted to do long run. I had a scholarship to a master’s program in urban planning. I didn’t expect to get the opportunity to do it, but I did. So that was the choice I had to make right at that moment.

Martin: Can I come back to a question, a follow-up on Ben’s question about how stars rise? What was your sense watching Bill Clinton in this early period? Why was his star rising, from your point of view?

Cisneros: I didn’t really see Bill Clinton’s ascendancy in any kind of concrete, definable way until very late in the game. Yes, people were talking about him early on, but there were others who seemed to have a superior claim. Mondale in ’84, people like Bentsen in ’88, Sam Nunn was always out there. We had other great statesmen figures who were more, in my view, the Democratic centrists, like Scoop Jackson, that was a little earlier. But that generation had not yet played itself out in my view. So I wasn’t greatly ready myself to accept that someone of my generation would be on a serious track toward the Presidency. I looked somewhat askance at Bill Clinton. I’d known people like Senator [Joseph] Biden since the ’70s. Gary Hart of course had his moment in ’84 and ’88. He came close in ’84 and then in ’88 things imploded for him, but it had been hard for anybody to get in front of Gary Hart, a very articulate, attractive candidate, speaking in new ways. So Clinton’s ascendancy was late, it was post ’88 and really almost like post ’90. The ’80s belonged to other folks.

Riley: Who had you supported in ’88?

Cisneros: I supported the ticket.

Riley: But during the primary season had you been courted?

Cisneros: I think I was not with a candidate because Dukakis sort of preempted the whole process.

Riley: Okay.

Cisneros: Dukakis caught fire so early and put everybody else away. Then Bentsen was in it, so that kept all of us in Texas. I’m sure that’s who I was with early on. Bentsen joined the ticket so that settled it.

Riley: Exactly. You had not been close enough to Clinton that you would have been involved in those ’88 discussions about whether he would run. There was a meeting where they brought a lot of people to Little Rock.

Cisneros: Yes, but with Bentsen in it, that would not have been appropriate.

Riley: So let’s go post ’88 then. Are you consulting with Bill and Hillary at this point about ’92?

Cisneros: Only to the degree that I’d made those multiple trips to Arkansas. While I was curious about him, I was also not Pollyanna-ish, I was sober about the context. War coming in Kuwait, Bush riding high. I had a relationship with the administration, with President Bush. In fact in ’88 he called me, he would have been Vice President. He asked me to come to Washington to brief Mikhail Gorbachev on basically how American democracy works, in a small group meeting of five people for a whole day. So that’s the kind of persona that I was, I was acceptable. I sat in that meeting with Vice President Bush and his wife, who were the hosts for that portion of Gorbachev’s trip, with about five folks they invited to have a roundtable with Gorbachev. At the end of it, Mrs. Bush said, “That was invaluable, we need you.” She didn’t mean in a partisan way because she knew I was a Democrat, but it was a very complimentary, admiring reference to the role.

So it was in that context of seeing the whole picture that I watched Bill Clinton’s on-again, off-again thinking about this with, as I said, sober knowledge of his inadequacies and strengths and the national context. So I was not Pollyanna-ish about the ease with which this—who would be? The President’s approval rating was in the 80s.

Marquez: Related to that, you agreed to go on to Bill Clinton’s campaign when it looked like a real long shot—

Cisneros: No, that’s not true. I was ready to support Bill Clinton early, but I had been named by Alan Greenspan to the Federal Reserve Board [Fed] of the Regional Federal Reserve Bank in Dallas, and members of the regional banks cannot be overtly involved in politics. So I actually had to turn Clinton and later [Albert] Gore down for some political things they wanted me to do. Oh, and by the way, you have to remember, in ’88 Gore was in there, he was a friend.

Riley: He was a friend?

Cisneros: Yes.

Riley: Somebody you felt fairly close to or—?

Cisneros: In his way. He came here. I visited with him in his office in Washington. We’ve left him out of this conversation of the likelies, but he was one of the more likely to move forward. Of course, he had that family tradition that I knew of and so forth. I liked his very responsible, centered approach to politics in Tennessee. Where was I?

Riley: You were talking about being approached while you were on the Federal Reserve to do some things—

Cisneros: I actually had to resign from the Fed in August to go on the campaign trail. But it was late in the game, it was after the convention. Then I went out and organized an *Adelante con Clinton*, or I forget what we called it that year, but something like that. Latino national effort. Bill Richardson and I, I think, were the two appointed to do that. My first joint appearance with the candidates was in San Diego in August. Then I spent a lot of time on the road, Michigan, Colorado, parts of Texas, and so forth. California.

Riley: How difficult was it for you to leave a position—

Cisneros: I enjoyed the Fed a lot. I was vice chairman my last year and in line to become chairman of the Federal Reserve Bank of Dallas. For a person whose focus was economic development and the development of our communities, that was a great place to see how the economy works. I had developed a relationship with Alan Greenspan personally, which served me well later at HUD because of the importance of housing in the economy. So I was honored to have that kind of working relationship with him.

Martin: So what tipped the scale? What made you decide to leave this great job?

Cisneros: It wasn't a job—I still had my paying job—but it was an assignment.

Riley: I'm confused. You still had your paying job?

Cisneros: I had my own company. That's not a full-time paid position.

Riley: That's where my ignorance is showing. I didn't realize it wasn't a full-time position.

Cisneros: It was not a difficult call. It looked like maybe here was a Democrat—I've campaigned for every Democrat every year since I was a sensible age, so it was expected and logical. To add to that, here's a person who looked like maybe would have a chance. I did not expect to be in the administration. I had a company. I had family issues. I was no longer mayor. I had left the mayoralty in '89. So I was in business but doing well. We had the fastest-growing small asset management company—the second fastest growing in the country. It was called Cisneros Asset Management. We managed funds in the bond markets for major institutions. So our clients included pension systems across the country, Chicago pension systems, Dallas-based companies, Houston-based companies, etc. We had something like $700 million under management, which by now would have been a major company. It would have been a substantial company.

So I was not thinking that I would be in the administration. It was just one of those things you do because the moment is here and if you believe that Democratic policies matter, then if the moment presents itself, you've got to try to make it happen.

Martin: Can you talk about what the campaign asked you to do?

Cisneros: Mostly mobilizing the Latino vote. I also got involved in advising the President on a couple of key subjects, the North American Free Trade Agreement, for example, NAFTA, which he, as a centrist Democrat and a free trader, wanted to be for, but it required a lot of thought because a lot of the Democratic constituency was against it.

Marquez: What was your strategy in terms of trying to get Latino mobilization?

Cisneros: We created a series of community-based initiatives, basically spontaneous freestanding campaigns, in as many cities as we could. Then traveled to those places for purposes of organizing but also speaking and campaigning, traveled, spoke in a lot of places—Flint, Michigan; Pueblo, Colorado—big places and little places.

Riley: I want to go back and ask you a question out of the earlier period that relates to this. You're going into Arkansas and you're visiting with both Bill and Hillary. My guess is that one of the things they're trying to do is to get a sense about who you are individually.

Cisneros: I think there's some measuring up going on.

Riley: Particularly, these are people who in Arkansas I wouldn't think would have a natural feel for Latino politics.

Cisneros: Didn't then, and by some critique really never developed it, especially on a scale with their knowledge of the African-American community.

Riley: Can you elaborate on that, both in terms of the earlier conversations and—

Cisneros: Maya Angelou and others have humorously but affectionately described President Clinton as the first African-American President. I think it comes from his growing-up years in Arkansas. He grew up in a household respectful of African-American people. It was a genuine warmth. His experience with the Little Rock Nine was real—dear friends. Some of his closest political allies and friends were people with whom he'd fought the battles in Arkansas, who were African-American.

Then that extended to the national network of ministers and political leaders. Though I think those who didn't know him and those who were loyal to Jesse Jackson probably viewed him with some skepticism, they could not deny—and were maybe kind of skeptical about his political skills and his ability to bring people in and tell them what they wanted to hear. Nevertheless, they came around. So much so that I noticed this weekend he was one of the premier speakers at the Muhammad Ali opening in Louisville. He was a speaker at Rosa Parks' funeral in Detroit last month. That's Bill Clinton's role, part of his role in America.

But there simply was no way that he could have the same kind of relationship with Latinos. The population in Arkansas was much smaller, so people like me were the go-betweens, if you will.

Riley: Again I'm focused mostly on the pre-Presidential period at this point, did you have conversations with him about this?

Cisneros: Sure.

Riley: Do you remember any of these? Can you characterize—

Cisneros: Yes, sure. He attempted to demonstrate a knowledge of the community that was, I think, certainly at least at the level you would expect of a national figure who'd been priming for the Presidency. He was knowledgeable of key figures in the community. One of the key figures who bought into him early and who persuaded me in, I guess, '91, that we really needed to be attentive to Bill Clinton, was a fellow named José Villareal who is a lawyer with Akin Gump [Akin Gump Strauss Hauer Feld LLP] now and was treasurer of the Gore campaign, could have gone into the Clinton administration at any level he wanted, very capable but chose to remain in business. He's now on the board of Wal-Mart, very prominent fellow, good man.

Early on he absolutely believed Bill Clinton was the guy. I think Clinton relied on him, up close and personal. He actually moved to Little Rock and was *the* guy, not in the Latino role, but who could honestly interpret Latino issues and sensibilities for the campaign. Maria Echaveste was there in Little Rock; Danny Solis, alderman from Chicago, his sister was Hillary's scheduler and primary advisor. So there were Latinos there, and they were good people, really expert people. Maria Echaveste—doesn't get any better than that. She eventually became Deputy Chief of Staff to Erskine Bowles.

Martin: What about on the citizen level? What's the reception? When you're out in Latino communities talking about Clinton?

Cisneros: Very warm. He got big numbers in '96 in the Latino community, just swamped [Robert] Dole, I think 78 percent, something like that. No, people recognized that his politics was in our interests. He did a good job, always assuring them. He put two Latinos in the Cabinet, me and Federico Peña, which had never happened before, and others of significance in the sub-Cabinet. Then when I left Bill Richardson came in and became Ambassador to the United Nations, later Secretary of Energy, Federico stayed around. Aida Alvarez ran the Small Business Administration I think the whole second four years. She was with me at HUD the first four. Maria Echaveste became Deputy Chief of Staff.

Martin: This all seems—'96 would be very easy to persuade, but in '92 when he didn't have—

Cisneros: I don't know what the numbers were in '92, I've not seen the numbers.

Martin: Not necessarily the numbers, but your impression when you're talking to other community leaders—

Cisneros: He was more forthcoming for Latinos than the Bush people, surprisingly, because they should have had a kind of a Texas understanding. For example, in '88 and'92 a number of us, Raul Yzaguirre, me, Aida Alvarez, and others, recognized the need to try to put together all

of the Latino issues and articulate them as an agenda. So we created in ’88 something we called the National Hispanic Leadership Agenda and polled Latinos from all over America, Cubans, Democrats, but put together the issues on which we found common ground. Difficult to find common ground on Cuba, for example, so we left that off the table. Cubans, even Cuban Democrats, have to have a point of view on Cuba that doesn’t match what the Puerto Ricans in New York would like to say about Cuba. So we left those never-will-get-consensus issues off the table and focused on those things on which we could find common ground, and they were substantial.

Surprisingly on bilingual education, surprisingly on affirmative action, surprisingly on minority entrepreneurial contracting and then all the other things, the elderly, education, housing, jobs, etc., etc., etc. The National Hispanic Leadership Agenda 1988. We did it again in ’92, but when we did it in ’92 Clinton came and met with the group. Bush never did. Here you had 45 national Latino organizations that basically want to have a conversation with a candidate about a predetermined agenda. He sat on a stool in a circular setting in the Mayflower Hotel in Washington and parried discussion for an hour and a half.

Riley: This was before the convention or after?

Cisneros: After, during the campaign. I think it was maybe late August, September. But in the context of a national campaign—and Bush never did. I also put a meeting together with Ernie Cortés and the IAF [Industrial Areas Foundation] network with Clinton. He came in there and wowed this most grassroots of networks, right? But he had experience doing that. ACORN [Association of Community Organizations for Reform Now] was big in Arkansas, so he knew the IAF style and he did a great job, all Latinos. I forget where that was. It might have been here in Texas.

In any event, the word was quickly getting out: This is a guy who gets it.

Riley: Again, I don’t want to belabor the point, but I do want to go back and try one more time. He’s a guy who has liberal sensibilities because of the experience you talked about—

Cisneros: And a lot of other things. Don’t forget he lived in Texas during the ’72 campaign.

Riley: You think that was an important part of his education process?

Cisneros: Oh, absolutely. You cannot be in Texas during a political campaign and not get some feeling for the emerging importance of the Latino community.

Riley: That’s really what I’m trying to get at. I’m trying, as best I can—

Cisneros: Where did it come from?

Riley: Get a picture of his own self-education. He starts off with the right sensitivities and he’s a very bright person—

Cisneros: On a scale of 1 to 10, if you were to say his level of engagement with the African-American community is a 9.5—I'd give him a 10 except there would be some African-Americans who would say, "Nobody gets a 10 but one of us."

Riley: Yes, and you've got the Sister Souljah thing—

Cisneros: Yes, all of that. But at level of affection, level of engagement, level of connection, he's a 9.5 with African-Americans. He's probably an 8 or 8.5 with Latinos. Not bad, but in the B grade versus the A grade, and I think he would acknowledge that himself. He just didn't know enough people from his personal experience. Don't forget, one of his really tough experiences in Arkansas involved Latinos and that was the Marielitos. That defeated him, as I recall, in his first gubernatorial race, or at least many people believe that that was one of the issues. That was not handled the way Arkansans believed was appropriate.

Riley: What does that do for his self-education?

Cisneros: I don't know, I just raised it as an aside. I don't know the answer, I've never thought of it.

Marquez: Actually, that reminded me of a number of things I now recall about Clinton and that is that he did not support bilingual education while Governor in Arkansas, and he also did not support efforts to limit racial profiling, which was—

Cisneros: Of Latinos are we talking about?

Marquez: Of Latinos in Arkansas. Did you see any evolution of Bill Clinton on Latino issues as you knew him over the years?

Cisneros: Absolutely. As he became a national figure and had to relate to the national importance of the Latino community. There were some of us around him all the time. He clearly got it and came to feel real warmth toward our community, if nothing else because he loves Mexican food. It's impossible to take him to a city with a Mexican restaurant and not hunker down before several plates of tacos, but I think there was a lot about food that was endearing to President Clinton, but Mexican food—José Villareal can tell you about—they would go to Houston and they'd get behind schedule because he wanted to stop at a Mexican restaurant.

I think he clearly warmed up and related to the community. Not on his watch, but a little later, Arkansas became, in the '90s, the fastest-growing Latino community in America in percentage terms. It grew by 400 percent as Latino immigrants went to northwest Arkansas for the poultry plants, and issues like bilingual education became very important in places like Bentonville and Rogers where Wal-Mart is. I've been there and met with Wal-Mart executives who described the issues in the schools.

Riley: Did you get a similar sense with Hillary Clinton? You said you met and traveled with her early. Would you give her the same grade that you did the President?

Cisneros: Well, you know Patty Solis [Doyle] was her personal assistant all those years. But Hillary brings a much more analytical and intellectual focus to issues, whereas the President is trying to learn them emotionally. So yes, she clearly understood it in the way one would who has followed the national scene and has smart people around her to advise her. But she was always right on these issues.

Martin: Can I go back just one second to the ’92 campaign? I’m trying to think about how the folks in charge of the campaign were viewing the Latino community, particularly looking the way folks do state to state in terms of putting together an electoral map.

Cisneros: Sure.

Martin: Were there states where they thought they absolutely had to deliver the Latino vote to win that state?

Cisneros: Absolutely. I think they believed that the Latino community was critical in California, which it is, in New Mexico, which it is, in New York, which it is, could have been decisive in Florida but not clear that Florida was in play in ’92. By ’96 the President definitely wanted to win Florida and went out of his way to court the Latino community, sending Madeleine Albright to the Cuban community you recall, into a full stadium to talk about Castro having shot down those airplanes and so forth.

Texas was not in play in either ’92 or ’96, but Colorado and Arizona might have been. He won Arizona in ’96.

Martin: The campaign believed California and New York were in play at this point?

Cisneros: No, not that they were in play but they had to be cemented. The electoral map doesn’t work without New York and California cemented. Illinois, big Latino community in Illinois, million plus, I spent time in Chicago for the campaign in ’92.

Marquez: You mentioned Bill Clinton as having an emotional understanding of American society and its political campaigns. How did you see him applying this in the campaign to seek the Latino vote? Was he effective in that way?

Cisneros: I think I described the appearances in small groups like the National Hispanic Leadership Agenda and the IAF groups, but in larger settings—I was on the plane the last night of the campaign and our itinerary, if you look at the last night, was the Valley of Texas, Dallas-Fort Worth, Albuquerque, Denver, and then into Little Rock. They were places with big Latino votes and the crowds were Latino that night.

Riley: This is where you bring the ice cream on board?

Cisneros: No, that was every time he came here. When he came here he never left without a gallon of mango ice cream from the Menger Hotel.

Marquez: Was he any different with Puerto Ricans, Cubans?

Cisneros: No, it was the same dynamic. He was very warm—around, for example, Aida Alvarez, who was my head of department at HUD overseeing the GSEs, the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac. Remembered her from our work in the National Hispanic Leadership Agenda and authorized her appointment. I had a full slate of people named at HUD before any other Cabinet officer, in part because he knew most of the people—Andrew Cuomo and people like that.

Riley: We'll want to come back and probe on that. Ross Perot was a factor in some fashion in '92.

Cisneros: Yes, he was.

Riley: Were they coming to you—

Cisneros: I was in that group that went with Lloyd Bentsen to see Ross Perot. I'd had a long association with Ross Perot here.

Riley: Tell us about that.

Cisneros: When I was mayor he came and spoke for me at the request of the business community in one of my reelections, and he had never done that before. He said it was the first time he'd ever done it. We also were able to persuade him to put substantial money into higher education initiatives here, and he was a big force in public school education in Texas. I was involved in some statewide efforts to bring technology companies, what was called MCC, Microelectronics Computer and Technology Corporation, and another one called Semitec. These were big wins for Texas over Research Triangle Park in California. It established Austin as the next technology center. We had a statewide leadership group working on this and I was part of that with Ross Perot. So we went back a long way.

I was very surprised that he chose to run for President. It was an ill-advised campaign. I was in the group that went to see him to try to talk him back, which failed. We came out of there and he said he was still in.

Riley: This would have been in the spring when he was still in the race?

Cisneros: No, I think it was after Clinton was already the nominee. So in the summer, maybe even into the fall, because I wasn't available to help until the fall.

Riley: It was the fall, because there was a window. He was in the race, in some of the polls Clinton would have been third up until the middle of the Democratic Convention that year. I guess you did not go to the convention because of your position.

Cisneros: Right.

Riley: So he drops out the day that Clinton, I think, is giving his acceptance speech, either Wednesday or Thursday of the convention and he's out—

Cisneros: Then he comes back.

Riley: Then he comes back in September or so. So the meeting you're talking about would have occurred in the fall.

Cisneros: Right. In retrospect, it's a good thing he stayed in. While there are analysts who question whether he got more Bush votes or Clinton votes, my instinct tells me he got people who probably would have voted for Bush.

Riley: Was he a factor at all in Latino politics?

Cisneros: No, no, had no following, no particular call to loyalty that I can discern.

Riley: Are you okay to continue for a little bit?

Cisneros: Would you like to take a break?

Riley: Why don't we go another ten minutes or so?

Cisneros: Okay.

Riley: During the end phase of the campaign, you were asked to become a member of a small group of people planning for the transition.

Cisneros: Yes, a quiet group because obviously the wrong thing is to show that level of presumption that you expect to win. It would have been bad atmospherics. But they asked me and Vernon Jordan and Warren Christopher and Mickey Kantor and Madeleine Kunin and I'm not sure who else to be part of a transition committee and start the process of creating the new government.

Riley: You were asked to do this by the President himself?

Cisneros: Someone called—I think Warren Christopher or Vernon Jordan. I think José Villareal was very much involved in that, in suggesting that if it was going to be a Latino that it was me. José is someone you may want to talk to somewhere along the line. He's of that level of person that although he was not in the government, he easily, absolutely would have been in the White House, political advisor in the White House but he chose not to, and in retrospect, it was a good thing for him. He got a lot accomplished outside of government, but he was with Clinton early on. To the degree that there's a Latino component here, from the beginning he was it.

First of all, we were very careful and very quiet. We met in an office building in Little Rock. While the numbers increasingly looked like he would win, everyone knew this could still turn. An October surprise, something on the international front, the Perot situation. Clinton called me

just before he was going to make a speech in North Carolina on free trade to check signals once again on NAFTA. Because even though he was getting advice from people he respected, like Ann Richards, who was by this point already Governor, telling him that he needed to be there on NAFTA, he said to me, "We can still lose this thing. This issue could just blow up on me. I could lose Michigan, for example, on this question and some of the other blue Midwestern states."

The point I'm making is the mindset was still pretty tentative about the need for a transition committee. But I think old Washington hands were saying—and I mean nonpartisan folks, not just Democrats—it would be irresponsible not to. There are so many things that need to be thought out. If the day after the election you haven't thought about some of these issues, you're going to be behind and you will be irreparably behind on personnel selection, setting up the appropriate transition committees, and so forth. So all of that work started.

Martin: How frequently did you meet?

Cisneros: We probably met six times or so in the period between the first of October and the election.

Martin: These are principals, not your staffer or—

Cisneros: Principals.

Marquez: This could have been very explosive. How did you keep it secret?

Cisneros: Just a handful of people knew about it, and they were people who cared deeply about Bill Clinton.

Martin: What were the main concerns for this early transition team?

Cisneros: Just getting the committees organized by department so that there were people beginning to vet résumés and look at the policy issues in each department.

Martin: Were all departments considered equal or were there certain departments that took more of your time?

Cisneros: They were, I think for the most part, departmental, but some might have been groupings of departments. Then there were concerns about fiscal and budgetary issues that were not departmental, but what are we going to inherit here exactly in terms of the condition of the economy. The summit that we had in December in Little Rock was possible in part because we had a running start up to it during the transition.

Riley: Did you have staff assigned to assist you or to prepare the paperwork and so forth on this?

Cisneros: Yes, there was some staff, but it was not an extensive staff. Everybody was needed on the campaign.

Riley: Right. I guess I'm just trying to get a sense of—

Cisneros: Warren Christopher would be the person to talk to if you haven't already.

Riley: We have and we've got that, but obviously we're interested in your account and recollections. What percentage of your time would you say was devoted to this transition operation?

Cisneros: In October, to the campaign and the transition total?

Riley: Yes.

Cisneros: Sixty percent probably. I was still trying to do some business and live in San Antonio, but I was on the road a lot.

Riley: Okay, and within that 60 percent, what percentage of your time was allocated to doing the work of forward thinking into the transition as opposed to—?

Cisneros: About half and half.

Riley: Did you bring staff with you to work on this?

Cisneros: No, the principals were generally in a decision-making posture, so it was discussion issues, what do we advise on this point?

Riley: Did you educate yourself on—?

Cisneros: Some of it was logistical. There are buildings that have to be leased in Washington to house a transition team. I don't mean a small operation, I mean a multi-story building, multiple floors. This is quite an operation. Hundreds and hundreds of people have to get into a transition.

Riley: How do you find out about this? Are there people who had been through transitions before that you talked with?

Cisneros: Yes. Then there are people who are the permanent Washington establishment, Democratic establishment. They are on the Hill, in committees, at the Brookings Institution and other key places, scholars—

Riley: It had been a long time since there had been a Democratic transition.

Cisneros: Nineteen seventy-six, Carter was in '76 to '80.

Riley: Let's take a break.

[BREAK]

Riley: I want to begin here by asking you some questions about your own upcoming role from the timetable in the administration and your appointment as HUD Secretary. There was a fair amount of discussion in the press accounts that we got in the briefing materials—

Cisneros: Great stuff by the way, I enjoyed—I don't know how you found all that.

Riley: We have a crack team of research assistants that we keep under the gun.

Martin: We'd be great opposition researchers.

Marquez: That's actually very true. [*laughter*]

Martin: That's another conversation.

Riley: Exactly. I'm curious about your own sense of what you were going to do. You said you didn't have any interest—

Cisneros: No, I did not intend to go into the administration. I think that was an honest sentiment. Sometimes we say that and then subconsciously are waiting. But I got in a conversation at the transition committee with Vernon Jordan. He said, "What do you want to do?" I said, "I don't." He said, "Well, you better think about it. Because he's going to ask you and you should."

Riley: You should go in?

Cisneros: Yes.

Riley: Curious from somebody who decided not to go in.

Cisneros: Right. Then I got a call from Warren Christopher who said, "If you were, what would the job be? Your name has been mentioned for Commerce, for United Nations, for Transportation." I said, "I have not thought about it, but let me think. We'll talk in a couple of days." I went home and I thought to myself, *Why did I get involved in this in the first place?* Because a Democratic administration can make a difference. *What do I think are the most pressing problems before the country?* I had been in Los Angeles in the 1992 civil disturbances. In fact, I had spoken with Mayor [Thomas] Bradley the morning after they erupted and flew out there that day at his request. The thought was that the African-American neighborhoods, the gangs in particular, were going to spill over into Latino neighborhoods, Latino gangs would defend their turf, and this was going to be a really ugly situation.

So I went out, went on television, joined up with people like Edward James Olmos, and we walked the streets in Latino communities. By, not the next day, but the day after that, we were beginning to clean up and demonstrate, "It's over, go home, keep the kids home," etc. I was asked by—

Riley: You're recognized at this point in these communities. They know who you are.

Cisneros: Yes. All that accumulated press of all those years and so forth, and Los Angeles in particular. I was a regular on Spanish-language television, which is not an insignificant part of establishing a profile as a Latino.

Riley: That's helpful to know because that's not the kind of stuff that is going to show up—

Cisneros: Right, it flies under the radar for most folks. Then I was asked by the American Society of Newspaper Editors, the president of Hearst called me, he's a former San Antonian, Frank Bennack, to speak to their conference in Washington that summer. I had just come from Los Angeles, so I basically did a speech on the shame of the nation, the cities, how far we'd let them go. It was one of those speeches I just did not—it was one of those rare occasions, I only do this a couple of times a year, where instead of just speaking from notes, I actually wrote out every word of a powerful, angry, but I hope constructive speech. They loved it. Papers across the country ran it in full.

So as I thought about it—and I think Clinton had read that by the way—I said to myself, *If I believe this is the most pressing agenda before the country, then where in the administration do I advance this ball?* Though I would have been greatly interested in the Department of Commerce because of my economic development background, I would have had a lot of fun at Commerce, so I would have really enjoyed that, it is also true that Ron Brown was ahead of me in the pecking order and I think that's what he wanted to do. Although he was also, in his own mind, thinking about Attorney General or State or something of that nature. I don't think those were in the cards. But there was some conversation about that. So he went to Commerce, which was a good place for him.

Through that logic, I came out at HUD being the right place. Terrible department by reputation. Big management problems. As mayor I regarded it as essentially irrelevant. It had nothing to do with anything of significance that I was involved with in San Antonio, we stayed away from it. Now, in retrospect that was a mistake on my part. There's a lot we could have done understanding HUD and being a little less knee-jerk negative. But in that moment of abundant confidence, great sense of possibilities, the sense was, we have a Democratic administration, it's been a long time, don't know how much longer it's going to be.

If you've trained as I have in public service, public administration, doctorate in public administration, you've been the mayor, you believe in these issues, the heart of my being is this nexus of issues related to empowering people with assets so that we can sustain the middle class and build a country in which those who have been outside the economic mainstream can play a constructive role. Not with a handout, but with opportunity. That's the essence of who I am. In terms of process, what I believe, fundamentally again, right at the core, is what I call the two-fisted approach to government. One fist is to grow the economy, create opportunity, new breakthrough industries, creating growth, and the second fist is to use the powers of government to harness that growth for those who have been outside, to create a stepladder that makes it possible for people to advance and really use government intelligently.

So where better to at least consider that agenda than in the urban arena, and that meant HUD. So I said that to Warren Christopher, and he said, "That makes sense." I said it to the President, and he said, "Are you sure? Then let's get it done."

Of course, in retrospect, we know all the issues that arose related to my legal issues from before—they were not legal issues at that point, they were just personal. But I had told the President as well as the people he sent to see me, Webb Hubbell and others, of the personal relationship and entanglement with Linda Medlar and also the fact that I had given her financial assistance. They didn't seem to think that would be an impediment as long as it was there and I was candid about it. If it was hidden it could be used as a source of blackmail or something, but if I described it people would have to accept it for what it was.

Riley: Sure.

Cisneros: So that was a reason perhaps to withdraw, not be available, but the general sense was this should not be disqualifying, you're the right guy to do this, we should proceed.

Riley: You found the President to be understanding of this situation.

Cisneros: Yes, he knew about it.

Martin: Can I back up just for a second here? I find really fascinating your talking about this transition in terms of different Cabinet positions that are available. From a bystander's point of view it seems as though it's very fluid. You could have had Cabinet A, Cabinet B.

Cisneros: I don't know that that's true, but it was discussed.

Martin: Was it talked about in that way?

Cisneros: Yes.

Martin: Do you think that that was the case? Ron Brown wound up in Commerce. You said he was higher on the pecking order. Was that just because of his position within the campaign?

Cisneros: He had been chairman of the party and had been with Clinton early. The African-American constituency had a higher call than Latinos in the Democratic Party, all that.

Martin: So just because these things are talked about doesn't necessarily mean you could have had your pick.

Cisneros: I don't know that that was true although I suspect if I'd said Transportation, I would have had Transportation because it wasn't filled until the last day, and there's a story there. I don't know that United Nations was ever in the cards. I did have some international background but that probably would have been a stretch, to name a former mayor to the United Nations post without more extensive—I had been on the Kissinger Commission, had extensive relationships with Mexico, had done some international travel in Japan and Europe, but you could hardly call

me someone prepared to go into an international role, although Bill Richardson later did. He had some credentials, the global negotiating that he did for hostages. And trained, he also had a degree from Tufts in international diplomacy.

Riley: Your name was also kicked around for the Senate seat.

Cisneros: It was and I noticed that one of the articles in here got it wrong or maybe it was—I think it was your summary—that I *asked* to be considered. I did not. When Senator Bentsen told me that Clinton had asked him to consider Treasury and that he was considering it, he called me to say, "You're the logical person." I was flabbergasted because we'd never had that kind of relationship. It had always been a little cool dating from that 1982 situation I described earlier. But he called, affirmatively to say, "You're certainly the lead person."

Then Ann Richards asked me to come in and talk to her about it. But I think in that situation, the fact of the relationship, which had been much more public in Texas, and my forthcoming acknowledgment to her that I had assisted Linda financially, raised enough questions that she wasn't sure she wanted to go down that road and how that would play in an election, because you have to have a special election in due course. So I'm not sure that that would have occurred, though we did have an extensive conversation about it.

In any event, I concluded that I'd rather spend my time trying to make the kind of difference that I could as a Cabinet officer and told her I did not want to be considered.

Riley: The legal disputes that come up later relate to questions about the amount of support that you provided.

Cisneros: Right.

Riley: I need to ask you about that issue, the discussions that you had and—

Cisneros: I had a relationship with a woman named Linda Medlar, and it became public. Though I was in a great quandary as to what to do personally, the combination of obligations to my family, particularly a son who was born with a heart defect, led me to conclude that no matter how I felt about her I was not going to be able to leave my family and start a life with her. Though it was exceedingly difficult, especially for her, it sort of went back and forth and went on for some time, a matter of years actually, in the end she understood but she would need financial help.

Her assessment was that a woman is treated differently than a man when something like this goes public. The man basically goes forward with his life and does the best he can, but people hold it against a woman and she's going to have difficulty landing a job and so forth. In fact, she moved to Lubbock, to her mother's community, lived at home with her mother and her daughter, took a position in the Lubbock public schools, and told me that a parent had said, "We don't want a woman of that nature working here." It was an example of the difficulty she had. So she asked me for some financial assistance, I provided it. The demands grew larger and larger—demands, I should say requests—and over time it was very substantial. I was making good money at the

time so it was onerous but not impossible. I helped her and it got to be a substantial amount of money annually. I think in the $50,000 range or so, a couple of thousand, $2500 a month kind of thing and maybe some months when it was Christmastime or something, more than that.

The President knew. The vetting team knew, the transition team knew. The Congressional leaders knew there was some level of support. Where I made a mistake was in not having a good number when I spoke to the FBI [Federal Bureau of Investigation]. I don't know why that was. In retrospect you look back at the fog of war—they came back to the transition team where I was working on an afternoon, on short notice. We sat in like a cleaning room, on cans or something for that interview. So I'm not certain why I didn't acknowledge the whole number, but I think it was basically embarrassment or I'm not sure what.

Riley: This would have been the transition—

Cisneros: Probably December.

Riley: Okay, so you have a position in the transition.

Cisneros: I had the same position in the transition that I'd had all along, but it did require me to do some work in Washington. By this time I think I'd already been pre-designated for HUD, so I'm actually working on HUD business. The HUD part of the transition. The team that's assembling the notebooks and the issue papers and the résumés for each of the 14 Assistant Secretary positions and so forth.

So anyway, that's that. Then two years later or whenever it was, I'm on a fixed income. I've sold private positions in various things including, over time, I sold my position in my company and continued to assist Linda as long as I could with those kinds of assets. But when that was at the point where I could not allocate more and was restricted to my governmental salary, which was not enough to support living in Washington, a daughter at Yale, and her assistance, I basically told her that I couldn't help anymore, and that was unacceptable to her. She started calling to request more and finally communications broke down. That's when she went to one of the evening programs, I forget which one, *Hard Copy* or one of those, with the story that I had not been forthcoming in the total amount. That stimulated the whole legal process.

The white-collar division of the Justice Department recommended against prosecution. The FBI wanted a full-scale prosecution. The Attorney General, in the midst of recriminations about Waco and other issues, decided to accede to the FBI's request and that stimulated the three-judge panel, which selected a special prosecutor, which has been going now for ten years.

Riley: Still going.

Cisneros: And is wrapping up the report at this time. It's probably a matter of days or weeks.

Riley: We get the *Washington Post* in Charlottesville, and of course the editorials there have not been very favorable about how long this has taken, to say the least.

Cisneros: Right, ten years and $22 million, settled with a $10,000 fine and a misdemeanor acknowledgment in '99. The President subsequently added me to the list of people he pardoned. I did not request it, but he felt, and he told me on several occasions, that this was grossly unfair and it was totally a result of attacks on him. I don't agree with that. I made my own mistakes and accept responsibility for them. But the President felt strongly enough about it that without any consultation, the day the pardons were going to be—the list was being put together, I got notification that he'd included me on the list. If I'd objected, I suppose we could have had it removed, but there was no reason to object.

Riley: Do you have any observations from this experience about the question of the place of an independent counsel in our system?

Cisneros: It's not my place really. I'm the wrong person to comment given the circumstances. It's self-serving, no matter what I say. But the Congress has acted to not renew the statute because of its unreasonable nature. People have characterized it as a statute where, in normal jurisprudence you have a crime and you look for the person who perpetrated it. In this situation you have a person in your sights and you keep working until you find a crime. It sort of flips the logic on its head. And when you have unlimited access to prosecutorial and investigative resources, you can string this out for a long time.

Riley: One of the things we routinely ask people who worked with President Clinton, who were with him through his troubles in '98, is about his own sources of personal resilience in getting through that. I want to ask you about your sources of personal resilience. This had to have been an extraordinarily difficult thing to deal with.

Cisneros: Part of my personal attitude on this whole thing I learned from President Clinton. I like to characterize it as the Terminator model. If they don't actually shoot you down in the street, carve you up in pieces, and burn the pieces, then you keep going. In other words, unless you're so totally debilitated that you cannot take another step, your job is to get up the next morning and take that step. So whatever they say, whatever they write, whatever they do legally, if they haven't broken your bones yet, you keep going. That's what I believe about Bill Clinton. You will never keep him on the canvas because if there's one ounce of spirit left that says, "The count is now at seven but I'm on a knee and I'm coming up," he will come up. So I learned some of that.

In addition, I guess there were moments when I thought that perhaps the right thing to do was just to save the embarrassment to the administration, the President, and myself, and resign, but I actually had a moment, working on HUD business, when I literally prayed about this. I think what I heard, or at least what formed in my mind as a result of that prayerful reflection, is that God gave me certain talents, knowledge, insights, positioning, contacts, abilities. Those are God given. I was using it for the people He says are the poorest and the neediest in an honest way. If He wanted me to keep doing that work, then let circumstances play out where I could do the work. If not, then I understand. I've done something so gross here that I shouldn't be allowed to continue. But frankly, circumstances played out in such a way that basically I could do my job. So, for the full four years, from inauguration to inauguration, that's what I did.

My sense was that we were trying to do honest work here. Why would you give me a certain set of talents if you don't want me to use them? So if indeed you want me to use them in the right ways, help me clear the skids enough to do the work. I can put up with the aggravation, the embarrassment, all of the crap, but I want enough space to be able to do this work, and I had that.

Marquez: One last question on this issue. I don't think the public record will have any knowledge really about your interactions with the special prosecutor after the pardon and after 1999 except for the fact that this has gone on quite some time.

Cisneros: I have had no interaction with him.

Marquez: No interaction. So they're off toiling—

Cisneros: They actually went off on a tangent, and it was no longer about me. For a while they thought they could nail the White House and had another major scandal on their hands. Later they, I think, just wanted to write the record of the Clinton-era scandals and so it hasn't been—I have had no interaction with them. They have been working since '99, *after* the settlement or after the misdemeanor plea, on something else, and we'll find out the full implications of what they believe when they publish the report. But there will be no new charges, no new case, no new legal proceedings.

Riley: Let's go back to the opening frame here. During the transition. You get word that you're going to be nominated, that's your preference, the President says, "Are you sure?" and you say yes. I'm assuming that's—

Cisneros: We had a short discussion in Little Rock about his goals for the department.

Riley: Can you tell us about that?

Cisneros: General terms, an affirmation of the President's beliefs about cities and neighborhoods and community development. I told him I wanted to work on homelessness, he concurred. Didn't know a lot about homelessness. From Arkansas, not the same problems as the big cities, but basically authorized me to go full speed in that direction as well as—I told him I had big concerns about public housing. He had some thoughts about things he'd seen in Chicago on visits there. So that was the nature of the conversation. I basically got my marching orders and clarified my own direction.

Riley: Things he had seen in Chicago that he didn't like?

Cisneros: Oh, absolutely, the worst of the Cabrini-Green [Housing Development] situation.

Marquez: I want to ask you a question about the kinds of values and goals you yourself brought to the job. Again, I'm always interested in ethnic advocacy. You mentioned that your interviews on Spanish-language TV were under the radar—

Cisneros: For the general community.

Marquez: Not for me. I remember when you were elected mayor of San Antonio. It was a proud day for me and I was living in Wisconsin. It was very exciting. When I told my family I was going to be here to interview you, they were very excited.

Cisneros: I've been blessed. The Latino community has been very loyal and appreciative of what I've tried to do and I keep trying to do it.

Marquez: Oh, yes, I remember, 140 years since San Antonio had a Mexican mayor. I talk about that in class. The family says hi by the way.

Cisneros: *Gracias*.

Marquez: There's a sense of ownership, I guess that's the feeling I want to project. But you speak a lot about governing from the center, representing the whole. I was wondering to what extent ethnic advocacy entered your thinking as you were formulating your plans for being Secretary of HUD.

Cisneros: Well, ethnic advocacy clearly did but not exclusively Latino. The department had frequently been thought of as the minority slot. [Samuel] Pierce had been Secretary. The first Secretary was the first African-American ever in the Cabinet, [Robert] Weaver. It was clearly thought of as a department that oversaw some of minority America's concerns. So I had to make it clear to the African-American community that a Latino being named was not a diminution of interest in that whole agenda African-Americans had been concerned about.

In many cities, public housing was largely African-American. Certainly in Detroit, Chicago, Cleveland, Newark, Philadelphia, Atlanta, and Baltimore, etc. So I had to give clear signals, therefore naming a known African-American housing advocate Deputy Secretary, Terry Duvernay, and a fair acquisition of positions in the government that would give confidence to the African-American community that they had voices and contacts and so forth in the department.

As far as the Latino community, I ended up naming more Latinos to top positions. Nelson Diaz, a judge out of Philadelphia, Puerto Rican, became general counsel of the department. Aida Alvarez, Puerto Rican from New York, became head of the office that oversees the government-sponsored enterprises, a newly created function. So two Puerto Rican sub-Cabinet positions and many others within the department.

With respect to the Latino community, I recognized a couple of things. One, a lot of Latinos were poorly housed across the country. More live in rapidly growing large cities, though not the traditional places where public housing had been focused. So I put emphasis on renovation of public housing in Los Angeles, San Francisco, Phoenix, El Paso, Denver, Houston, Dallas, San Antonio, Florida cities: Miami, St. Petersburg, Jacksonville, etc., where the Latino population does live in public housing. Redid major, I think it's called King Kennedy in El Paso, for example. Then I created alliances with the Latino organizations, the network of the National Council of La Raza and others that have Latino rural, *colonias* along the border, and other affiliates in cities with grants and assistance to them. Home ownership, counseling, housing

production—those had never been done before. In other words, they'd never had that kind of intimacy because Latinos had never had a place in that department. We did make some major strides in that respect. It was a conscious, thoughtful effort.

We created a special office on the *colonias*, for example, which is this region from Brownsville, Texas, along the Texas border where there were communities built by developers with no running water, no sewers. There's one just east of El Paso. So we put a major emphasis on trying to work with the states to put infrastructure money into the physical conditions and so forth. So, yes, ethnic advocacy was a part of this. I think that in addition to my job, my portfolio, cities and housing, Federico Peña and I were the outreach designees to the Latino community. We both spent time, apart from our jobs, just being available to the Latino organizations and showing them that they had a place, they had lines of communication into the Clinton administration. I spoke to virtually every Latino group in the country during that period at their major conventions. The President went to the National Council of La Raza in Miami, in '94, '95. There was a lot that we did.

Federico and I were responsible for organizing the Latino component of the Presidential campaign in '96, which we did, very active national organization. I think that one was called *Adelante con Clinton*.

Marquez: Did you have a sense that these organizations in turn had a higher level of participation or attempts to access HUD than they had before, versus other—?

Cisneros: Sure. There was a National Hispanic Housing Council. There was a National Council of La Raza. There was LULAC [League of United Latin American Citizens]. I think they all felt they had a place to plug in.

Martin: When you were putting together the people working for you, the Undersecretaries and the like, how much of a tradeoff did you have to do in terms of policy expertise versus political concerns?

Cisneros: I worked hard at finding the best people in the housing field. I am told by others, and I'm still told to this day, many of them business people running big companies, that our team at HUD was the best they'd ever encountered. Nick Retsinas as FHA [Federal Housing Administration] Commissioner has been called the best. Andrew Cuomo did a sufficiently good job of creating the empowerment zones and running our homeless programs that he became Secretary of the department. That's a good example of a person who brought political strength because of the New York Cuomo connection but who had been running homeless programs in New York.

I brought Joe Shuldiner out of public housing, running the New York Public Housing Authority, to run the public housing section at HUD. On our watch, not only did we implement Hope VI, which has completely transformed public housing in many of the worst developments in the country, but we took over entire authorities—Philadelphia, Chicago, New Orleans—and put a Federal officer in charge of them because they were in such bad shape.

Brought a highly controversial lawyer off the board of supervisors in San Francisco, a lesbian, Roberta Achtenberg, to head our Fair Housing operations. Did a fabulous job. More professional and more aggressive, including a Federal action against Vidor, Texas, where the Ku Klux Klan was keeping African-Americans out of the city. We went in with Federal marshals and Texas rangers and basically took over the housing authority and said, "You can't do this where Federal money is involved." So there's just case after case after case where we had the best person on the job.

Riley: How much latitude did you have to make your point?

Cisneros: Total.

Riley: Was that an agreement you had with the President at the outset or—?

Cisneros: No agreement, it was just because I was part of the transition and I was there early. I just brought in the slate early on and I said, "I want to put these people in place." I had everybody in place including Senate confirmations by first of March, middle of February. Some departments didn't get their full complement of people until the summer. In the [George W.] Bush administration there are still some departments with vacancies they can't get filled.

Riley: But a lot of that is because of a need to get central clearance out of the White House Personnel Office.

Cisneros: The Bush White House has been much more stringent about putting in "their people," and Lord almighty, have they put in some people who don't have the qualifications. The FEMA [Federal Emergency Management Agency] situation is an example. But at HUD, I just couldn't believe the qualifications that I read the other day on the new FHA Commissioner. The head of the Federal Housing Administration, the Assistant Secretary for Housing, most important housing job in the country, and his previous credentials are as an assistant to the Governor when he was here and then on the campaign staff he was an advance guy and then in the political office. He's now the head of FHA. We had nothing resembling that.

Riley: So Cuomo was purely your choice and nobody else's?

Cisneros: Cuomo was purely my choice. The President thought it was a good idea. I don't know that he would have thought of it or that it would have occurred to him, but that came about because of my relationship with Mario Cuomo who said to me, soon after I was named, "I know every father tells you his son is the best guy who ever came along, but I've got to tell you, in my case it's true."

I basically took the President my slate, the White House my slate. It was an example of how to do it. They were pleased. The other thing I was going to say is that I cannot recall any instance—and I can say this honestly—in four years, when the White House told me there was some policy position I needed to take for political reasons or some position I needed to fill for political reasons. Did not happen.

I suppose that's part of the virtue of being in one of the so-called second-tier departments. If this was Defense or State or Attorney General or Treasury, you're much closer to the daily concerns of the White House. But those of us in the second tier, Labor, Transportation, Health and Human Services, HUD, got a lot of leeway because there just aren't enough hours in the day to pay attention to all of those things at the White House. I think they assumed we got the right people to do a good job. If they don't create a high-profile incident for us, then let them do their jobs.

Martin: I was going to ask you why you focused on homelessness. While everyone would agree that it's an important issue, it doesn't seem to map onto the New Democrat issues that Clinton pushed.

Cisneros: I actually focused on about four things, but homelessness was one of them. Frankly, for me, it was just unacceptable that we have 800,000 Americans sleeping on the streets on any given night and those 800,000 rotate through homelessness, so over the course of a year it's 3.5 million people. Fastest-growing segment of homeless are women with children. Seventy percent of the homeless have substance abuse problems. Their principal problem is not that they don't have a home, although that's the immediate problem. It's that they can't fend for themselves. They're mentally ill, they're substance abusers, they're disoriented.

It didn't seem to me we could claim success on any other housing front if the most basic housing need for 800,000 people was not being met. How do you claim to be a successful housing official, to advance the cause of housing in America, and then en route to your press conference where you're going to announce some great breakthrough in housing you pass encampments of homeless people? How do you do that? It was really a moral consideration.

Someone told me, "Your first obligation as a Secretary of Housing is to provide housing for those who have none at all." Makes sense. That's why I put the emphasis on homelessness. We also put an emphasis on public housing, and frankly, that's where I think the greatest legacy is. One of the greatest untold stories of the Clinton administration is the transformation of public housing all across the country. The big high rises are virtually all gone and in their place are smaller scale, lower density, re-rationalized land uses. I had the good fortune of being on hand to start that program, but some much smarter people than I out of the New Urbanist movement have picked up the baton. Now what once were these great sinkholes in the middle of cities for every bit of energy, drugs, guns, and shootings—we had a little boy thrown off the roof of a public housing project in Chicago on my watch. Went there that day. Spent the night with residents in public housing in Chicago and Los Angeles and other cities, Philadelphia. So that was a second priority.

Changed the rules in public housing. Made it possible for people of mixed income to live there instead of just concentrations of the very poorest. Worked hard on the deconcentration, creating opportunities for people to live with Section 8 vouchers used in concert with renovation of the sites. So public housing was the second piece.

A third was, we concluded in 1993 or '94 that as the expansion began to pick up we actually had a chance, in concert with the Fed, to create the highest home ownership rate in American history. The previous high had been 66 percent reached in the '60s. We were closing in on that number

and thought we could blow right through it, create an all-time record high home ownership rate, which is now at an unprecedented 69 percent, right this minute. So we pulled together a coalition of about 45 national organizations, the mortgage bankers, the community bankers, the National Association of Home Builders, the National Realtors. We put a task force together that said, "Every one of you must do the maximum within your purview and recommend the aggregate policies that will drive this thing. We're not going to do this by ourselves. It's principally a function of job creation. The economy is strong and interest rates are low." Thank God for Alan Greenspan. Put those two things together, we can make hay while the sun shines and drive the home ownership opportunity and we did. That's a great legacy of this period.

The fourth thing was to focus on the management inadequacies of the department. The principal thing we did there was try to flip the organizational chart upside down. Instead of having a pyramid with the Secretary at the top and then regional and all the rest, I borrowed a page from Pepsi, which has an organizational chart that begins with the driver of the truck who shows up at the store and puts the Pepsi on the shelves. That is the head of the organization because that's the person who meets the public. That's the person who decides whether this product is going to be sold.

So you work back up from that and build the organization chart to figure how we help this person. How do we give this person what they need? How do we put more of them out there, etc.? We tried to rethink the organization that way, giving more power to the regional offices to make decisions. Requiring the ten regions and the 40 offices below them to be in the field asking people, "What do you need? How do we help you? How do we bring you our services?" Those are the four areas of emphasis.

Marquez: I wonder if you could talk a little about the problems you found with HUD and how you think it got to that point and what you tried to do to fix it.

Cisneros: The problems at HUD were among the more publicized in government but certainly not unique to HUD. It's the nature of bureaucracy. One of the things I learned at George Washington University in the 1970s, from a professor named Anthony Downs who is still there, and who has written—he thinks outside the box and very creatively and is constantly looking at issues in a counterintuitive way. One of the things I learned from his book *Inside Bureaucracy* is that bureaucracy takes on a life of its own and distorts information. Suddenly you find people pursuing an entire career for rewards that are internal to the structure, and they completely lose sight of the external goals. What is the fundamental mission here? It's all about the next promotion, or the next seminar, or the meeting they're going to have that day, or the memo they have to write. But it's never, never losing complete sight of how we touch the public.

HUD had, I think for a variety of reasons, a natural tendency of bureaucracy, the fact that there were large amounts of money there to be handed out, and there were hustlers waiting to take it. Some poorly devised policies had become the poster child for a dysfunctional department. And, of course, in 1994, it was targeted by the Newt Gingrich Contract For America crowd for complete elimination, which would have been a mistake.

Riley: We'll come back to that. You realize your audience is delighted to hear that you learned something in a doctoral program that actually had some relevance to your professional accomplishments, so we'll put an exclamation by this in the transcript.

A report came out of the transition period that gets cited in the briefing book on several occasions talking about these very issues. It was very hard hitting on what had to be done in HUD.

Cisneros: A report out of the briefing books?

Riley: No, in the transition period. I think actually Cuomo was credited as being the author of the report, but it was the Clinton transition report on HUD.

Cisneros: Yes.

Riley: Was used as the launching point for a lot of—

Cisneros: Reforms and such.

Riley: Do you recall—

Cisneros: Yes, sure. It was a team of very bright young people. They all came into the department. Jacquie Lawing and Liz [M. Elizabeth] Arky and that team who were the briefers and who assembled the book. It was a very coherent statement of the problem and very helpful. We got off to a running start.

Riley: It's not always evident—

Cisneros: It also brought people like Bruce Katz who now heads the Brookings Center on Urban Affairs, who was this wunderkind up on the Hill, chief staffer to the Democratic committee that included housing. Brought him aboard to be chief of staff of the department. Another example of just this fount of brilliance and energy who helped us guide, set direction, willing to think imaginatively and in nontraditional ways, frustrated with the traditional department. So was fortunate to have a good critical mass of that kind of restless thinking.

Riley: I want to dial back to one other question from the transition period. Did you go to the Little Rock—?

Cisneros: Economic summit? Yes.

Riley: What were your recollections? Did you think it was valuable? Was it a waste of your time?

Cisneros: No, no, no, it was clearly valuable. One, it showed the country that it hadn't been paying attention—but now they had to because he was about to be President—the studious nature of the President. What we came later to recognize as one of his strengths was this listener,

town hall convener model. Second, there were very top people sitting around the table giving their prescriptions, so it aligned the administration with some of the best thinking in the country in a public way. And I think it helped the economic team get an initial sense of where they wanted to go, though the early months were difficult for them because early on there was consideration of a stimulation package, which the Congress eventually did not pass.

Riley: Were your issues on the table at all in Little Rock?

Cisneros: No.

Riley: You've just prefigured my next question, which was about the big sets of decisions that are occurring on the national stage—

Cisneros: The economic front?

Riley: The economic front and the question about whether the stimulus package was going to be the major thrust of the economic package or was it going to be deficit reduction. Did you have a role in those debates?

Cisneros: No, I did not. Those occurred at the level of the President, the Vice President, Senator Bentsen, Bob Rubin, head of the Economic Council, I think [Robert] Reich got an oar in there and maybe Ron Brown got an oar in there, but more for their political instincts. Reich would have liked to have more say and was later quite bitter in the books he wrote about his lack of voice in that.

The stimulus package was obviously a holdover from earlier Democratic thinking, and in some sense we're lucky that it never passed because it forced new thinking that resulted in the deficit reduction strategy, which in retrospect was the greatest success of the Clinton administration. That is to say, it created the conditions in which all of the other successes of the Clinton administration could go forward. The longest expansion in American history, record job formation, record business formation, declines in poverty rates, lowest minority poverty rate since statistics were compiled in the 1960s, actual reduction in the gaps in distribution and income, highest home ownership rate in American history. Social indicators improving, including educational dropout rates, teenage pregnancies. All of that based on general prosperity, which was a result of the deficit reduction strategy, which probably would not have occurred except out of necessity. I was not part of that.

Riley: Were you drawn into the discussions about the implications for deficit reduction?

Cisneros: No.

Riley: Even on the funding for your department?

Cisneros: No. As I said, there are virtues and there are unfortunate dimensions to being one of the outer tier departments. I didn't expect to be part of that. In retrospect, the Housing Secretary might have had an oar because of what housing turned out to be, but it was a lot later that we

discovered housing can carry the economy as it did after 2000. Greenspan acknowledges that when the Bush turndown came, it could have been deep and it could have been long, but the housing sector and low interest rates kept the economy afloat. I don't think we knew that, had no way to know that it could play that role because the housing sector had been much more cyclical and prone to take the economy into recessions in the past. A lot of changes about the nature of the housing production function. Could not have known that in the 1990s.

When you add to that HUD is kind of a second-tier department, headed by a minority office holder, that person likely would not be in the room with the Secretary of Treasury deciding these larger questions.

Riley: Your relationship with the White House staff. Who is it on the staff, as your—?

Cisneros: I had very good relationships with the White House staff. I worked hard at keeping an amiable set of relationships, and I recognized from having been a chief executive as mayor how user friendly you should be if you want to get your issues considered. I didn't leave it to messengers to take things over. I frequently took them over myself and put them in front of the people I needed to talk to. Had a great relationship with virtually everybody on the White House staff. With the Chief of Staff, first Mack McLarty and then [Leon] Panetta. Great relationship with OMB [Office of Management and Budget], Panetta. Great relationship with the Cabinet Secretary, with the schedulers.

I was literally one of the few Cabinet officers who, if we needed the President for something or I was recommending something of a schedule nature, would go over and work it out with her. Sit down and talk to her as opposed to just sending over a demand or something. They liked me, I think.

The political people, [George] Stephanopoulos, Rubin, and [Gene] Sperling in the economic shop, Carol Rasco in the domestic shop, we had dealings with all of them. They were, for me, usually personal. I went over after hours and sat down with them and talked things through. Bruce Lindsey for advice on intimate matters and so forth.

Riley: In the domestic policy shop, most of your contacts were with Carol directly or—

Cisneros: The deepest contacts were with Gene Sperling because so much of what we did had economic dimensions.

Riley: You earlier mentioned NAFTA, which is not something that I think had gotten much attention in the briefing materials.

Cisneros: That was during the campaign.

Riley: You were consulted on the campaign.

Cisneros: I didn't get much involved with it in the administration. Again, it was happening at a different level, Treasury, Commerce maybe. I did get involved in trying to communicate with

members of Congress when we needed the votes. I was at least peripherally involved in the conversation that resulted in the creation of the North American Development Bank because we needed the votes of key southwestern Hispanic Congresspeople who were having a terrible time because they had traditional labor alliances and labor was going to punish them if they supported NAFTA. I'm speaking of Esteban Torres from California, for example. He is the one who first voiced the North American Development Bank as a non-negotiable essential for his vote. Of course, that bank has turned out to be a good thing.

Riley: Your confirmation, you didn't have any trouble?

Cisneros: No, in fact, my predecessor Jack Kemp came and spoke for me, and Phil Gramm of all people. I had no relationship with Phil Gramm to speak of other than from opposite parties, spoke at my confirmation.

Riley: He's also an Aggie, right?

Cisneros: Right. I had no relationship.

Marquez: What brought Phil Gramm around? I would think he'd be the last person in the world to support you.

Cisneros: Yes, I would have thought so too. He was there. And very prescient. He said, "Be careful."

Riley: That can mean a lot of things. I wonder what he meant by that.

Cisneros: But when you're about to become Secretary of HUD and a major Senator from the opposite party says, "Be careful."

Martin: I was thinking this was a good opportunity to talk more generically about your relationship with Congress. In this period you have a very interesting shift, in 1994, the Republican takeover. But it also strikes me that compared to other Cabinet Secretaries, you probably had more dealings with Congress.

Cisneros: I had a lot of dealings with Congress, was up on the Hill several times a week. Took to briefing a lot of the members personally. Democratic side, close to Senator [Paul] Sarbanes, Senator [Barbara] Mikulski, Senator [Donald] Riegle. On the House side, Congressman [Louis] Stokes, Congressman González, those are all Democrats. On the Republican side, those were actually more interesting. I had a working relationship with Senator Connie Mack of Florida, all of these were on key committees, either authorizing or Appropriations Committee. Senator [Alfonse] D'Amato—had a close relationship with D'Amato. Senator [Christopher] Bond of Missouri. I actually visited with him in his home state and responded to an invitation to go to a Kansas City Chiefs game with him, which I enjoyed a great deal. So those were good relationships.

On the House side, I actually had an excellent working relationship, which continues until now, with Congressman Jerry Lewis of California who is now the chief appropriator. Interestingly with Congressman [Enrico] Lazio. He was one of the young Turks in Newt Gingrich's army from Long Island, but cared a lot about housing and understood it in an urban context. So he and I really hit it off. We're buddies. I actually went to his district for him, not campaigning but to open communities and things, sort of a blink and a wink. They were campaign events but they were not campaign events. They were official events.

Then the most unusual relationship was the one that Lazio structured for me with Newt Gingrich. Newt Gingrich, as a matter of principle, would not see members of the Clinton administration, would not see them. But I sat in his office, like this, on housing policy when he was talking about eliminating the department, explaining to him why particular things were needed.

He liked the, "Let's think completely freshly here about what we can do." He was a hot, fast-moving, brusque-talking guy but he gave me time. So we did have, I think, a very good relationship and it paid off. When the Northridge earthquake happened, it paid off to have a good relationship with Senator [Dianne] Feinstein, for example, Governor [Pete] Wilson, he had been Senator. And so forth. Connie Mack appreciated what we did in Florida. D'Amato—who would have thought I would have had a relationship with D'Amato? But it was a good working relationship. It was the kind of relationship you would expect with D'Amato, close the door, just two guys talking. He tells you about what he needs and you try to help him out.

Martin: In the first two years, when the Democrats are in charge, what are your committee hearings like when you go up to ask for appropriations or—

Cisneros: Well, really good people like Sarbanes and Mikulski and [John] Kerry—it's how I got to know Senator Kerry.

Riley: This is John.

Cisneros: Yes, they were all very helpful. It didn't change that much after '94 except the leaders were different. But, for example, Senator Bond could still be counted on, Republican from Missouri, to lead the way on HUD matters, and he did. They had a good working relationship, he and Sarbanes, for example. So I was blessed.

Riley: You say there wasn't much of a difference—we're skipping forward a little bit.

Cisneros: On policy.

Riley: But that comes as a bit of a surprise given the fact that you've got—

Cisneros: Wasn't much of a difference in my daily life. I had to fight for the funding, but I had to fight for it before. Because one party—there's a different chair sitting there, but you still have people from both parties there. It may have been a bit more challenging, especially when they were proposing deeper cuts and such.

Riley: They were doing away with—

Cisneros: That was Gingrich. It was hard to argue the merits of some of the policies that we were articulating, homelessness, for example, public housing. They all believed in Hope VI. Part of the thing that worked for me was, unlike some previous transitions, I went out of my way to build on what Jack Kemp had started. Now, Jack's a dear friend, and I didn't believe everything Jack was selling. He was selling, for example, the selling off of public housing assets to the residents. He championed this thing for four years and had one project to show in St. Louis and another one working maybe in Los Angeles. It just wasn't a viable concept. How do you sell the assets to residents who have nothing and expect them to maintain them and sustain them? It had no legs.

That was called Hope I. But there were Hope II, III, IV, V, and Hope VI. So I went out of my way to, instead of denigrating Jack's work and saying they were all wrong, we've got to take out all their people, take out all their ideas, change the names of everything. Okay, Jack's got a platform built here. He made great progress between the Pierce years and the Kemp years on the corruption issues, cleaned up the place in some ways that I would have had to do otherwise. It would have been greatly time consuming and difficult, right? Now let's build from there. Jack appreciated it and I think he passed the word on the Hill, "This guy's okay. Work with him."

I was in Bond's office, in Connie Mack's office. I think when he first met me Connie Mack was a little brusque and intending to treat me as an official from the other administration. We became friends and I was up there all the time.

Martin: On the House side, when you were dealing with Jerry Lewis—

Cisneros: Jerry Lewis was and is a friend. We really work well together.

Martin: When you first started working with them, say 1994, once he took over, because he was ranking before the transition—

Cisneros: Right.

Martin: How free of a hand do you think he had to make policy versus Newt Gingrich pulling the strings from behind?

Cisneros: I think that they felt they owed a bow in Newt Gingrich's direction, but these cardinals were still cardinals—

Martin: At this point.

Cisneros: No, no, they had come up in a system where they watched what it meant to be a subcommittee appropriator, and some of them had been there for 20 years. They'd been treated as Cub Scouts and junior members, and now they had the opportunity to play and they wanted to play in the same way that they had learned and watched Democrats perform. They were not

going to let some newfangled reforms cheat them out of their moment. You had many levels of interplay going on.

Martin: That's very interesting.

Cisneros: Many levels of interplay, but certainly one of them was institutional. Yes, they owed their position to Newt Gingrich and the Contract and the radical young members, but these were all guys who were coming into their own and nobody was going to take away their prerogatives in the organization. So privately they would say, "Look, I'm going to do the best I can for you. I've got to fight this battle, we both know this has to be done now. You do your part, I'll do my part." And, by the way, they wanted things for their districts, which is the reward of being promoted to a ranking position.

Marquez: Could you talk a little about your relationship with Henry B. González?

Cisneros: That's an interesting question because it goes back a long way. I grew up in a household where Henry B. González was an icon. He was a fighter on the city council. He made history in that gubernatorial race, Senate race, became Congressman. A paragon of honesty, integrity, constituency service, man of the people, populist, fiery. The legends about Henry González and the way he conducted himself. He was on the Banking Committee and some banking group came to see him and made the suggestion they could help him, suggesting a fundraiser or something. He said, "I'm sorry, this conversation is over. There's nothing more I have to say. Please leave." That's just the kind of person he was.

He was also known for, in the context of those divisions I was describing earlier, being very careful where his opponent would come from, and it would probably come from that radicalized left. There was a highly publicized incident here in the late '60s or early '70s where he was attacked on the stage by a group of radicals who were pressing up to the stage, and as one of them tried to come up on the stage his assistant punched the guy out. Henry B. was not above physical fighting if necessary. He punched a guy out in a restaurant here. The guy called him a Communist. He went over to the table and he said, "Did you say what I think you said?" The guy said, "I didn't say anything." He said, "Yes, you did. Stand up and confront me like a man." When he did, this 70-year-old Congressman punched the guy out.

Marquez: Henry was a boxer.

Cisneros: Yes, Golden Gloves boxer.

Riley: No kidding.

Cisneros: So he was the top dog in town, without question. You grow up in that environment, under a Congressman—and Congress was about the highest political job I could imagine, because he was the top of the pyramid. We had a cordial relationship, but I made some mistakes when I was on the city council and mayor on matters— When I say mistakes, I mean I called them the way I saw them. It would not have been the same call he would have made. For

example, he opposed the building of the domed stadium because it involved a half-cent sales tax and he thought sales taxes were regressive.

But as mayor you have a different agenda and I won it. I won the fight. Not with him, because I stayed away from fights with him. I never, ever criticized him. In fact, I sent him a letter when I first went on the city council, which some people say was the dumbest thing I ever did and others say was the smartest thing I ever did. I sent him a letter saying, "I just want to serve on the city council and do my job in municipal government. Please know now that I will never run against you or align myself with people who oppose you. If you ever have the remotest suspicion that I might be, you are authorized to use this letter publicly." So anyway, he had in his files a letter, a loyalty oath. Some people say it was the smartest thing I ever did because he left me alone, whereas he had torn up many an aspiring potential opponent before me.

When I ran for mayor in '81 it was primarily me against this country club man. A very distinguished gentleman who had punched all the traditional buttons in San Antonio, been chairman of the Chamber of Commerce, head of the Order of the Alamo, all of the traditional Chamber of Commerce things. That was my principal opponent.

But at the last minute, the son of a Latino politician, a man who had run for mayor and not been elected before and who—I think the family thought I had not done enough for him because it was during the period that I was serving with the then-incumbent woman mayor. It would have been difficult to keep my relationship with her and endorse her opponent even though we had family connections for long years. His son, a little older than I am, went to the same high school, got into the race late, [José] San Martin. The thought was we would split the Latino vote and the Anglo would get in, but Henry B. came out and said, "I'm voting for Cisneros" and that ended it. Didn't endorse, didn't appear with me, just a newspaper article that said, "I'm not even involved in this race, but if you ask me how I'm voting, I'm voting for Cisneros." Wow, that was just out of the blue huge. I won that election with 62 percent, my opponent had 30-some odd, and this other guy got 3 percent or something.

So when I went to the Cabinet it was quite a thing to be a Cabinet officer and have as my chief authorizing officer chairman of the committee on what was then called Banking and Currency, became Banking and Financial Services or now has some other name, but that's what he was. And he had the Housing Subcommittee, which he had chaired before, reporting to him. He was very helpful in paving the way. Was it Louis Stokes who was the chief authorizer? I think. Maybe, no, he was the chief appropriator, ranking appropriator later.

In any event, it was very helpful because Henry B. had known all these people for years, they were brothers in arms. He never squired me around, took me around, but people would always ask me, "What does Henry B. think of this?" He was positive in what we were trying to do. He was a very different politician from me in the sense that where I was running in a constituency that was very broad and had to find the middle, he had a Congressional district that was the safest in America. Many, many years he never had an opponent. So he was able to take his stand, sometimes progressive in the traditional liberal way and sometimes not. He stayed with the Vietnam War, for example, until the end because he was loyal to Lyndon Johnson and because

we had a military base that employed 35,000 people. He was attacked from the left. It was not an accustomed place for him to be attacked from.

He opposed the Raza Unida and all that crowd because they were attacking the Democratic Party, he was protecting the Democratic Party. So he wasn't always the most progressive. In later years he was thought of as almost a dinosaur by some, the most leftist and progressive. But nobody was more aligned with the little guy, willing to fight. Didn't he have an impeachment resolution against Reagan? I think he did, at the height of his popularity. So the relationship was that of an acolyte to a mentor, that of almost a son, a political son, but never a son whose father said, "It's your turn" or "I will help you." It was always arm's length and coded. But the family asked me to speak at his funeral—no, actually more than that, to moderate the proceedings at the Catholic mass that was his funeral mass. And I'm very close to his son Charlie who is now the Congressman. We're the same age, we went to high school together.

Marquez: I find that very interesting because the legend has always been that Henry B. found you very threatening, that he never helped you in any way.

Cisneros: He had no reason to feel—he had a letter in his file.

Riley: You weren't afraid he was going to pull that out on Capitol Hill sometime.

Cisneros: There was no reason to. If he had—I'd never violated it.

Marquez: Clearly he had a huge ego and he was always aware of not only those who were directly attacking but those who might overshadow him. I find it interesting that he worked with you directly in Congress when clearly your star had risen above his.

Cisneros: I think at some point he was very secure in his national position. He was chairman of the committee that oversaw all the financial institutions in the United States. Here was this populist, Main Street, advocate of the small-town bank, against the big national holding companies, right? Wright Patman, big name in Texas politics, was a populist, chairman of that committee once upon a time and here is this son of the west side, Mejicano, self-educated in effect, who rises to that position. He didn't have to be jealous of anybody.

Riley: Who on the Hill gave you your biggest headaches? We've talked about the good working relationships you had, but surely there were folks up there that you didn't like to see coming.

Cisneros: Both on the left and the right. There were people who advocated the traditional agenda. For example, while we were trying to make reforms in public housing, like Barney Frank, who came from that direction, and then there were people on the right who weren't ready to put one more dollar into housing.

Riley: When you went to the Hill—

Cisneros: But after '94 there was a whole new cast of characters who had a say, like Congressman [Joseph] Knollenberg who is now—under Jerry Lewis, he's the chief appropriator

for the Housing subcommittee. He's from suburban Detroit, kind of angry at Detroit, very different. But all of a sudden very important, sat there glaring. But now I have a project in Detroit and I'm working with him and find him to be a very responsible person who's got major responsibilities in his cardinal role.

Martin: What was your relationship like at the time with the Black Congressional Caucus?

Cisneros: Good. I had some people I worked with very closely, like Congressman Stokes from Cleveland, Congressman [Floyd] Flake from New York, Congressman [Charles] Rangel whom I campaigned for, Congresswoman [Carrie] Meeks from Florida, people like Maxine Waters whom I worked with in Los Angeles on empowerment zone issues. Chicago, Bobby Rush, worked well with him, good working relationships. All of those I've described were real working relationships. Went to Chicago with Bobby Rush, toured his district. Did that with Maxine in her district, toured the streets, walked the streets with Maxine.

Flake went out to his church in Jamaica Plain, whatever it's called in New York. I stood on the back of a truck campaigning through the streets of New York with Rangel. I worked hard at my relationships, not just with the Congresspeople in the caucus, but with the black community generally, Jesse, Andy Young, Maynard Jackson, the black colleges because HUD had relationships with Hampton [University], for example. Public housing near the university complex in Atlanta. The black mayors, Norm Rice in Seattle, [David] Dinkins in New York.

Martin: In these relationships, would they consult with you on what policies you were pursuing, or were they there to help you get appropriations requests?

Cisneros: Usually projects in their communities, some specific project.

Martin: So it's mostly you helping them in some way?

Cisneros: Yes.

Martin: They had projects in mind and they would come to you.

Cisneros: I would think so although these are sort of seamless. If you're helping, for example, in Cleveland on a project, Louis Stokes is also the chief appropriator. You spend time with him there and he really appreciates it. "Mr. Secretary, I really appreciate your coming here." There are five television cameras that the Secretary helps get for an event and the Congressman is right in the middle of it, and you praise him at a dinner following that. You go back and the next time you're in his office it's sweetness and light.

Martin: How much can you consult with them on policy issues? For example, what's going on internal to HUD. Do they have clear interest in that or are they more—?

Cisneros: Usually I was up there explaining what we were intending to do as opposed to getting ideas for the reformulation because most of them wouldn't have an idea about the internal reformulation, they would just want to make sure that the outcome was what they needed.

Martin: Even the authorizing committees?

Cisneros: Yes. Although someone like Barney Frank would be more detail oriented. As we're working on a rule, for example, to allow mixed income in public housing, the advocates for the old way would probably go to Barney and then you'd have to negotiate with him. He was just aggressive in that way.

Marquez: I wanted to ask you a similar question but with a little different spin, about your relationship to the Hispanic Congressional Caucus. Many of them are perhaps even another generation—

Cisneros: Yes, junior—

Marquez: Ethnic politicians beyond you. What were your observations of them and their approach to politics?

Cisneros: I tried to make sure we did things in their areas but also had a lot of interconnections with them of a social nature and in the context of the *Adelante con Clinton* strategy and at the White House and Hispanic events. So Xavier Becerra and, I don't know whether Hilda Solis came during that period or later, but Xavier was up and [Rubén] Hinojosa from the valley and Solomon Ortiz from Corpus and Frank Tejeda was still there at that point from San Antonio. Friendly, social, seen maybe like an older brother in the family, but each one of them ready to go on in their own right.

Marquez: Did they seem different from the Henry B. Gonzálezes? Was there anything in their style, substance?

Cisneros: They hadn't been in Congress for as long, but most of the Latinos come from districts that allow them to be pretty progressive. You take a Xavier Becerra or a Frank Tejeda or a [Ed López] Pastor from Arizona, they were all tried and true progressives out of that same mold. They would have liked to have been just like Henry B. if they had enough power and time. Then there are others who come from different settings, the Cubans, Ileana Ros-Lehtinen, for example, she was already there. I didn't have as much familiarity with the Puerto Rican dynamic, but there was Nydia Velázquez and José Serrano and so forth. Mixed bag but good, cordial working relationships with all of them. I was in Nydia's district. I was with her announcing a project in New York and similarly with Serrano, worked hard at it.

Martin: There are other departments that have a lot of project work. Did you see yourself as needing to do that more because—?

Cisneros: Part of it was that saving the department required building support after '94, but part of it is just my way. I really benefit from seeing things on the ground and, as I said, we flipped the department upside down so that the real action focus was whether we were making a difference in the field. I wanted to make sure that we were and see for myself and cement it. I just felt I could serve the President best by showing the flag. So had sufficient energy—I visited

over 200 different U.S. cities during my watch, in every one of the 50 states. Native American reservations in Montana, the Dakotas, Eskimo villages outside Nome, north of the Arctic Circle in Alaska. There's not a state I didn't visit or communities or homeless shelters. Spent a cold night in a homeless shelter in Minnesota a few nights before Christmas. That was just my approach to the job.

Riley: I wonder if I could ask you a general question. This takes us away from Capitol Hill and certainly feel free to come back to some of those questions if you like, but this is more about your own operational style within the department itself. You reinvented this department. You cited the Pepsi model. Can you tell us a bit more about how you went about doing the business of reinventing the department from the inside?

Cisneros: Mostly through the directions and delegation and follow-up with the Assistant Secretaries and the ten regions. But we had a must-attend, no excuses, 10:00 Monday morning planning session that went on for about three hours. Had all the Assistant Secretaries in and all the ten regions on the phone, including the West Coast, which was 7:00 for them. That's why we set it at 10:00 so that we could have them on. There we talked through everything. I gave them a lot of latitude, but they always had to check back in and I wasn't that far away because next Monday morning was not that far away.

It was a lesson Hillary Clinton taught me from the time she was on the Wal-Mart board. The Wal-Mart chief executive team meets every Monday and plans the week. It's their view that even if it took the whole day, it's worth using 20 percent of the week to get higher production out of the remaining 80 percent of the week. So we took that block of time and really made sure people had to be there and report on what they were doing and get input from others. That's how we advanced the ball.

Riley: How receptive was the rank-and-file in the department to these kinds of changes? I know that our bureaucracy textbooks tell us bureaucracies are resistant to change. Yet you've got a—

Cisneros: I found the workforce to be receptive. They liked the challenge. I went out of my way—my father was a civil servant in the military here, so I know the GS system. I went out of my way to be respectful, present awards, give homage to the civil service workers who had been treated like drones. I went out of my way to share our goals with them and what we were trying to accomplish. Visited all of the regional offices, all ten, plus 40. Held town hall-type meetings of the workforce when I went to these offices. I took their questions, sometimes they were about policy, sometimes they were about wages, cutbacks, etc., their more intimate personnel matters.

I had a good working relationship with the union. I started a monthly meeting with the union, AFGE [American Federation of Government Employees], so that when we were forced into a downsizing mode we established the ground rules for how that was going to happen together, attrition strategies and so forth. They frequently asked for things I couldn't do, and I did my best to get as far as I could to find the middle ground.

The other thing I had learned when I was mayor was that if you have goals, you need to break those goals down into what you will accomplish in a given week. So every Sunday night when I

was mayor I took my goals for the city, which I carried around in my pocket, and broke them down into how we would advance them that week. Then Monday morning first thing, I'd meet with the city manager and look at the schedule and begin to fill in the holes. "We've been talking about this parks program, let's bring the parks director in on Tuesday afternoon, I've got an opening at 2:00. We've got a police academy we want to set up. Let's make sure that gets on the bond issue. Let's get a report on that on Thursday morning at 10:00, we have an opening there," and make the schedule work for you instead of you work for the schedule. Because there are a lot of people who at the end of the day will say, "You know what? I had an exhausting day and I had eight appointments, but I don't feel like I advanced the ball," and they didn't because they're responding to the incoming instead of using the agenda to accomplish what you want to accomplish.

So, as Secretary, I used the Monday morning meetings to say, "This is what we want to do on this front and, Andrew, try to see me tomorrow afternoon and, Roberta, I would like to visit with you on Wednesday." So they knew we were watching and we were following.

Marquez: So what were you tapping in the bureaucracy here because when you read the text on bureaucracy, it seems that people get caught in a mode and they have no values or goals beyond their own personal lives.

Cisneros: That's the whole point, to give them a sense of involvement, to take junior-level people who have had good ideas and hear them out. Make people feel like they're part of something that's moving, something that's excellent. Whether it was in our research shop where we took people who were biding their time and got them to produce a series of pamphlets on breaking issues in housing and community development. I liked what the Fed did in terms of what they call their Beige Book, which is a monthly or six weeks' report on the condition of the economy. Why shouldn't we be doing that about the housing markets? So we started that. Here were people who were treated as filling a chair and now they had something to do.

Martin: Did you work at all on changing incentive structures or promotion?

Cisneros: Not really, that's pretty well set.

Martin: Those are out of your control.

Cisneros: Did try to take people in the regional offices and put them in the field, people who basically had bureaucratic jobs and tell them, "We need you in the mayor's office. I need you guys to know the name of the mayor and the city council members and the housing officials and the housing nonprofits in Toledo and Des Moines and Laramie, Wyoming. You've never seen it to be your role, but that's your job. Your job is to be our representative in that place. Split it up how you want, but we're going to cover the country at the grassroots level."

Martin: Is that in part a reflection that you as mayor didn't really know what HUD did or they weren't really available?

Cisneros: It wasn't so much a reaction to what I'd experienced as mayor, although I knew it was virtually without a face and useless, but more just doing the maximum we could on our watch to make a difference on the things we believe in. One approach is to sit in Washington and say, "My job is to get the best budget I can and maybe to make some policy decisions by implementing a program." But I never believed that by implementing and declaring it out of Washington there was any necessary connection to the way it works on the ground. That's the significance of flipping the structure to where what matters is where it comes out. What matters is the spigot end of the department.

Riley: You also had a very well established set of goals for the department.

Cisneros: Yes, we did.

Riley: The materials have five of—

Cisneros: Areas.

Riley: Yes, five areas—

Cisneros: I put them on laminated cards and every one of our people had to carry them. So if they ever had any doubt what it is we're about, when they were sitting in the bathroom or sitting on a bus or making a speech. This is what we're about, we're all on the same page.

Riley: It's remarkable, having done dozens of Cabinet interviews and pored through materials, it's very seldom that I encounter a situation where a particular administration's policy in a certain Cabinet area is so well defined. Was that done internally?

Cisneros: I sought a lot of advice. I'm trying to think of his name who wrote the book on the states, *Laboratories of Democracy,* was one of the gurus, one of Gore's gurus.

Riley: [David] Osborne?

Cisneros: Osborne, David Osborne, for renovating government. We had him come in early on. Gore selected us as one of the departments for transformation. Then we had speakers. For example, we had the gurus of the New Urbanist movement [Elizabeth] Plater-Zyberk, Andrés Duany, those folks came in when we were formulating Hope VI to basically say what it was we needed to do.

I went to see Steve Jobs basically to ask him to adopt us basically. We'd pay him but create a partnership between HUD and, was it Apple at that point already? I forget what incarnation he was in right at the time, but Gore is the one who—what I wanted to do was just completely revamp the department. Let's take it, let's jump a generation, and let's make it the first paperless Federal department or some such dramatic reconstitution of the department. That didn't go very far. He didn't understand what I was saying.

Riley: Jobs didn't?

Cisneros: No, he didn't. And he told Gore later. "I'm sorry," he said. "I should have given it more serious thought—but I didn't understand it." What I was saying was, "Let's create a partnership with IBM or Apple Computers." I should have picked Microsoft, but it wasn't as big then. Let's pick a partnership with somebody that has the new paradigm. Thought completely outside the box. Starbucks. That would have been a poor partner for us, but the point is, somebody who has just completely reconceived the whole thing.

Starbucks thinks not about selling coffee but selling a cool experience, that's what they sell. You pay that money. You could easily pay less to another coffee company and get the same product, but you're paying for the mood music and the Internet café and the cool people who are there. The fact that you carry that cup around and people say, "Man, that guy must be successful because he can pay for that." But they've completely—they just started from scratch and redid the paradigm. That's what I was looking for.

Martin: A lot of the programs that you wanted to change, especially in the public housing area, would have required cooperation of specific cities, right? If you want to tear down Cabrini-Green and replace it with low-rise housing, what's the response from the cities?

Cisneros: We had very positive response to those things.

Martin: Across the board? Because I could see it being politically very mixed because middle-class folks don't necessarily want poor people moving in next door.

Cisneros: No, things had gotten so bad in public housing that almost everywhere, everywhere, there was public housing that needed to be replaced. I don't recall a single city that said, "No, we want to fight for our public housing as it is." Not only public housing but some old, subsidized private rentals, the old 236s and such, that were in God-awful shape. Frequently, you go into the police department, look at a map of the city with crime incidents spread on a map or a computer, and you'd say, "What's that concentration up there?" "That's X public housing project or X rental unit." There were drugs, shootings, assaults, carjackings, burglaries.

Marquez: The briefing materials mention just a little about the political opportunity this created for Republicans bent upon cutting HUD. If you tear down public housing that they wouldn't be replaced. Could you—

Cisneros: It's not really the same crowd. I think there was a logic, I never heard it articulated by the Republicans, but there was a fear on the part of the advocates that if you tore down the hard units and replaced them with vouchers, and now people have a voucher that they can take out and get a home, it's easier to eliminate the voucher with the stroke of a pen. Now people are left without any assistance, then it would have been to take out the hard units. There's some validity to the point. But what they miss is that you're substituting a rational argument, an abstract argument for the reality of how people lived. The way they were living was Dante's *Inferno* or worse. People were living in hell. Mothers were being frisked by gang members going into buildings because the gangs controlled the buildings, drug dealing, children being thrown off the roof, just horrible.

Police wouldn't go to the buildings because snipers were on the roofs, and they would shoot at them before they got out of their police cars. They would drive by but not stop, so the gangs were in complete control of the buildings. Drug dealers giving orders from prison to the junior members who were running the buildings. And women and children are supposed to live in these places. Completely unacceptable.

Riley: You mentioned Vice President Gore a few minutes ago. I wonder if you'd tell us a bit more about your working relationship with him, especially on the National Performance Review.

Cisneros: Let me just check something, I know we're going to break for lunch and there's something I heard about a photograph of former mayors they want to take.

Riley: Okay. Let's break.

[BREAK]

Riley: I was asking you about Al Gore. You mentioned Gore in relation to the National Performance Review, and I wanted to get you to elaborate on that and tell us a bit more about your own sense of your working relationship with Gore as Vice President. Then I'll want to go through some of the other Cabinet members in the same vein.

Cisneros: Well, the Vice President selected that as one of his major themes. I thought it was very appropriate, a place where New Democrats could make a difference would be in the structuring of the government. In introducing a new set of demands or accountability for government agencies, transforming the bureaucracy into something else. In those out years a good deal of work had been done with folks like Osborne and others, thinking through how to make organizations responsive. Some Governors had innovated, both Republicans and Democrats, and mayors, Republican and Democrats. There were a lot of ideas out there.

So Gore was a logical person to try to do this. He took it seriously. I visited with him early, and HUD was one of the first places that he came urging the reforms. Some of them were sweeping and more than probably could be done, but a good number of them, I thought, were very practical. He was serious enough that he set up a continuing mechanism to get this done.

He and I had a particularly good relationship. We'd been friends for a lot of years. I'd known him since the '80s. He was a sign-on for me to come into the Cabinet. He was someone who had to agree to that and did. We were of like mind on the need for that kind of reform. Though this is a fairly un-sexy subject and the kind of thing that people could get bored with quickly and the press would not cover very much, he did, I think, a better job than most people imagined. I don't know that we had any headline stories to tout at the end of the period, but a lot of little stories of change and innovation.

Riley: Did you have any piece of that reinventing government initiative outside HUD? Did you consult with him on the broader issues?

Cisneros: No, other than, for example, I was involved in getting the then-comptroller of the state of Texas, John Sharp, to share what was called the Texas Performance Review with Gore, and it became a template for what the national government was trying to do. But I was really focusing on the department.

Riley: Tell us about Cabinet meetings during your time there.

Cisneros: For a long time, and in several administrations, Cabinet meetings had not been used as a principal instrument for governing. That's been well documented in the national studies of the Presidency and the Cabinet. It really doesn't make sense. You have an aggregation of people from across the whole spectrum of the government. It's hard to imagine a subject that would be of such breadth that you would want everybody there. So they served a more ceremonial purpose. Whenever there was a need to brief the government or show the country that the Cabinet was meeting or that there was some national response like the budget or the State of the Union or other things like that, Cabinet meetings would be called.

We had maybe four Cabinet meetings a year, something like that. Certainly not an instrument in which any direct—if a President wanted a setting in which he could make an admonition to the country on a broad subject and the picture was the Cabinet Room with the Cabinet present, then that was a purpose it could be used for.

Riley: Then how often did you see the President?

Cisneros: I saw the President much more often than that because we had a lot of events, particularly when the home ownership things got rolling. I was also included—as were other members of the Cabinet, although not always every event—in many state dinners and ceremonial events, medal presentations and greetings of foreign dignitaries. I was there to watch [Yitzhak] Rabin and the Palestinian shake hands on the South Lawn, those kinds of things.

Then, after '94, I was asked to join a small group that would meet with the President and the Vice President every Wednesday night. It was supposed to start about 8 o'clock, normally didn't get started until later and frequently ran until midnight or beyond. But that was a much more engaged decision-making group. I was called in, I suspect, because of some of the advice I gave after '94 about how to handle the post-'94 period, and also perhaps to bring the Latino perspective and so forth to this smaller group. But it was a group of probably 15 people at the most. It included the Vice President, his Chief of Staff—Panetta at that point—some of the polling folks, Dick Morris, who has since become Hillary's greatest enemy. Then a handful of the White House political advisors and maybe three or four people from the Cabinet.

Our job was essentially to review the overall framework of policy and politics and message, direction and domestic and international. So that was a much more intimate grouping that literally met every Wednesday evening, certainly through all of '96. Decisions were made there about not just policy but also political strategy. For example, the decision to run ads as early as

the spring, while the Republican nomination was yet unsettled, rather than be silent in those big states, proved to be very helpful in the summer and the fall when the President's lead over the eventual nominee, Dole, was so great that it could not be overcome. He had established that lead early by appearing to be a combatant even though he had no Democratic primary opponent in the spring.

That group was involved in polling the questions and making some of the decisions and looking at ads, the political function.

Riley: Did the President himself chair those meetings or—

Cisneros: They were in the residence portion of the White House, a sitting room. The President chaired them but loosely. That is to say, he was there, he led the discussion. Obviously the discussion wouldn't go anywhere he didn't want to go, but everybody had a say, a voice, could speak up. More of a brainstorming session. But by the standards, and the critique against Clinton that meetings tended to wander, these were somewhat more structured because they had a form, discussion of policy issues, some initial polling on some of those policy questions.

So they had some structure and while they went long, it was usually time well spent. I think we all left with the idea that the time had been well spent. Maybe it was just the aura of the place that you felt you were accomplishing something, but I think we generally felt some decisions were being made.

Riley: There was some internal debate about those early ads. I guess in '95 there were some ads run in favor of the President. The question was about fundraising.

Cisneros: Yes, I don't know about that. There was speculation about this Wednesday-evening group, and the *New York Times* ran a story, which I can't imagine how they got because it was a tight group and it was supposed to be silent, but they even had the seating chart, where everybody sat because people tended to sit in the same places, same couch, same chair.

Riley: The article, you're saying, is an accurate portrayal of what happened?

Cisneros: Yes.

Riley: Okay, we'll have to make sure we see that.

Cisneros: Yes, sometime in '96.

Riley: You don't always get references back to the *New York Times* for accuracy.

Cisneros: Accuracy?

Riley: Well, sometimes yes and sometimes no, but if there's anything in particular that's good, we like to make sure we pick it up. What about your relations with other members—

Martin: Can I ask a question about those meetings first?

Riley: Oh, sure.

Martin: From your sense, sitting in on those meetings, who was most persuasive to President Clinton?

Cisneros: It varied. Morris always led the conversation because he had access to the polling information, which is very powerful. This was an area that was sometimes criticized as the period in which we were discussing small government. Because there was no money for really huge initiatives, nobody was suggesting revamping Social Security or anything like that. It was the era of smoking-related initiatives, school uniforms for schools, extra money for teachers, computers in the schools, three strikes and you're out in public housing. All kinds of things that the government could do without a lot of Congressional effort and that would allow the administration to roll them out on short notice and dominate the news cycle. So it would be possible to just roll things out and stay ahead of the news cycle, command the attention. Frankly, a lot of these were liked by the people in the country. It was important to determine what would be the acceptance if we said, "No smoking in this place" or "Small government initiatives."

A lot of the conversation was led by Morris because he had moved himself into a position where he was not only polling, but also the repository of the initiatives. He was in a very key position, because we're constantly looking for good ideas and if you had a good idea, get it in to Morris, he would test it. He was probably more influential than anyone. But the Vice President obviously had a lot of influence—if he thought something was good or bad—and knowledge. He had inside knowledge. Something happening in Israel or something happening in Europe or something that was thrown into the discussion, he would know, he just talked to that head of state that day.

Those are the people who jump out as being "the most influential." Obviously Panetta because he would say, "We just can't do that. I've talked to such-and-such a department head and that would be a nonstarter." Or "I got a call from the national association of such-and-such and they'll oppose us on that."

Riley: Was Mrs. Clinton involved in these meetings?

Cisneros: No.

Riley: Do you recall any instances where you requested Morris to test something for the President?

Cisneros: Sure, public housing-related initiatives generally. This was in the era when Morris was trying to formulate the kind of triangulation strategy, so the initiatives that made us look tougher as managers and look like we were making hard decisions—

[*interruption*]

Riley: I had asked you about Dick Morris and whether you had submitted things for him—

Cisneros: I can't remember the specifics, but things like our rollout of the three strikes and you're out, if you have three crimes in public housing you're out and so is your family, controversial. We had situations that were out of control, mothers who couldn't control their children, all kinds of problems. Three strikes and you are out. That was the kind of thing that resonated with the public, the polling showed, and showed that we were serious about getting control of public housing.

Riley: Some of the material on Morris at the time indicated that he was also very proactive in getting on the telephone and calling White House staff members and people out in the agencies to ask them to do certain things. Do you remember that?

Cisneros: Not to do, to my knowledge, but more to get. More to do exactly what I described, ask what ideas have you got?

Riley: Soliciting ideas.

Cisneros: Then he probably played a role in orchestrating their rollout. So once a decision was made, then your week is May 15 and you've got to be ready and have the paperwork over here by May 1 because we want to vet it and review it and such, but you've got to be ready to ramp up and roll with the President at a site. We're going to do this in Cleveland or we're going to do this in Baltimore. A lot of planning needs to go into that. I think he did play that kind of role.

Riley: We haven't interviewed him.

Cisneros: Good luck, it would be interesting, I'd love to be in the room for that one. I don't think he'd let you.

Riley: By some accounts he is not an easy person to deal with. Do you have any characterization of what it was like to work with Dick Morris?

Cisneros: Obviously very strong willed and very sure of himself. I don't know what happened between him and Hillary since, but he seems to make the single subject of his columns these days how Hillary has to be stopped.

Martin: Let me follow up on those meetings, because there's a lot of speculation about how the polling was used. When Morris would present the polling data, what would he actually say to this meeting? Would he show you specific results or just summarize?

Cisneros: Absolutely, he had overhead slides, old-fashioned overheads, transparencies. If you asked this question about this program, this is what the public thinks. Pretty straightforward stuff. I know there's a lot of critique about the government's use of polling and making decisions based on polling, but it's not as if we're polling whether or not we should stand by Israel or something basic, a basic question of principle. That wasn't it. It's more, if we were to provide funding for public schools to provide uniforms for children, how would that play with the public? Eighty-five percent of the people like it, 15 percent say, "Bad idea." They like it because

it means parents don't have to spend money for clothing. They like it because kids don't compete in school for who's the most fashionable. They like it because it avoids the whole question of pants that are falling off at the hips and girls' midriffs bare. They like it because everybody is the same and it creates a sense of uniformity, and they like it because after school you can tell who the students are and who's not.

Martin: In that same vein, one of the arguments is not that the polling was used to make decisions on whether we should—

Cisneros: You hear that critique all of the time, government by polling and doesn't have the backbone to make a decision, has to test the wind before deciding. That wasn't the use.

Martin: There's another view that the decisions were already made, but the polling was used to figure out how to communicate.

Cisneros: There was some of that, but I could also tell you that there were ten ideas rolled out. And the question is, which of these makes the most sense? Obviously you go with those that give you a higher payoff. To that degree, it would help orchestrate the chronicle of rollouts. Also, what's the logic by which you sell it? I just went through a series of reasons on one example, which was school uniforms, why people like them. Which of these polls best when you roll it out? What's the lead sentence going to be?

Riley: Did you ever have any reason to question his data?

Cisneros: No. There were other pollsters and political people in the room, by the way. [Mark] Penn and—

Riley: Doug Schoen.

Cisneros: And Doug Schoen. Brilliant, brilliant.

Riley: But they were people working with Morris.

Cisneros: Independent shops, independent functions. More directly related to the campaign.

Marquez: Can you recall an instance in which Clinton made a decision based on principle versus what the polls may have been telling him?

Cisneros: Again, the polls that I'm describing, the meetings that I was in, were about what I described earlier as "little government," so there were never big questions of principle involved. It was more the nature of a particular rollout for a small strategy.

Riley: One case in particular that people often point to is the peso crisis. Is that something that you had—?

Cisneros: It didn't come up in this setting.

Riley: But it was a case where the President took a position that was—

Cisneros: Not popular.

Riley: Not popular and was—

Cisneros: That didn't come up in this context. That would have been something at the level of the Secretary of the Treasury and would have been dictated by the circumstances.

Riley: Exactly.

Cisneros: And probably wouldn't have been polled. It probably wouldn't have been polled. That's just a decision. Another that I suspect may have been polled but I'm positive that wasn't the determining outcome was welfare reform. He had a sense of the kind of change he needed to make on welfare reform. If it were polled, changes in welfare probably would poll [inaudible], but I never saw any polling on that and I was involved in those meetings. That was a fairly high profile, important decision that's been well chronicled. Who's the latest book?

Riley: John Harris?

Cisneros: The latest book on *Survivor* [*The Survivor: Bill Clinton in the White House*]. That's one of the instances he describes, and he puts me correctly in the category of one who said, "I think too many people are going to get hurt. We need to modify this or not do it." Along with Donna Shalala, along with Bob Rubin, I think Bob Reich, although I don't think Reich was in the room. And he did it.

Riley: Is there much of a back story to the welfare reform? Can you track us back? Did you have earlier conversations with the President about this?

Cisneros: Yes, but I was not on the front lines of that. That would have been Donna Shalala because it was in her department.

Riley: But—

Cisneros: But we knew that ending welfare as we know it was an important commitment the administration had made. Then he was faced with something more draconian, more difficult by the Congress. So it took it out of the realm of abstraction, what we would like to do, and we were actually responding to a particular initiative. He was either going to veto it and therefore tee up the issue for the Republicans for Gingrich to say, "He's really not about New Democratic government, New Democratic principles," or he was going to do it and seem to be betraying some old Democratic principles. It was a hard dilemma. He wrestled with it a lot. Where I finally came down was, "How many people are going to get hurt? What are we going to do about the folks who are taken off welfare at a set point in time with no recourse, and there are mothers and there are children?" Government is not real good at finding ways to deal with people when these macro programs are cut off. That was my final advice.

Riley: The legal immigrant situation—

Cisneros: That was a small piece of the issue.

Riley: Politically it was an important piece. Were you getting a lot of pressure from—?

Cisneros: No, not pressure, but I was concerned. But he knew that was a problem in this bill and had thought about ways to fix it. The message we put out was, "That is not going to be a problem. We know that's an issue and we've got to solve that." The bigger question was, when time limits are set, what happens to women with children, with no skills at that point? Because that was millions of people.

Martin: How would that have affected your agency? Were you expecting increases in homelessness?

Cisneros: No, I don't think we'd calculated that. I think the greater concern for us was that the principles of welfare reform would someday be applied to housing programs, so there would be time limits placed on Section 8 or time limits placed on duration in public housing. That would be completely new and have to be thought out very carefully.

Riley: This was not an issue that you ever gave any serious consideration to resigning over?

Cisneros: No, as a matter of fact, it's one of the sadder photographs of the administration. We had a meeting at about 10 o'clock. It went to about noon and it was in the Cabinet Room and Donna, Rubin, Panetta, the Vice President, the President, and a host of other people were there. We were each asked to go around the room and give our opinion because the President was going to have to make a decision that day. He seemed to be genuinely undecided. I think in retrospect he was not. This was the final Clinton-style hearing on the subject.

As we went around the room I stated specifically what I did here today: if people are going to be hurt and you don't have a way, then it's not right. It was probably not the best advice, because frankly, he was in a very tough political rock and hard place, but that's just where I came down. The Vice President reserved his opinion for a private discussion, but others, Panetta, said, "You have to sign it"—no, no, I think Panetta was against. Panetta was against.

In any event, they then retired from the Cabinet Room, meeting was over and went into the Oval, just the President, Vice President, and I think it was Panetta. We went back to the department. About 1 o'clock got a call. The President needs you at 2 o'clock in the White House pressroom for his announcement on welfare reform. So here was a wall in the pressroom and there were Panetta, myself, Shalala, those of us who had advised the opposite position, but we were expected to be there and endorse his decision, which was to sign.

So we were against the wall there, and in the *New York Times* photograph the next day it was the most hangdog-looking group you've ever seen. We literally should have been more careful, should have had better poker faces, but we all looked like pictures of defeat.

Riley: You knew by that time—

Cisneros: I think I knew in the car on the way over or something like that. That's just the nature of life in the big city.

Martin: Did you get any explanation?

Cisneros: In retrospect he did the right thing. Time limits came, provisions were made, people are working. I think it was the right call.

Riley: Did the immigration groups—?

Cisneros: Yes, I dealt with the Latino community on the question. And, as I say, there were assurances of ways that we were going to fix that. They were actually going to try to fix that piece of it legislatively.

Riley: And were they comfortable with that or were there concerns?

Cisneros: No, they were not. Neither were the advocates. They thought this was the "bad" Clinton, the other side of Clinton. This ended up being one of the accomplishments of the administration.

Martin: I was just going to raise the question of your understanding at the time of why the press conference was held so late, 2 o'clock in the morning?

Cisneros: No, no, 2 o'clock in the afternoon.

Martin: Oh, I thought you meant—

Cisneros: No, a couple of hours later.

Riley: That would have been a good question though.

Cisneros: That would have been a good reason for looking hangdog, but no, it was the middle of the afternoon.

Riley: A 2 AM press conference might have caught Clinton right at his peak in his daily schedule, wouldn't it? Did you get the 2 o'clock in the morning calls?

Cisneros: No, I've never gotten a 2 o'clock in the morning call, but I've talked to him until late into the evening on other matters.

Riley: I had raised earlier the question about the peso crisis in part because I wondered if you had been consulted at all on that.

Cisneros: No, not much. They knew that I had a Texas position. Earlier I described second tier and first tier. Those were first tier decisions that were made well above the level where I operated. I think that was on Rubin's watch because Bentsen had already left.

Riley: It was. In '94, it was one of the first things he had to do after—early '95, excuse me.

Cisneros: I was going to say, because Bentsen was around a good two years.

Riley: Right after the midterm elections, and there had been an attempt to sell a solution to Congress that Gingrich and others had supported but couldn't bring their troops around on.

Let me phrase the question more broadly because I've hit you with a couple of specific areas without success. You keep talking about there being "A-list" issues, Presidential issues, and then there are certain "B-list," for lack of a better term, issues, many of which you were involved in. Were there instances where you were consulted?

Cisneros: Welfare reform was an example, and that was one of the biggest decisions in the administration. We were called in for that.

Riley: Anything else you can recall from your time there? What I'm trying to do as a political historian is figure out where some of these major areas were that you might have been pulled out of uncharacteristically from HUD to help out—

Cisneros: The best example I can give you of that is being included in that Wednesday night group. I was very honored that he would think enough of my political judgment to bring me into that group, because that group dealt with everything. Literally, the discussion in that room was not just small government and preparing the big agenda for the election, but also something might come up, literally, in Israel, I remember. Or the elections in Israel were pending as I recall, and discussion with [Ehud] Barak was just starting up about a really profound offer to the Palestinians, which was actually advanced and then in the last days of the second term the Palestinians rejected it.

I guess what I'm suggesting to you is, without seeming to be immodest, that I had the great privilege of participating in a role other than my Cabinet role, my HUD role, in some of the big questions before the administration.

Riley: But mostly through the convened sessions.

Cisneros: Yes, and occasional individual meetings with the President, one on one. I had several times when it just worked out that I was at the White House and he'd heard I was there so he asked me to come in. He'd be alone in the Oval and he'd sit at his desk and I sat next to his desk and we just talked. On one occasion it was the day before Thanksgiving, when the place is emptying out. He was going to have Thanksgiving there, I think, and we just talked. It was the most amazing conversation because we were talking about people in the administration who were far closer to him but whom he wanted my thoughts and opinion about, a very wide-ranging

conversation that indicated to me we were a lot closer than certainly the time we spent suggested. Here we are talking about things that I shouldn't be talking about.

Riley: These were people he was trying to get a reading from you about as to whether you felt they were serving him well or—?

Cisneros: Their potential, their role, future positions, that sort of thing.

Riley: I see. My concern wasn't that you were being immodest, but that you may be overly modest and not telling us the full scope of what your portfolio might have included across the board.

Cisneros: I think I've described it about the way it was.

Riley: Let me ask you then, and this is a question I've had on my list so it's not pegged to what you just said, but I'd like to get you, if you would, to march with us down through some of the other Cabinet officers and tell us the extent to which you had any working relationship with them and your observations about what they brought to the table and what the President tended to rely on them about. I don't have the list here in front of me—

Cisneros: I worked well with Bob Reich though I didn't always agree with the policy backdrop he was coming from. I tend to be a bit more centrist about the country as a whole and he brought a Massachusetts perspective.

Close to Dick Riley at Education, we actually worked on some things together, projects together. I was close to—

Riley: Riley is an interesting character.

Cisneros: Good man, great man.

Riley: We interviewed him, and I was surprised. I was expecting a typical southern Governor, somebody who was brought up in Alabama. I was telling them last night, here's a man whose life seems to be policy, at least post—

Cisneros: I think that's true. Close to Donna to some degree. I'm very proud of her, she's done very well.

Riley: Her voice was heard often in the administration or is she someone a bit like Reich who—?

Cisneros: No, her voice was more informed and powerful and influential than Reich, but the difficulty for her was that so many of her issues were so big that they were absorbed by the White House or Hillary or the President himself. So welfare reform, healthcare reform, big issues of that nature—she had plenty to do, believe me, but on those big questions she was one more player where, in another administration, she would have been the lead on those questions. But these were at the core of the administration. A lot of voices.

Close to Federico Peña at Transportation—

Riley: You said there was a story about his appointment that I forgot to ask you about.

Cisneros: Federico and I had offices across the street from each other, so here you had the two Hispanics relegated to that part of Washington, southwest. I had HUD on one side of the street and he had Transportation on the other. Great guy. I really love Federico. I had campaigned for him twice when he was running. The first time for mayor of Denver and then later for reelection. Close races, tough races. He had all-out battles and he won them both. He's a very courageous guy. We remain close today in a lot of different roles.

I was named Secretary of HUD in early December, and Bill Richardson was slated to go to Interior and then ran into opposition. I think that's been documented, so I'm not telling stories out of school. He would have been the second Latino in the Cabinet. They needed to slot in Bruce Babbitt at the last second. Literally, this is like the 22nd or 23rd of December, and the President had promised to have his Cabinet finished by Christmas. So Richardson is out, Babbitt is in. That opens a hole where Babbitt was going to be, which was the Trade office. So now that makes sense for Mickey Kantor who, when the musical chairs had stopped was left out, and he was a major player. So that's taken care of. But there is no second Hispanic, which the President had hoped to do.

So Gore called me and said, "We like Federico Peña for this, but while he has served in the transition oversight group for Transportation, he never envisioned doing it." He was building the airport at the time and so had some credentials. "Can you get him?" So I called Federico, and his office tells me—and, by the way, he and I were in similar businesses. I had an asset management company from '89 to '92, which I've described to you, and he had a similar company called Peña and Associates, doing essentially the same thing, which I had kind of coaxed him into doing after he left the mayor's office. He is now back in the money management field. He's head of a company called Vestar. Have you interviewed him yet?

Riley: No, we have not.

Cisneros: So I called him at his office and he was en route to Brownsville, his hometown, with his wife and children. He was going to stop off in Albuquerque because his wife's parents lived in Albuquerque and I think she had gone that far with the children and he was going to catch up with them. So he would arrive there maybe 8 o'clock Albuquerque time. Called him, found him.

Riley: But there were no cell phones then.

Cisneros: Actually, it was more dramatic than that. I was headed home already and when I got off in Nashville to change planes, I was handed a note: "The President wants to talk to you. Come to the aviation office." My wife was with me. We went to the aviation office and there was Gore on the line to tell me, "You need to reach Federico." I said, "I'm en route to Texas." He said, "I'm sorry to screw up your plans, but we've got to get this settled tonight, because he has to be here tomorrow." He hadn't agreed to do this. In fact, he had said he *didn't* want to serve.

So we found him in Albuquerque and he said, "Oh, my God, absolutely not, I cannot do this. I promised my wife I wouldn't do it. I told my business partners. They just had a board meeting and they made me *pledge* I wouldn't do this because they've got investments in this company and the company goes kaput without me." I said, "The President wants you to do it, the Vice President. You've got to think about this." He said, "We're at the airport. We're boarding for our plane to Brownsville." I said, "Okay, I'm going to stay here in Nashville and I'm going to call you when you get to Brownsville. We're going to talk about this some more. Meantime, you need to call your partners and tell them the world is changing."

So while he was flying to Brownsville from Albuquerque, I stayed on the phone and I started calling friends in Texas to line up an airplane to pick him up and bring him to Little Rock by 8 o'clock the next morning. It's now getting on toward 11 o'clock or midnight in Nashville where I am and he has arrived in Brownsville. Sometime around midnight I said, "Federico, you don't have a choice, you have to do this." He said, "I can't. My partners wouldn't understand." I said, "Get on the phone and call your partners and tell them the world has just shifted, you're going to do this."

He said, "All right, I'll call you back." So he did. I told Gore, "I think it's done, call him, settle it." Gore called. They got it done. We had Tony Sanchez from Laredo National Bank have a plane en route that night, so it would be on hand to fly him to Little Rock for the announcement the next morning. So that's how Federico—

Riley: I guess there weren't elaborate discussions about what his—

Cisneros: No. It was the best thing he could have ever done. I was very proud of him.

Riley: All right. We were working our way through the Cabinet. The situation with Janet Reno must have been difficult because—

Cisneros: Janet and I were close before this recommendation came.

Riley: Tell us about that.

Cisneros: She actually told people that she liked my approach to communities better than any other Cabinet officer. We were completely in sync. She had been district attorney and dealt with a lot of community issues. She was very complimentary. We had a couple of things that we did together, including that case in Vidor where I needed the U.S. marshals.

Riley: Right.

Cisneros: But then I guess, in her view, she had no choice but to side with the FBI on the special prosecutor question.

Riley: That was Louis Freeh at the FBI by that time?

Cisneros: Right.

Riley: Because of the law enforcement dimension, there would have been some natural overlap?

Cisneros: Issues like Vidor and public housing safety, guns and gangs and security questions.

Riley: Did you have much ongoing interaction with Lloyd Bentsen once he went to Treasury?

Cisneros: Senator Bentsen and I were very close because of my being from Texas. I really liked him and his wife, B.A. [Beryl Ann Bentsen]. He's had a stroke—

Riley: We know—

Cisneros: I visited with him at his home in Houston several times.

Riley: We had requested an interview at the earliest stages of the project because we knew his health was bad, and his wife just said that he's not able.

Cisneros: Right, he wouldn't be able to talk to you.

Riley: That's a gap in our knowledge. Anything you can tell us about him is extremely helpful.

Cisneros: He brought tremendous skills and experience and therefore inspired great confidence in the business community and the world community and the capital markets. Very noble gentleman, distinguished gentleman. Kept his own counsel. Had good friends like Governor Chiles in Florida who was a peer. Trusted by all the major power brokers in the country. I just can't say enough about him.

Riley: There is a sense, at least in some of what has been written, that he had some frustrations with the way the White House operated that first—

Cisneros: I think some of that is overblown. Yes, he would have liked a more corporate decision-making style. But this is a man who had served in the Senate, one of the greatest deliberative bodies in the world, so he has some tolerance for debate and people's opinions and so forth. I think that was a little overblown. Also, I got the impression he genuinely liked Clinton and liked some of the people at the White House. I'm certain that he would have, again, found differences with some of the more progressive folks. When Reich or the fellow who was running healthcare—

Riley: Ira Magaziner.

Cisneros: Ira Magaziner. I'm sure he found little common ground with them. But I got the impression that he had—he has sons about Clinton's age. I got the sense that he was having a good time in this post and had some tolerance for the more informal, fun nature of this White House.

Riley: Let me continue through. I'm dominating the questions and I don't like doing that. Was Bill Richardson serving at the time you were serving?

Cisneros: He was in the Congress.

Riley: That's right.

Cisneros: Congressman from New Mexico.

Riley: Right, doesn't come in until later.

Cisneros: I did make the argument to the President that he should be in the second-term Cabinet, and the President asked me to help because Richardson wanted to go to Commerce, I think. The President didn't have a place for him at Commerce because Bill Daley had delivered NAFTA and there was a need to deal with that. So he needed me to persuade Bill to agree to the United Nations. I called him. He said to me, "Are you telling me that he wants me to do the United Nations?" I said, "That's what you need to hear. Yes." "Okay, then tell him I'll do it." So I called the President back, this was one of those late-night calls. I was in New York, December of '96. We got it done. Bill agreed to go to Commerce and he later went to Energy when Federico left about two years into the second term.

Riley: Who are we leaving out?

Cisneros: He really wanted to be in the Cabinet. Babbitt's a wonderful guy, we worked very well. We didn't have a lot of overlap because he was at Interior but I had a lot of respect for him, knew a lot of people in his administration. I enjoyed him a lot as a person.

Mike Espy was at Agriculture. Again, we didn't have a lot of overlap although we had some housing programs and Agriculture runs some housing programs. Then Mike had his own issues that deflected his attention.

Riley: Veterans Affairs? Is there any overlap?

Cisneros: Jesse [Brown] was over there. No overlap really.

Martin: I had a question that has nothing to do with this but is something we missed on the first go-round here. The government shutdown in 1995. Were you talked to or consulted when that strategy was coming down the pike?

Cisneros: That may have been a case where we did have a Cabinet meeting to have everybody on the same page and basically inform us of what was coming. It was an interesting time because not only was the government shut down for lack of funding, but there was a bad storm in Washington as well, so the government was doubly shut down. There was no consultation needed on the bigger strategy. It was fairly obvious what the President needed to do and would do, did do.

Martin: You thought that was a good strategy at the time?

Cisneros: I thought it was the only strategy, though painful from the departmental standpoint.

Martin: Do you remember, from either the Cabinet meeting or talking to other folks in the administration, how they thought the public would respond to this?

Cisneros: I don't think we really had any idea. It's one of those things that you do because it's the only hand you've got to play, and then you're pleasantly surprised when it breaks the way it does. It clearly broke completely in favor of the administration.

Martin: So you could say you just didn't know at the time or whatnot, but it's very curious about how much or how little the White House knew that this was going to break for the Democrats.

Cisneros: Could not know. I don't think that the strategy was predicated on that kind of assessment. You look at your cards, and that's the only play you've got.

Martin: To your knowledge, was any polling done on that question?

Cisneros: Not to my knowledge.

Marquez: I have a question about NAFTA. I was wondering what your role was in selling the program and the treaty and what your thinking was.

Cisneros: Spoke to individual members of Congress, especially the Latino members. Encouraged the discussion about the North American Development Bank. Knew the people who were formulating the idea, a fellow named Raul Ojeda, professor at UCLA [University of California - Los Angeles], was on the ground floor of that, came up with the idea. First person I ever heard it from. Knew that it was Esteban Torres's quid pro quo, essential condition for a vote, conveyed that to the administration, was part and parcel of that conversation.

Marquez: Were you concerned at all that NAFTA might cost a lot of poor people in the U.S. their jobs?

Cisneros: Not really, because, first of all, I had served in the late '80s on a bilateral commission on Central America. Democrats and Republicans from the United States meeting with our counterparts from Mexico, headed by Senator [inaudible] of Mexico. So I had spent a lot of time in Mexico over the years, at many levels, including a meeting tonight with former President [Carlos] Salinas of Mexico, so we maintain a relationship. I've known him since Harvard, since I was at the Kennedy School.

I had a long established relationship with Mexico and was on that bilateral commission, the subject of open trade, something like the North American Free Trade Agreement, it wasn't called that, but bilateral trade regimen, liberalization of trade regimens, was an important piece. So this

was not a new subject to me, not something I found novel. I basically am a believer in free trade. I think the implications for Mexico would be immense.

Living here in south Texas and knowing the borderlands and having been questioned a hundred times over the years about immigration, I had developed a stock analysis, which was a push-pull kind of supply-and-demand analysis. In effect, immigrants come here in part because they are pulled by the jobs on this side, but also because they're pushed by the conditions in Mexico. Unless we're able to eradicate, mollify the differences, the stark contrasts that create that push-pull effect, principally by creating jobs in Mexico, we're never going to have a cessation of the flows. So, by whatever means, economic development, trade liberalization, opening up the financial system where more Mexicans are allowed to work in their own home country, have the conditions in which they can work in their own home country, we're not going to see the cessation of flows that create poverty in this country or that create inhumane conditions, people walking across the desert, dying on the deserts and dying in the backs of trucks and all those kinds of things.

As a believer in free trade, I believe that these things reach equilibrium after a while. I was less concerned about losses of jobs in the United States than getting on with reducing these vast differentials between the United States and Mexico, and I see trade as a way to do that.

I think it has proven out, by the way, to be more positive than negative. It certainly has had some negatives in industrial communities in Ohio or Michigan or some such place that lost jobs, but the net increase, I think, in economic flows, at least from most of the analyses I've seen, has been net positive in the final analysis.

Marquez: One of the issues that was raised and perhaps could be accounted for by the very recent tremendous upsurge in immigration was the fact that U.S. farmers, some of the most efficient, highly capitalized and subsidized farmers in the world, were going to be competing directly with small cooperative farmers in Mexico, small undercapitalized farms, and it was going to push millions of people off the land. Was that raised as an issue? Immigration from rural areas would be a direct impact of NAFTA.

Cisneros: I have not seen the data on that, though I see an awful lot of product coming into this part of the country from Mexico, which suggests that there is a lot of agricultural activity. Whether it's small farms or larger government-related entities, an awful lot of product comes in here from Mexico. Not only does a lot of product come in, but it stimulates battles with the tomato farmers and others in the United States.

Marquez: Last question about NAFTA. I was wondering if you felt any political heat from Latino political organizations. I guess NAFTA was one issue—

Cisneros: NAFTA was a very mixed bag politically because it suggests a new relationship with Mexico. It suggests opening up the Mexican system and a lot of Latino organizations even though they would have tended to be against NAFTA because of the risk that it would cost jobs in the United States and so forth for poor people, saw as a balancing effect, the creation of a whole new relationship with a country that is very important to our community and in which we

have many roots. So there are loyalty questions among our own population. It was a very mixed proposition, as was the recent Central American Free Trade Agreement [CAFTA].

A lot of very progressive Latino organizations, Raul Yzaguirre and the National Council of La Raza, came out for CAFTA even though labor was against it. Again, principally because it creates parity or at least recognition of a mutual stake vis-à-vis Central America, which has never existed.

Riley: We touched on a number of things that were going on outside the direct purview of HUD, and I want to ask you two questions that may or may not be related. The first is about President Clinton's own interest in and commitment to issues that you had responsibility for in HUD. Which ones, if any, did he really gravitate to and accept as Presidential issues?

Cisneros: I think he understood instantly the opportunity presented by the increase in the home ownership rate. I think he also understood what we were trying to do in public housing. And he was supportive of others like homelessness and departmental reform and so forth. But I think the home ownership thing clearly was an opportunity to prove the efficacy of his larger economic plan.

Riley: So that was one he would gladly make a Presidential issue because of how it fit in the larger policy.

Cisneros: Absolutely.

Riley: Let me go back to the list of five, and we don't have to go through all five because I don't think we've got time, but at least take the first one, the main issue you identified when you came in as your primary commitment, and that's homelessness. Could you—

Cisneros: It wasn't the main issue, it was one of—

Riley: One of your five.

Cisneros: But it was clearly a priority.

Riley: You didn't make any distinction among those five—

Cisneros: Couldn't, they're different in character. They all deserve—

Riley: That's helpful, because people looking at this might well assume that those were in some rank order of preference for you. But let's take homelessness because it was the first one on the list or if you prefer to deal with one of the other ones, please do so. I'm trying to get a sense about once you identify that as a priority, if you could walk us through in a narrative way, the four years, the high points of what you were hoping to accomplish on this issue, what the major bills were, the events you organized, the things that are memorable about that.

Cisneros: I think the best case for that is what we did in public housing.

Riley: Okay, let's deal with that then.

Cisneros: I described how we inherited the Hope programs from Kemp. There was a commission in late 1992 called the Commission on Distressed Public Housing, and it was a group of national leaders who described the horrible condition of many high-rise public housing communities. We basically took their report and used it as a template to go forward and configure the new Hope VI program that was authorized by the Congress in late '92.

So I inherited the money and the authority. Now it fell to me to organize the execution. That was clearly one big opportunity and it started very early. My first trip as Secretary in January of '93 was to Atlanta, to the old Techwood Clark Howell housing project, which has now become Centennial Place and a showpiece for what we tried to do.

So one piece of it was getting the team working on writing the Hope VI regulations, understanding the principles that needed to be imbued in it. It ended up being a very dramatic way to approach government because it involved public/private investment—a lot of private investment has gone into these Hope VIs, mixed income as opposed to all of the poor, matching not only physical improvements but also Section 8 deconcentration strategies. Section 8 on steroids, as we called it, where people get help not just with finding a place to live, but also school, help their children get into school and job training and so forth. So that was one track, Hope VI. There was another track, which was dealing with existing public housing. We changed regs. I mentioned earlier the regs on allowing more mixed income families by changing the percentage of median that would be allowed in, so we could get what had existed in the old days in public housing, when there was a real income mix and working families. Working families living in public housing.

I could take you to buildings anywhere in America today or then, where of 400 units in a big high rise, there was not one single working male. It was all single mothers trying to deal with teenage sons in gangs.

Riley: You need those working—

Cisneros: To create the mix. The one place where public housing tended to work in America was New York, and it was because of rent control. Families who got into public housing recognized the value of it and never left it. So you still had working families. The rules had never applied in New York. The new rules had never applied. The rules from the 1970s and early '80s where basically you had to be the very poorest of the poor, the homeless even, to live in public housing.

Riley: My naïve question is about the value of having working families in a block of housing. Is it because—?

Cisneros: It's the example that is set of getting up to go to work every day. The fact that there is a male on the floor, etc. Just the personal incentives associated with getting ready for work and trained for work and prepared and so on. So that was one, the mixed income. There were a lot of

others, a lot of other rules that we changed, three strikes and you're out. Gating of units. Providing funding for the housing authorities to afford policing. Unannounced raids to find guns and drugs. A lot of that. So that went forward on another track.

Then there were issues related to Section 8, which integrates with public housing. In most places, cities have about an equal allocation of Section 8 certificates as they have hard public housing units, and there are a lot of problems in Section 8. There was one for example called "Take One, Take All," which said to a landlord, if you take one tenant with a government subsidy, you are obliged to take *anyone* who shows up with a voucher. What was happening was, since other landlords were saying, "No, we don't want them," whoever said yes got inundated and suddenly a building that could have been a mix of incomes became completely Section 8 and suddenly *it* was a new hot spot for drugs and gangs and so forth.

So we rescinded "Take One, Take All" and put landlords in the posture where they could say, "Yes, I do want to be in the program, but on my terms, limited number of people so I can still manage this building" and so forth and so on. There were a lot of things like that.

Martin: In changing these regulations are you given complete discretion or is the White House consulted?

Cisneros: Informed and always supportive. Supportive, frankly, on a lot of difficult things. In taking over these housing authorities, the mayors, including the mayor of New Orleans, didn't like the idea that their city was being embarrassed and frequently went to the White House. The White House basically said, "Looks bad. Something needs to be done. We support the department."

Anyway, you've got a bunch of initiatives on different tracks that I've tried to describe, all needing to be done and what you need to orchestrate is who is doing it, how you're going to communicate it, what kind of events or what other means will be used to let people know that you're serious.

Riley: You have your own press officer?

Cisneros: Yes. An Assistant Secretary and a whole staff for that. How you're going to work the schedule so you can be physically present in a lot of these places and make the point in the city. I have a picture that I looked at over the weekend. We're doing a project in Chicago now, but the picture they used is when I went to Chicago as HUD Secretary with Mayor [Richard] Daley to announce the takeover. But it's a good photograph that describes the mayor on hand and me and other key officials and so forth.

That gives you a sense of how all these pieces need to be orchestrated. Our staff meetings played a role, deliberations with the Assistant Secretary for Housing played a role. Taking over these housing authorities was a very intricate call. It had many moving parts. We had to find the person to put in the job, and you've got to be able to support him with additional money so he can make a difference. You have to expedite some of the requests. In several cases, I had to commit to a weekly conversation with the mayor. The mayor of Detroit did not want us to take

over the housing authority. He said, "Look, give me a last chance. You commit to me that you will be available every Monday afternoon, and I will make myself available, and together we will bring this housing authority forward. We will pick the right people, we will set in motion the right projects. I'll commit that kind of mayoral level attention to public housing if you will."

Riley: The politics of this is, it looks bad for the mayor if the Feds are coming in and—

Cisneros: Sure. Yes. Some mayors actually handled it as, "I've called the Federal Government in because these guys are so bad." Others, who regarded it as their baby already in their governmental structure, knew that it would make them look bad, so they didn't want the takeover.

Riley: I interrupted your story.

Cisneros: So Mayor [Dennis] Archer in Detroit and I literally were on the phone every Monday for the better part of a year or so while we tried to get that housing authority turned around.

Riley: Did it work?

Cisneros: That's not been one of our greater successes. But that's the level of engagement required of me in that process.

Riley: How often was President Clinton involved in some of these public appearances—?

Cisneros: I don't recall he was involved in any related to public housing because it had some real barnacles on it. The advocates were not happy. They wanted the public housing units kept even though many were vacant, burned out. They had this sense—we have all these homeless people, how can we blow up good housing? Well, it just wasn't good housing. There were high-rise buildings of ten stories with no lights and no air conditioning and elevators that didn't work. Homeless people didn't want to go in them either.

Riley: That's probably a pretty good test. I know there were some questions about empowerment zones—

Marquez: Yes, enterprise zones. Since you raised the issue—

Cisneros: They were empowerment zones on our watch, they were enterprise zones in the British configuration and the Kemp configuration, but they became known as empowerment zones on our watch. They were slightly different.

Marquez: Tell us a little bit about that, where they came from—

Cisneros: That was a new program that again was one of those instances where I was building on the work that went before. We reconfigured it working with Gene Sperling and Rubin, the Domestic Economic Policy Council. We came up with our own variation on what taxes would be exempted and so forth. Then they fell in Cuomo's area, community development and planning,

that part of HUD. I put him to design it and he did a great job. We did the competition, city submitted. It was a little awkward because the Presidential commitment to empowerment zones had stemmed from the Los Angeles riots, but Los Angeles submitted a less than impressive application. So we had six empowerment zones we were going to set up and could not, in good conscience, fund Los Angeles. We ended up, I think it was Cleveland, Chicago. I forget the first round. But it was not Los Angeles and the mayor of Los Angeles was *livid*. This is a program that was set up as a result of—and it made him look awfully bad.

Riley: The mayor at the time was?

Cisneros: [Richard] Riordan. It made him look awfully bad that his city was not selected.

Martin: What was wrong with their proposal?

Cisneros: It was just disorganized, the pieces were not well put together. Can you imagine responding to the newspaper in your own hometown about a program that had its origins because of a situation in your city, and then when it's announced your city is not selected? Big-time problem. I had to talk to Senator Feinstein personally and explain that to her. Not an easy conversation. "You *what*?"

Martin: I think I'm correct, in the briefing books it talks about a commission of some sort that was picking where these empowerment zones were going to be and that you took it over at some point.

Cisneros: No commission, not to my recollection. It was an internal process.

Martin: Some kind of internal committee was responsible for doing the original version of the selection, right? So they don't come up with anything. Then there's a modification, right? There's some kind of modification of the process. I should be more fluent in the details than I am, but some internal money was allocated from the department to identify—

Cisneros: No.

Martin: Am I getting this confused with something else?

Cisneros: That's after the selection. When Los Angeles was not selected, we came up with a different set of initiatives to get Los Angeles on its feet and we created a development bank, from scratch, for Los Angeles, just because we couldn't leave Los Angeles completely bare that way. They were able to make the argument that maybe they came out ahead, even better than the empowerment zones, though in retrospect they let the bank dry up and go away. It doesn't even exist anymore.

[BREAK]

Marquez: I wanted to ask you, related to the empowerment zone concept, when I first heard of this it sounded to me a lot like the notion of corrective capitalism that was employed with community development corporations, like the Mexican-American Unity Council here in town. Was that the same sort of approach?

Cisneros: No, the origins are in the British enterprise zones, which they pioneered in some of the northern industrial cities of England, which focused on relieving areas of the tax burden. So the fundamental notion was to take away the stultifying effect of taxation. They owe more to that logic than anything else. Creating some Hong Kong-style free trade areas but within domestic environments.

Martin: What were the deciding factors in terms of which cities got empowerment zones?

Cisneros: Basically the case they made for how they would use it, what the zone would look like, what resources it had within it, engines of economic development that it might have.

Martin: Were there political questions that came about?

Cisneros: No, otherwise we would have never overruled Los Angeles. The largest state in the country, most important electoral state, needs to be blue, how could you not? But their application was terrible.

Riley: Did the White House call you about that?

Cisneros: Ron Brown did and said, "What in the world?" So we had a meeting at the White House in which Ron was basically making the case, "This cannot stand."

Riley: He was at Commerce at the time, right? In what capacity was he—?

Cisneros: He was just knowledgeable.

Riley: He was there more in capacity as former chair of the party?

Cisneros: The party—and on the edge of the empowerment zone concept because of Commerce's interest in trade and so forth.

Riley: Who would have been in that meeting?

Cisneros: I think the Vice President chaired it, and when I finished he said, "You're right. You're right. How are we going to make it right? Do what you can." So that's when we came up with the bank idea. We also came up with a different concept, a smaller version of empowerment zones that allowed us to do more. Less money but more places. So I think we got another ten or so communities that were—

Riley: I had heard at one point that beyond the question of Los Angeles, there was a question about geographic diversity. The way it was explained to me was that there were a lot of them east of the Mississippi but not many west of the Mississippi. Does that resonate with you?

Cisneros: It wasn't really a factor. It was fundamentally based on the quality of the applications. If we could have gotten Los Angeles there, there was every incentive to get them there.

Riley: Exactly. I didn't explain it clearly. It wasn't a question of the quality of the applications, it was the distribution of the final decision and whether something needed to be done as a political matter to—

Cisneros: None of that came into it.

Riley: Until later, and then Los Angeles.

Cisneros: Right.

Riley: There were a couple of big pieces of this that I wanted to come back to that we haven't asked about. I know these are out of order, but one was the healthcare reform effort. My assumption is that you wouldn't have had any piece of that whatsoever.

Cisneros: No.

Riley: Did you have any observations about how that was done?

Cisneros: I thought, in retrospect, like most people who watched it, that it was just badly flawed from the beginning. Too sweeping and complicated. A kind of an overreach to get everything, as opposed to steps and increments, to work within existing market dynamics. Big problem.

Riley: You're coming out of a Texas community where you haven't been in Washington, and isolated in the way that Washington sometimes can be, at least by early '93. Did you feel the pressure for healthcare reform?

Cisneros: Sure. Everybody knows something needed to be done and still does. I think it's one of the big, pressing problems before our country, and it's a tragedy that we haven't. The minute steps that have been taken simply don't suffice. But when you are from Texas, you have to learn a language of how you articulate concepts in increments, in pieces, and deal with the balancing of political realities. When you have been in business you understand what the market will bear, and some of those notions were violated, I think.

Riley: That was not what Ira Magaziner's history was, his history was rooted in—

Cisneros: The Greenhouse Project in Rhode Island or something like that was his big claim to fame.

Riley: The other thing I wanted to come back to, I guess because I was surprised by your characterization. I want to go back and directly ask you again about the differences that occur after the '94 midterm elections. If I understood you correctly, you said earlier that in your issue areas there really wasn't a great deal of difference in the environment on Capitol Hill with respect to HUD in the Democratic Congress and in the Republican Congress. Is that a fair characterization?

Cisneros: What I meant to say, or did say but perhaps didn't draw out carefully enough, is for my day-to-day schedule, my day-to-day confrontations, my day-to-day interactions with the Congress, things didn't change that much. Obviously, the macro environment changed. They brought the department under fire, suggested eliminating it and so forth. But it's not exactly as if things were easy before that. The department was being criticized. There were issues related to its management practices. There were calls for complete reforms. There was skepticism about the department. Money was tight. There wasn't enough to do key programs. The administration was already beginning to deal with deficit reduction and fiscal, so every department had to bring in its horns.

After '94, the macro environment changed, but the micro environment was much the same. Still had to go up there and fight for the money. Still had to go up and persuade people about specific programs. Now, the players and their positions of importance changed. I was dealing with a different appropriator, on both the House and the Senate sides. But I had been dealing with those same individuals before, not as the lead, but as the ranking. Now positions flipped but not much changed about—what I thought you were asking me was my approach or arguments I would make or time I would spend there or anything like that. The stakes have risen in that if we fail, the department itself may be on the line.

Riley: Exactly. I guess that's what I was trying to get at. I'm glad I came back to the question because I think I might have left a misimpression on the record the way I'd phrased the questions earlier. You had to change gears on a macro level also, right? My sense is that beforehand you were, maybe this is unfair, but you were much more incremental in your approach before the '94 midterms and after the '94 midterms pretty much—

Cisneros: I think that it was not so much changing as accelerating. We had an evolution about where we wanted to get with the department. And this required us to think anew and look at what we might like to do eventually and put it out there as a completed plan for reformation.

Riley: This is an interesting case of a situation where you were headed—

Cisneros: I think we knew the principles of where we wanted to go. Would we have gone there in a different environment? Probably not.

Riley: It's not clear on a lot of other policy areas that that's true. I think one of the interesting things about your case is that in this sense, the new environment allows you to do some things that you were inclined to do already.

Cisneros: I think that's probably true.

Riley: And that's not true of a lot of other departments, I think, where they felt like they were forced into doing some things—

Cisneros: I think that's probably right.

Martin: When you first joined the administration, what was your intent in terms of how long you were going to stay?

Cisneros: Didn't know, didn't have any idea. Would I have liked to have stayed longer? Yes. But the realities of costs associated with having children in college. I had had to divest of all of my businesses and so had really nothing else out there to comply with the regulations. And then the reality that, for better or for worse, I was going to be living with this special prosecutor for some time, and I needed to take that seriously and pay attention to it, all argued for stepping out after four. That's been frequently mischaracterized, in my view at least, and maybe I'm reading it too strictly and with too sensitive an eye. I think even this piece I read yesterday called it "resigned under scandal" or something like that. The President asked me to stay. In fact, there was a discussion about taking another position in the administration, which I did not want to do. The President asked me to be on the transition committee again.

Riley: Right.

Cisneros: And I was on the next transition committee. That was a very helpful process. I enjoyed it a great deal is what I'm saying. We wrestled through the question of new appointees, also people the President might want to have moved along but didn't. Somewhere in here it was characterized that way. The truth of the matter is that the President had me on the transition. There was some conversation that I would be a second term Chief of Staff or in another position.

Had I had it in my head that I was going to stay, I would have asked to stay at HUD because the things we'd started were just beginning to roll. I had a similar experience at HUD to what I had when I was mayor of San Antonio, which is that the first four years of my tenure were about learning where all the buttons and the levers are, and the second four years you're playing all these things almost like a conductor plays an orchestra. You move your hand and you hear the basses and then you raise this hand and the clarinets go up over here and you know exactly how to make this thing work. I'd gotten there faster at HUD than I did as mayor. It took me a full four years to find my sea legs as mayor and then the second four years were when we really, really moved the ball forward. At HUD I think I was operating that way for the last year, even under fire. I wish I knew then what I know now because the whole four years would have been much more productive, but I think we would have really been able to advance the ball in the second Clinton administration.

Now I don't know what that second administration would have been like with everything else that happened and whether we would have had any freedom whatsoever to move the department forward, but when you consider the economy was strong during all that period, what we could have done in the cities and in the public housing sites and with the home ownership rate and for

the homeless with what we knew and the resources we would have had because of the strong economy, it could have been a really good period.

Andrew had a good run, but he spent some time starting over, and we would have been able to just roll on. That was a disappointment. But there was never any question in my mind from probably six months out that the right thing to do would be to call it after four years.

Riley: Did you feel the President had a similar learning curve in his job that you did in yours? Did it take him four years to learn—?

Cisneros: No, it took him a lot less. I think there were just some differences between Washington and the milieu that he worked in in Arkansas that had to be learned and could only be learned on the job. The healthcare thing was an example of it. But I think he's a quick learner and he was operating on all pistons by '96, for sure. I would say probably from the government shutdown forward. I always thought that one turning point for him was the Murrah Building and the attack in Oklahoma City. I saw him get much more sober and serious about what he was dealing with and what he was entrusted with. I saw his demeanor change after that and Ron Brown's death and some of the other hard things that we went through.

Riley: You went down to Oklahoma City, didn't you?

Cisneros: Yes.

Riley: Did you go with the President?

Cisneros: Yes.

Riley: Can you tell us anything about that trip?

Cisneros: My department lost more people than anyone else. We lost 35 of our colleagues, some of whom I had seen just the week before. This was very personal. Then I had to deal with the survivors, went to the hospital. Saw the people who were hurt and the people who were not hurt but were afraid to go back to work and did not want to go back into a Federal building. So it was very personal, very poignant.

Riley: But the President—

Cisneros: Did a magnificent job of relating to the widows and children at the ceremony that day. It was very touching. There are moments when—and I think 9/11 was that for President Bush—you realize this is not about politics and this is not about momentary victories and this is not about your own legacy. It's about the burden you're carrying for the people. I have said in other settings that I thought that was a pretty dramatic turning point for him. So by '95 I think he was operating on all pistons as President of the United States, for everybody. Then '96 the results prove that out in the election. Never a question.

Riley: Looking back on your experience, what are you proudest of?

Cisneros: Well, I'm very proud to have served in the Cabinet of the President of the United States. And I'm very proud to have served in the Cabinet of Bill Clinton, whose second inaugural you see right there, which I helped write. I was not only on the transition committee, but I was brought into a group of about four people who were in charge of producing that.

Riley: Had you done much speechwriting for him before?

Cisneros: He liked my speeches, and I submitted things all the time to the speechwriters, but he asked a group of people, several were speechwriters, but the others were friends, including one of his Rhodes friends—

Riley: Probably Tommy Caplan.

Cisneros: Yes, and another was a writer, a fellow who wrote one of the Martin Luther King books.

Riley: Taylor Branch.

Cisneros: Yes, Taylor Branch was in the room. It was interesting to try to find language. I thought we did a good job. I liked the speech on the whole, though it didn't get reviews as a great Presidential inaugural as we had hoped. By this point they were already panning the bridge to the 21st century similes. But that is another indication of the closeness to the President and a role that was different from just a Cabinet officer.

So I stayed up until 1 o'clock in the morning before the inauguration, working on the speech. He practiced it in the White House theater sometime late that night. Went home. Went to the inauguration, sat on the inauguration stand. The Presidential party, Cabinet, Congressional leaders went up the stairs from the stand into the Capitol to have the traditional lunch, and my wife and I walked off the stand and to a Kentucky Fried Chicken down the street to watch the inaugural parade. It was all over for us. We flew to Los Angeles the next day and started a new life.

Riley: I can't ask another question after that. I think you have just put a bow on the interview. Seriously, is there anything else?

Cisneros: No, I think we've covered a lot of ground, amazing for that amount of time, because that's an awful lot of—

Riley: I think we have too. I'm sitting here almost in stunned silence after the last four or five minutes. We're very appreciative of the time.

Cisneros: I'm sorry that we went through the back and forth, and I hope we didn't disrupt your schedule too badly. This has been a very busy fall. I've had a lot of speaking commitments.

Riley: I want to thank you again for making the time for us. I know that the document we're creating here—

Cisneros: Anything for Bill Clinton is something I would do. As I say, I will always be proud of having served in a Presidential administration. I learned a lot about our country. I thought I knew a lot about America and I did, I was president of the National League of Cities and spoke to 35 municipal leagues across the country and had been to a lot of places, but never carrying the banner of the administration, the U.S. government, in something that I cared about, cities and neighborhoods and housing. It was quite an honor. I owe that to Bill Clinton. He had a lot of faith in me, despite reasons why he could have said, "No, that's too dangerous for me, can we find another person to do this?" Both at the point that he nominated me and later when things started to break he said, "Just hunker down and do your job, I don't want to hear any more about this."

Riley: Well, the sense of devotion to your ideas as well as to your President comes through very clearly in this interview.

Cisneros: Thank you. I also feel like some important things got done. Though I can't personally yet, and it's still early, these things are still playing out in the country, more and more analyses are saying the rise in home ownership was one of the absolutely key things that happened and came out of that period and since, because of how it cemented the later economic momentum for the country. And the public housing has taken whole areas of cities that were just bereft and converted them into magnets for investment. So now we have private commercial development and private housing being invested across the street from what were once these impossible public housing settings. The jury is not completely in on how everybody who lived there before has utilized Section 8 and other devices, but the cities are doing a lot better in a lot of places.

Riley: Again, thank you. I'll tell you one quick story as we're closing. Years ago I was on a plane to California to do the interview with Leon Panetta. I'd had an arduous trip going out there and I read in the briefing materials that when Panetta was in Congress, he went home to his home district every weekend. I thought, *That is the craziest thing I've ever heard of*. So I got out there about 11 o'clock at night, got in the taxi and went out to Monterey—

Cisneros: Been there, I'm on the board of his center—

Riley: Splendid center. The next morning I woke up and the sun was shining and I threw the curtains back and I saw Monterey for the first time in daylight and I thought, *Now I understand why Panetta does this. It's not as crazy as it seemed before*. As prominent as you were in Washington, some people would wonder why you would come back to San Antonio, and I had the same reaction last night as I was looking out over the Alamo. There is a certain—

Cisneros: We're very rooted here. Frankly, the same "rootedness" that saw me through those personal difficulties and made me conclude that the thing I needed to do was to fulfill my responsibilities to my children and my son who was born with a heart defect and family and so forth, the same rootedness is what brought us back here. I loved Los Angeles. Stimulating, gorgeous weather, beautiful topography, the Pacific Ocean, but it wasn't home. I knew that

eventually we would be back, so one ought to come back while one still has motivating power to do something, as opposed to just retiring. My parents are getting older, my wife's parents are getting older. We live back in our old house. Her sister lives across the street, my brother lives in the next house, so we haven't gone very far in the world. San Antonio is home, for better or worse, and frequently it's better.

Riley: We appreciate your inviting us into your home.