

# CLINTON AND WELFARE REFORM

## An Oral History

*Michael Nelson*

A frequent assertion about the presidency of Bill Clinton, one that has congealed into conventional wisdom, is that he signed landmark welfare reform legislation—formally the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—for short-term and crassly political reasons.<sup>1</sup> As the accepted narrative goes, electoral consigliere Dick Morris “told him flatly that a welfare veto would cost him the election” because it “would transform a fifteen-point win into a three-point loss” to Republican presidential nominee Robert J. Dole in the November election.<sup>2</sup>

Buttressing this interpretation is testimony from several Clinton administration officials who wanted the president to forgo political expediency, steel himself in the service of principle, and veto the bill. “Morris was fulminating about the importance of taking welfare off the table before the fall campaign, so Dole couldn’t beat B[ill] over the head with it,” wrote Secretary of Labor Robert Reich, a participant in the July 31, 1996, Cabinet Room meeting at which Clinton heard final arguments about whether to sign. “Dick Morris isn’t in the room but he might as well be. I can hear his staccato-nasal voice: ‘The *suburban swing!*’ The *suburban swing!*’”<sup>3</sup> According to White House chief of staff Leon Panetta, Morris “continued to push Clinton to take away issues that Republicans once owned in order to secure his hold on the center. In 1996, that meant welfare reform.”<sup>4</sup> In political aide George Stephanopoulos’s view, Clinton’s “heart urged a veto, while his head calculated the risk. They were reconciled by his will—a will to win that was barely distinguishable from the conviction that what was best for the poor was for him to be president.”<sup>5</sup> Peter Edelman and Mary Jo Bane, each an assistant

secretary in Clinton's Department of Health and Human Services, resigned from the administration in disagreement with the president's decision. "By signing the bill," Edelman later argued, Clinton "helped (as he saw it) to ensure his own reelection but also helped the Republicans retain control of Congress."<sup>6</sup>

Oral history interviews of administration alumni organized by the University of Virginia's Miller Center as part of the William J. Clinton Presidential History Project offer a different, more nuanced perspective on Clinton and welfare reform.<sup>7</sup> Oral history, like all historical methods, is an imperfect instrument. Memories are fallible, incomplete, and subject to conscious self-aggrandizement and unconscious bias. But as historian Philip Zelikow has argued from long experience serving in and studying government, "In weighing the value of oral histories, consider that there are only two kinds of primary sources about the past. There are the material remnants of what happened—documents, coins, statues. Then there are the preserved recollections of the human observers."<sup>8</sup>

Two advantages that are lacking in "material" sources attend oral history. One is that in contrast to a written document, scholars can ask questions of interviewees, probing deeply for elaboration, clarification, and context and seeking comment on apparent contradictions with the written record or the accounts of others. (In contrast to journalistic treatments of events that are based on unattributed quotations, oral history interviewers place respondents on the record.) Andrew Card, a high-ranking official in several Republican administrations, says that in his experience, oral history sometimes is more accurate than the history recorded in documents. From personal observation, Card offers the example of a foreign leader who, asked by an American president to do something that might cause domestic political difficulties, told the president no for the record while emphatically nodding yes.

The other advantage of oral history is that fewer written records concerning sensitive or important matters are being created, the result of reasonable fears of congressional or judicial subpoenas. "You'll find a lot of memos, but I didn't keep notes," says Donna Shalala, Clinton's secretary of health and human services in her oral history interview. According to national security advisor Anthony Lake, "More and more officials are loath to put anything in writing." Consequently, argues political scientist Russell L. Riley, "The White House operates largely as an oral culture" in which "much of the most important business occurs only in spoken, not written, words."<sup>9</sup> For example, according to the archivist at the Clinton Presidential Library, no formal record of the crucial July 31, 1996, meeting on welfare reform exists, but participants' spoken memories are extensive.

In this chapter, I offer a narrative account of welfare reform comprised mostly of the words of relevant policy-making participants.<sup>10</sup> I draw chiefly on Miller Center oral history interviews but also include other spoken words and written

memoirs (the other form of “preserved recollections,” according to Zelikow), along with occasional connecting material. Two conclusions emerge from this account that complicate the conventional wisdom. First, Clinton’s concern about welfare policy, far from being an artifact of his 1996 reelection campaign, had deep roots in his life and career. Second, although politics mixed with policy in his approach to the subject, Clinton’s most meaningful political considerations were long term, not immediate. Specifically, he wanted to restore the Democratic Party’s competitiveness in presidential elections by removing the long-damaging issue of welfare from the national political agenda.

The welfare system that Bill Clinton worked to reform originated in the Social Security Act of 1935. Called Aid to Dependent Children (later Aid to Families with Dependent Children, or AFDC), it was designed to help widows with children. By the late 1960s, however, the program’s typical client was an unmarried mother with little education and little ability to secure employment that would pay enough to make up for the loss of Medicaid and other benefits that accompanied AFDC. According to the leading scholar of welfare policy, David T. Ellwood, the average person on welfare at any given time had been receiving benefits for the previous ten years.<sup>11</sup> Something approaching a permanent welfare class had developed, which fostered resentment among many taxpayers directed at both welfare recipients and the Democratic Party. As more and more middle- and working-class women with children entered the work force, a program that paid other women to stay home with theirs for an extended period of time became harder to defend. Republican president Richard Nixon and Democratic president Jimmy Carter made serious but unsuccessful efforts to persuade Congress to reform the welfare system.

## Arkansas

As a boy growing up in Arkansas who saw his widowed mother rise before dawn to go to work, Clinton was aware of the dignity of labor. As governor of the state, he became convinced that the welfare system was broken in ways that served everyone poorly.

### *Bill Clinton:*

I had spent enough time talking to welfare recipients and caseworkers in Arkansas to know that the vast majority of them wanted to work and support their families. But they faced formidable barriers, beyond the obvious ones of low skills, lack of work experience, and inability to pay for child care. Many of

the people I met had no cars or access to public transportation. If they took a low-wage job, they would lose food stamps and medical coverage under Medicaid. Finally, many of them just didn't believe they could make it in the world of work and had no idea where to begin.<sup>12</sup>

*Bruce Reed (Deputy Domestic Policy Advisor  
in the Clinton White House):*

What too many didn't realize and too few social scientists had come around to studying was just the deep frustration of people trapped in welfare themselves—that the fault was with the system, not with the people in it. If you're a senator or an HHS [Health and Human Services] Secretary, it's just a lot harder to actually talk to a real person. But if you're a governor in a state, and someone with Clinton's personality—he loved to drive to the Delta, go to the small towns, go to places where they'd never seen a governor before—I think he was able to get a different perspective than a lot of people for whom it was just politics. . . . As he would later say, he probably spent more time in welfare offices than anyone else who'd ever sought the presidency, so he was able to speak about the issue in a way that shared the frustrations of welfare recipients and voters alike.

After his election as governor in 1978, Clinton participated in a Carter administration demonstration project aimed at encouraging people to move from welfare to work by providing support to help them make the transition. Later in the decade, as leader of the National Governors Association, Clinton worked with Congress and the Reagan administration in writing the Family Support Act of 1988, which made modest changes in the system.

*Bill Clinton:*

At one of our governors' meetings in Washington, along with my welfare reform co-chair, Governor Mike Castle of Delaware, I organized a meeting for other governors on welfare reform. I brought two women from Arkansas who had left welfare for work to testify. One . . . was in her mid to late thirties. Her name was Lillie Hardin, and she had recently found work as a cook. I asked her if she thought able-bodied people on welfare should be forced to take jobs if they were available. "I sure do," she answered. "Otherwise we'll just lay around watching the soaps all day." Then I asked Lillie what was the best thing about being off welfare. Without hesitation she replied, "When my boy goes to school and they ask him, 'What does your mama do for a living?' he can give an answer." It was the best argument I've ever heard for welfare reform. After the hearing, the governors treated her like a rock star.<sup>13</sup>

*Bill Clinton:*

I'm not that mad, but it still burns me when people say, "Well, Clinton caved to the people on welfare reform, to the Republicans so, you know—because he wanted to get re-elected." That's just false. Jimmy Carter gave six states a chance to experiment in moving people from welfare to work. I lobbied for my state to be one of them and we were. When Ronald Reagan was president, I was the Democratic governor charged with representing our side in negotiating welfare reform.<sup>14</sup>

*Bruce Reed:*

[Hillary Rodham Clinton] was always, because she'd been chair of the Children's Defense Fund, presumed to be a defender of existing programs. Quite the opposite was true. They had been partners and had come up with the agenda in Arkansas, so she'd seen it work there. . . . [Responsibility] was the most important word in his lexicon. She was also a big believer that where we'd gone astray in our social policies was where we had forgotten to ask something in return.

## Running for President, 1992

As was the case throughout his governorship, Clinton developed his views on major issues in consultation with Hillary Rodham Clinton when preparing to run for president in 1992. He also drew on the experience of fellow governors through the National Governors Association and on the emerging centrist ideas of the Democratic Leadership Council, both of which he led.

*Hillary Rodham Clinton:*

By 1991, when Bill launched his campaign for president, it was clear that the reforms [passed by Congress in 1988] weren't producing much change because the [George H. W. Bush] Administration didn't fund the new programs or aggressively implement them in the states. Bill promised to "end welfare as we know it" and to make the program pro-work and pro-family.<sup>15</sup>

*Bruce Reed:*

In the key paragraph of [Clinton's October 3, 1991, speech declaring his candidacy for president], he announced his intention. He said that, "Government

has a responsibility to provide more opportunity, and people have a responsibility to make the most of it.” It was the first time he’d ever said it quite that way. Those were his words. I’ve always thought that his biggest intellectual, philosophical contribution to the Democratic Party was to restore the link between those two concepts. Almost everything that he did that mattered combined more opportunity and more responsibility. . . .

When the campaign started, we decided that our competitive advantage was that Bill Clinton had more ideas on more subjects and a clearer world view than anyone else, so we set up three speeches for him to give at Georgetown. The first one was the New Covenant speech, where he laid out his social vision and laid out the new bargain of opportunity and responsibility.

### *Bill Clinton:*

To turn America around, we need a new approach founded on our most sacred principles as a nation, with a vision for the future. We need a New Covenant, a solemn agreement between the people and their government, to provide opportunity for everybody, inspire responsibility throughout our society, and restore a sense of community to this great nation. . . .

The New Covenant must be pro-work. That means people who work shouldn’t be poor. In a Clinton Administration, we’ll do everything we can to break the cycle of dependency and help the poor climb out of poverty. First, we need to make work pay by expanding the Earned Income Tax Credit for the working poor. . . .

The New Covenant can break the cycle of welfare. Welfare should be a second chance, not a way of life. In a Clinton Administration, we’re going to put an end to welfare as we know it. I want to erase the stigma of welfare for good by restoring a simple, dignified principle: no one who can work can stay on welfare forever.

We’ll still help people who can’t help themselves, and those who need education and training and child care. But if people can work, they’ll have to do so. We’ll give them all the help they need for up to two years. But after that, if they’re able to work, they’ll have to take a job in the private sector, or start earning their way through community service. That way, we’ll restore the covenant that welfare was first meant to be: to give temporary help to people who’ve fallen on hard times.<sup>16</sup>

### *Bruce Reed:*

The speech did take the political world by storm. Michael Barone wrote that it was the best political speech of the cycle. It set the tone for the rest of the ideas offensive that he went on to do that fall, and it ended up becoming the issue that

defined him as a different kind of Democrat. . . . Welfare was the best example of what Clinton would prove to be a master of, of taking an issue that Republicans had demagogued for years and turning it into an affirmative, political, and substantive agenda for Democrats.

## Fits and Starts, 1993–1996

Clinton was elected president in 1992 by an electoral vote majority of 370 to 168. The Democratic Party retained control of both houses of Congress. Congressional Democrats were much less interested in changing the welfare system than Clinton or congressional Republicans.

### *Bill Clinton:*

[In the 1993 budget negotiations] I insisted that we include in the budget the full \$26.8 billion cost of my campaign proposal to more than double the tax cut for millions of working families with incomes of \$30,000 or less, called the Earned Income Tax Credit (EITC), and for the first time offer a more modest EITC to more than 4 million working poor Americans without dependents. This proposal would ensure that . . . working families with incomes of \$30,000 or less would still receive a meaningful tax cut. On the campaign trail, I had said at virtually every stop, “No one with children who works full-time should live in poverty.” In 1993, there were a lot of people in that situation. After we doubled the EITC, more than four million of them moved out of poverty into the middle class during my presidency.<sup>17</sup>

### *Bruce Reed:*

[In addition to the EITC increase, welfare reform] was such a central issue to the campaign that I didn’t worry about Clinton losing interest in it. I knew that it was a defining issue for him personally and he cared an awful lot about it. I was more worried about what we were going to do about the fact that the only allies we had were the American people and everybody trapped in the welfare system.

Our real problem was that it quickly became apparent to us that nobody in Congress—nobody on the Democratic side, none of the Democratic leaders—wanted us to do a welfare bill. [Speaker of the House Thomas] Foley and [House Majority Leader Richard] Gephardt in particular pleaded with Clinton not to send one. Bob Matsui, who was the head of the subcommittee that would write the welfare bill in the House, told us we were crazy to try to send up a bill, that it would divide the party.

This was an issue where we knew it was going to be a fight and we knew we'd have to work in a bipartisan manner to get it done because we couldn't get there with just Democrats. We also knew that this issue had been the Waterloo of many previous administrations. Welfare reform had been talked about for years, but it had been a disaster for Nixon and for Carter. Reagan had gotten a welfare bill, but it was not very effectual.

*Mickey Kantor (U.S. Trade Representative,  
Secretary of Commerce):*

[During the postelection transition, Clinton] committed to Tom Foley, George Mitchell and Dick Gephardt, at a dinner in Little Rock, that he would not go for welfare reform because they didn't want him to do so.

*William Galston (Deputy Domestic Policy  
Advisor in the Clinton White House):*

There were substantial forces—not only in the permanent bureaucracy but also among the president's own political appointees—who never agreed with him about welfare reform. He really needed to step in early and say, "This is going to happen, and it's not going to be an incremental change in the system. Yes, I want to see options, but the options have to be within a particular range, and there are some things that are not open to discussion. I went around the country for a year telling people we were going to end welfare as we know it. I meant it, and I mean it. Let's do it." . . . The draft legislation wasn't really finished until the summer of 1994, which was much too late. As a result, he totally lost control of the legislative process and was back on his heels on a signature issue.

*Bruce Reed:*

I think we were handicapped by the fact that on welfare reform, as on health care, we had a lot of details to fill in. Time-limited welfare was a brand-new concept that we put on the political scene. It hadn't been on Washington's radar screen. Nobody had a bill to put on the table. . . . Now there was enough resistance in the bureaucracy that it took forever to reach agreement on the most obvious of questions. There were plenty of people at HHS and elsewhere who didn't want to do the whole thing. . . . We sent a bill to Congress on the morning of June 21, [1994,] thirty minutes before the start of summer.

There were other dynamics going on. I think that it's entirely possible that [Secretary of the Treasury] Lloyd Bentsen didn't want to do welfare reform



because he knew Pat Moynihan[, Bentsen's successor as Senate Finance Committee chair] wanted to.

In the November 1994 midterm election, the Republicans won control of both the House and Senate for the first time in forty years. During the campaign, Republican House candidates united behind the Contract with America, a list of promises compiled by GOP leader Newt Gingrich that included welfare reform. In January 1995, Gingrich was elected Speaker of the House.

### *Bruce Reed:*

The White House woke up and realized that the President's interests and congressional Democrats' interests weren't the same. So the day after the election he stopped taking orders from Democrats in Congress. Now they weren't in position to give orders anyway. . . .

Welfare reform was something the Republicans wanted to do. So we had one area in common, one item that was at the top of their agenda and at the top of our agenda. . . .

When the Republicans got around to debating this issue in the House, the first bill they put forward in committee was a block grant to the states with minimal work requirements because the conservative governors wanted control of this problem and they didn't want Washington telling them what to do. Gingrich said, "Fine." We immediately attacked the Republicans for being weak on work and for not having stiff work requirements, and that threw them for a loop. They didn't know what to do because no Democrat had ever accused a Republican of being weak on work before.

Finally in September [1995] we had the Senate debate. We beat back, we stripped out, most of the conservative mandates. We beat them on unwed mothers and on mandatory no additional benefits for additional children and a host of other conservative amendments. We added more money for child care. We got all the things that we had hoped for, and then some. . . .

The Senate debate was winding to a close in late September, the end of the week, but the vote wasn't going to be until the following Tuesday, so we decided to do a radio address endorsing the Senate bill. Despite some consternation at HHS, the president did that. Then the Senate passed it by 87 to 12, overwhelmingly bipartisan, but it wasn't a perfect bill, so we endorsed the Senate bill but said we'd like to see further improvements in conference. So we had a terrible House bill, we had a Senate bill that was good, and we were hoping to get a compromise that was better than the Senate bill, which didn't make much sense to people. We weren't quite sure how we were going to do it, but we thought that we would be in a much stronger position to advocate for the changes we wanted if we were actually for something.

So things were going swimmingly. We were on track to get a bipartisan bill, and then the budget showdown [between the Republican Congress and President Clinton] heated up and subsumed the entire welfare reform debate. Congress decided to have a [budget] reconciliation debate that encompassed the entire federal budget and folded everything else in there. So we were no longer in a position where we were able to have a bipartisan debate, build a bipartisan coalition, because both sides retreated to their respective camps on the budget battle. They passed a budget bill that we opposed that was unacceptable on a thousand different fronts.

Congress voted to include the Republican welfare reform bill in the budget reconciliation act for Fiscal Year 1996.

*Peter Edelman (Assistant Secretary of Health and Human Services for Planning and Evaluation):*

Wendell [Primus, the deputy assistant secretary for human services policy at HHS] worked up a memorandum that says enacting the Republican version with ending the entitlement and having the fixed time limits [for welfare] is going to drive a million kids into poverty. [Secretary] Donna [Shalala] is taking that and personally handing it to Clinton in the White House and saying, "This is what is going to happen if you come out"—as he had not yet—"if you come out and say that you'll take a bill that ends the entitlement and creates an arbitrary time limit, this will be the result. Don't send that signal to Congress that you're willing to sign a bill that does it." Last ditch effort. [Clinton] sends that message. In mid-September 1995, he informally sends word to Congress that he would sign a bill with those features.

My wife writes him an open letter in the *Washington Post*, an op-ed in the *Washington Post* that says, "Mr. President, please don't sign a bill that does those two things," and she quotes the Old Testament, the New Testament, Reinhold Niebuhr, Rabbi [Abraham] Heschel, Martin Luther King, Moses, and Jesus. It was an amazing thing to do—an open letter to the President saying, "Don't sign a bill like that."

*Marian Wright Edelman (President of the Children's Defense Fund):*

An open letter to the president:

It would be a great moral and practical wrong for you to sign any welfare "reform" bill that will push millions of already poor children and families deeper into poverty, as both the Senate and House welfare bills will do. It would be

wrong to destroy the sixty-year-old guaranteed safety net for children, women and poor families as both the Senate and House welfare bills will do.

Both the Senate and House welfare bills are morally and practically indefensible. . . . They are Trojan Horses for massive budget cuts and for imposing an ideological agenda that says that government assistance for the poor and children should be dismantled and cut while government assistance for wealthy individuals and corporations should be maintained and even increased. Do you think the Old Testament prophets Isaiah, Micah and Amos—or Jesus Christ—would support such policies?<sup>18</sup>

*Bruce Reed:*

We shut down the government. The President vetoed the reconciliation bill. Then Leon Panetta was on one of the Sunday shows, was asked about welfare, and said that the welfare bill was so bad that the president would have vetoed it on its own, which we never debated, but the Republicans thought, “What a great idea.” So they passed the welfare bill again, separately, the same portion of the reconciliation bill that we just vetoed, and just for fun sent it down to the President and made him veto it again. . . .

We knew that most of the Republicans, especially [Senate Majority Leader Robert] Dole, who at this point was in the heat of the Republican presidential primaries, didn’t want the president to sign welfare reform. They wanted it as an issue for the ’96 campaign.

*Bill Clinton:*

I vetoed their first two bills because they also wanted to block grant Medicaid and food stamps and I wouldn’t let them do that because I believed, rightly as it turned out, that there would be forces at some point in the future that would be prepared to deny low-income people in the aftermath of a severe recession, nutritional, and medical assistance. So that’s what all those vetoes were about.<sup>19</sup>

*Peter Edelman:*

Then you get in June [1996], the 104 freshmen and sophomore [Republican House] members write this letter to Gingrich in which they say, “You’ve got to decouple the Medicaid and the welfare because we’ve got to send him a bill that he can sign. We can’t get reelected if we don’t show that we’ve done something.” They really hadn’t done very much. Gingrich agrees to that and they decouple it.

*Bruce Reed:*

Eventually in June of '96, House Republicans panicked, and the class that had been elected in the '94 elections realized that they were in danger of facing the electorate without having enacted a single item from the Contract [with America] into law, and that they couldn't afford to go 0 for the 104th Congress, so a group of House Republicans wrote Gingrich a letter saying, "We want welfare reform to become law. Please drop the Medicaid poison pill. Let's send President Clinton a welfare bill and force the question." That broke the log jam. The House passed the bill in July, the Senate did as well.

*Bill Clinton:*

By the time the [final] welfare reform bill passed, we had already given 43 or 44 states waivers to implement welfare-to-work plans. In other words, most of what was in the law was already given to most of the states and most of the people on welfare before the law ever passed. But I did want a law and we needed one.<sup>20</sup>

## Consultation and Decision, 1996

By the end of July, Congress was on the verge of passing a third version of welfare reform legislation. Compared with the first two versions, the bill included more financial support for welfare recipients making the transition to work. Although it preserved the two-year limit for staying on welfare (five years over a lifetime,) it did not convert Medicaid and food stamps to block grants. The bill also included controversial provisions denying welfare even to legal immigrants. On July 31, Clinton met in the Cabinet Room with Vice President Al Gore, a majority of the cabinet, and some key White House staff.

*Bill Clinton:*

We had a meeting and I said, "Look, if anybody ever comes in here and tells me what you think I want to hear, I might as well get rid of all of you and just run this place with a computer. That's a recipe for disaster. No one will ever be dismissed, demoted, sidelined, or silenced for disagreeing with me. Now, when we make a decision, we all need to saddle up and implement it. If you can't do that in good conscience, it's okay. You should resign, but if you do resign, I will not condemn you or let anybody back-stab you. I will applaud you because you might be right, and I might be wrong. But we all—once a decision is made, if you can't implement it in good conscience, you should go." And we had, I don't know, two or three people resign over the welfare reform bill, and I lauded them.<sup>21</sup>

*Bruce Reed:*

It was probably the most remarkable meeting I took part in during the Clinton years because everybody recognized what a hard decision it was for the president and how momentous a decision it would be, so no one wanted to overstate their case, which was unusual. We had a remarkably civilized, respectful debate on an issue where everybody felt very strongly but no one wanted to put their thumb on the scale.

[The meeting included] just key White House staff and most of the domestic Cabinet: Shalala, [Secretary of the Treasury Robert] Rubin, [Housing and Urban Development Secretary Henry] Cisneros, [Secretary of Commerce Mickey] Kantor, [Secretary of Labor Robert] Reich—Panetta was chief of staff by then—[White House staff members] Don Baer, Rahm Emanuel, Stephanopoulos, [Harold] Ickes, Ken Apfel, who was the PAD [Program Associate Director] at OMB [Office of Management and Budget] for these issues, the vice president, and a couple of others.

The meeting started off with Ken Apfel laying out what the [congressional] conference committee had agreed to and the plusses, and on the list of improvements we wanted, what ones we had gotten and what ones we hadn't, then Shalala made the case against the bill, and then the president opened it up for advisors to speak their minds. We went around the table. Most of the cabinet was against it, with the exception of Mickey Kantor.

*Donna Shalala (Secretary of Health and Human Services):*

Everybody thinks that the department was opposed to welfare reform. We weren't at all. We just thought that the bill was a mess, with a lot of immigration stuff we didn't want. Clinton finally decided that politically he couldn't veto it again, even though all of us had recommended he veto it. Because we were improving it every time he was vetoing it. The Republicans were giving in after each veto. . . . But Clinton always cut his deals a little earlier than I would have cut the deals and it was his right.

*John Hilley and Lawrence Stein (White House legislative affairs directors):*

Hilley: [If Clinton had vetoed this version of the bill] the Republicans would have been happy about it.

Stein: They'd have been delighted.

*Robert Rubin (Secretary of the Treasury):*

We all went there and it was a remarkable process. We sat around that table, the Cabinet table, and people expressed their views openly and vigorously. All of us recognized that both substantively and politically it was a very difficult decision. It's a matter of public record, it got out, that I was against the welfare reform program. I felt too many people could fall between the cracks—I still feel that, by the way—but everybody was sensitive to how difficult this was. Nobody sat there and said you have to do this. . . .

I don't know whether he had the meeting because he felt that was how to get a bit of buy-in, or whether he made up his mind beforehand. My guess is he probably pretty much knew what he wanted to do, but if he'd heard something at the meeting that was different from what he had thought of—that he was running it by a meeting to see—two things, one, running it by a meeting to see if something else emerged that he hadn't thought about, and secondly, to have a process that people would buy into.

*John Hilley:*

Clinton had a habit. Whoever he asks the most questions of and sounds the most sympathetic to, that's who he's going to go against. It's all in fairness to the other side. But it was pretty wired up in advance that he needed to sign this.

*Bill Clinton:*

Most advocates for the poor and for legal immigration, and several people in my cabinet, still opposed the bill and wanted me to veto it because it ended the federal guarantee of a fixed monthly benefit to welfare recipients, had a five-year lifetime limit on welfare benefits, cut overall spending on the food stamp program, and denied food stamps and medical care to low-income legal immigrants. I agreed with the last two objections; the hit on legal immigrants was particularly harsh and, I thought, unjustifiable.<sup>22</sup>

*Bruce Reed:*

We probably spent half an hour listening to people's arguments against it, and then the president turned to me and said, "So Bruce, what's the case for the bill?" I told him that the welfare reform elements of the bill were better than we could have hoped for, that it had more money for work, more money for childcare, and we'd gotten every improvement we'd asked for, so that as

a welfare reform bill it was a real achievement. He agreed that it was a good welfare bill wrapped in a “sack of shit,” I think was his phrase.

I said that the child support enforcement provisions alone were worth enacting the bill and that the dire consequences the opponents of the bill predicted really wouldn't happen because the cuts in benefits for legal immigrants were too onerous and would never stand up over time. Congress would have to come back and fix them. Most important, we'd made a promise to the American people that we were going to end welfare as we know it and we'd be hard-pressed to go to them and explain why this bill didn't do that. We shouldn't assume that we'd ever get another chance, that the history of the issue was that it wouldn't come our way again and that we owed it to the country to keep our promise.

The president agreed that this might be his only chance. He said he didn't think a Democratic Congress would have given him a welfare bill he could sign. Harold Ickes had argued against the bill, so I told him the story of how [Franklin D.] Roosevelt had faced this same dilemma when he created the WPA [Works Progress Administration], that [Harry] Hopkins had wanted to make sure that the dole was based on work and that another Harold Ickes had argued the opposite. Of course he wanted to know how that turned out, so I told him that Hopkins had won. The discussion continued from there for a while longer. A few other people chimed in on my side after that—Don Baer, John Hilley, who was the legislative affairs director. Rahm said, “Do what you think is right.” There's no question that Rahm was for it, but it was probably the best evidence that nobody was putting their thumb on the scale when Rahm, who never restrained himself, held himself back. The vice president turned to me a couple of times and whispered a couple of times—I was sitting next to him—asking me questions, and during the course of the meeting asked a number of helpful, leading questions that made me think he was in favor of the bill.

I didn't know where the president was coming out, I didn't know for sure where the vice president was coming out, and they gave no indication whatsoever at the meeting. I think the president didn't want to decide at that meeting. The meeting broke up finally. . . .

He went into the Oval Office and then Panetta came to get me because the President had another question about a memo Shalala had given him. I went into the Oval Office to talk to him, to rebut yet another criticism, and we ended up having the meeting all over again with the president, vice president, Panetta, John Hilley, and me.

The president's sitting at his desk. We're standing around him. He was asking questions, but in essence, Panetta made the case against the bill, I made the case for it. The president agonized, the president desperately tried to get the vice president to help break the tie, and the vice president tried mightily to avoid making the decision, to avoid tipping the balance, but eventually said

he thought that the cuts in benefits to immigrants would have a harsh impact on them and that the president had a responsibility to look out for groups of people who couldn't speak up for themselves. But on balance, the welfare system was so broken and had to be fixed, and this was our chance to do it, and the benefit of the welfare reform outweighed the cuts in immigrant benefits we didn't like. The president agonized some more. . . . The president was happy with the welfare reform provisions but agonizing over whether the benefit of welfare reform was worth the pain of the immigrant cuts.

We spent about half an hour in there with him. Finally he looked up from his desk and said, "Let's do it, I'll sign it," and told me to write the statement. We went down to Don Baer's office, and fortunately we'd written a signing statement instead of a veto statement, so we made a few changes to incorporate what he had said in the Cabinet Room. The president changed into a suit, reviewed the statement, went to the press room, and announced that he would sign the bill.

*Henry Cisneros (Secretary of Housing and Urban Development):*

[After the meeting,] we went back to the department. About 1 o'clock I 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. . . .

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

*Bill Clinton:*

Good afternoon. When I ran for president four years ago, I pledged to end welfare as we know it. I have worked very hard for four years to do just that. Today the Congress will vote on legislation that gives us a chance to live up to that promise: to transform a broken system that traps too many people in a cycle of dependence to one that emphasizes work and independence, to give people on welfare a chance to draw a paycheck, not a welfare check. It gives us a better chance to give those on welfare what we want for all families in America, the opportunity to succeed at home and at work. For those reasons



I will sign it into law. The legislation is, however, far from perfect. There are parts of it that are wrong, and I will address those parts in a moment. But on balance, this bill is a real step forward for our country, our values, and for people who are on welfare.

For fifteen years, I have worked on this problem, as governor and as a president. I've spent time in welfare offices. I have talked to mothers on welfare who desperately want the chance to work and support their families independently. A long time ago I concluded that the current welfare system undermines the basic values of work, responsibility, and family, trapping generation after generation in dependency and hurting the very people it was designed to help.

Today we have an historic opportunity to make welfare what it was meant to be, a second chance, not a way of life. And even though the bill has serious flaws that are unrelated to welfare reform, I believe we have a duty to seize the opportunity it gives us to end welfare as we know it.

Over the past three-and-a-half years, I have done everything in my power as President to promote work and responsibility, working with 41 States to give them 69 welfare reform experiments. . . . I have also worked with members of both parties in Congress to achieve a national welfare reform bill that will make work and responsibility the law of the land. I made my principles for real welfare reform very clear from the beginning. First and foremost, it should be about moving people from welfare to work. It should impose time limits on welfare. It should give people the child care and the health care they need to move from welfare to work without hurting their children. It should crack down on child support enforcement, and it should protect our children.

This legislation meets these principles. It gives us a chance we haven't had before to break the cycle of dependency that has existed for millions and millions of our fellow citizens, exiling them from the world of work that gives structure, meaning, and dignity to most of our lives. . . .

The bipartisan legislation before the Congress today is significantly better than the bills I vetoed. Many of the worst elements I objected to are out of it, and many of the improvements I asked for are included. . . .

However, I want to be very clear. Some parts of this bill still go too far, and I am determined to see that those areas are corrected. . . . I am deeply disappointed that the congressional leadership insisted on attaching to this extraordinarily important bill a provision that will hurt legal immigrants in America, people who work hard for their families, pay taxes, serve in our military.<sup>23</sup>

*Bruce Reed:*

He said that he'd never been so proud of his administration as he was of the way they conducted themselves in that meeting. He felt the same way,

that it was an honest debate where people were respectful of each other's differences. We waited for him in the anteroom next to the press room and he came out and he said, "Sometimes you never know how right something is until you do it." As he was answering questions, he got more and more convinced that he was doing the right thing.

Congress quickly passed the Personal Responsibility and Work Opportunity Reconciliation Act by 328–101 in the House and 78–21 in the Senate. President Clinton signed it into law on August 22. The new, time-limited Temporary Assistance for Needy Families program replaced AFDC as the nation's basic welfare program.

### *Bruce Reed:*

The down side, the price we paid for having Morris as our resident madman was that his presence made everything the president did look expedient, even when it wasn't. So we weren't sorry to see him go because, from my standpoint, the shame of it was that Clinton had laid out this clear philosophy in '92. He'd been punished in '93 and '94 because his administration had seemed to wander from it, and then when he returned to it in '95 and '96, he was criticized for being expedient in doing so, even though he was the one who came up with the philosophy in the first place. Morris was a lightning rod for that criticism from within the Democratic Party that this was all politics, no principle.

### *William Galston:*

My deepest regret . . . is that it created the impression that the reform strategy of New Democrats was essentially a political tactic and not a governing agenda. We had worked for years creating a governing agenda (that I still believe in) to rebut that charge. It was a charge made by the opponents of the New Democratic movement from day one: This is a political tactic, it's unprincipled. Then here comes this politically androgynous advisor [Morris]. It was our worst nightmare, because it was impossible to dispel the impression that the president had embraced this way of thinking as a tactic, and that's all it was.

## **Aftermath**

Clinton's decision to sign the welfare reform bill, which was supported by First Lady Hillary Rodham Clinton, outraged some of their closest friends and

supporters, including Marian Wright Edelman, with whom Mrs. Clinton had worked closely at the Children's Defense Fund. Edelman's husband Peter and his fellow assistant secretary at Health and Human Services, Mary Jo Bane, resigned from the administration a few weeks later.

*Bruce Reed:*

[Clinton] called me a few days later to say, "We did the right thing," and to tell me the conversation he had with Mayor [Richard] Daley [of Chicago], who said that welfare recipients had come up to him on the street and told him the president had done the right thing.

The president signed the bill in the Rose Garden, and we brought [Lillie Hardin,] the woman from Little Rock who had given him that great answer fifteen years earlier. She had four kids; by now two of them were college graduates. He never agonized over that. In fact one of the reporters who came to the signing remarked about how much at peace he was with the decision. We spent the second term carrying out the law and making sure that some of the rough edges got fixed. It happily turned out to be the right thing.

We came up with an ambitious agenda of what to do next on welfare. The President was adamant on that score, as he said when he signed the bill, that those of us who were for it had an obligation to make sure that it worked. So he challenged the business community that had been complaining of welfare recipients for so long to start hiring them. We set up a nonprofit to encourage that, and we proposed a big initiative to provide even more money for hiring people off of welfare. Over time, to our pleasant surprise, just as we had predicted, the cuts in benefits for legal immigrants turned out to be a political disaster for the Republicans, and [in 1996] Clinton got 73 percent of the Hispanic vote. Republicans quickly realized that they had to reverse course, and so the following year we were able to undo about half of the cuts.

*Eli Segal:*

It's December of '96 and . . . [w]hen I went to the Cabinet Room, it was Bill Clinton at his mesmerizing best. He had, sitting in the room, five or six cabinet secretaries and five or six CEOs of the largest companies in America: United Airlines, Sprint, Monsanto, UPS, and two others. He goes around the room and he asks each one of the companies what they are doing on welfare reform, what they are doing about hiring. He makes this incredible plea that he and our government did their part, whether you like the legislation or not. We signed the legislation that time-limited welfare so no one could stay on the

rolls for more than five years, day in and day out. Our government had done its part, the private sector had to do its part, and he really laid down the gauntlet.

The meeting comes to an end and . . . he says to me, “You know, Eli, you are really good at organizing things like this. Can you help me get the business community behind this?” . . . [That’s] the origins of Welfare to Work. The bottom line, the Welfare to Work Partnership was a huge, huge success. We went from nothing to over a thousand companies that didn’t simply pledge to hire people but in fact hired 1,100,000 people in the course of a year, all of which is documented—who they hired, what kinds of quality jobs they had. What happened is—it’s the reason I became such an advocate of welfare reform—it became clear that rather than the welfare queen, the stereotype that we had all grown up with, the people who hated the welfare rolls the most were those who were on the rolls. It wasn’t nice people like Bill Clinton or Newt Gingrich, it was the people who suffered every day.

*Peter Edelman:*

Fortunately for everybody concerned, the economy took a huge forward leap shortly thereafter, so the employment prospects for welfare recipients improved measurably, very substantially. Nobody knew it was going to be that way, they couldn’t know that. The result is that the predictions I made in the *Atlantic Monthly* article in significant respect didn’t come to pass.<sup>24</sup> Studies show that 60 percent of former welfare recipients have a job on any given day, and of course there was this huge decrease in the welfare rolls from 14.3 million at the top two years prior to the legislation, but that was the peak, 14.3—down to about 5 million. Some of that is due to the policy, but most of it is due to the availability of jobs. Some of that is also due to the Earned Income Tax Credit, which was an incentive for people to take a low-wage job.

But there’s no question that the combination of facing a lifetime time limit and in particular sanctioning policies of state and local welfare offices for failure to cooperate and so-called diversion policies, not letting people on, all played a role in pushing people toward a labor market in which there were jobs available fortunately. The result of that is that a significant number of people found work, and the studies show that about half of those people got out of poverty, half didn’t. That’s not the worst problem, because it’s relatively easy to fix. You can add to people’s income if they’re working. But on any given day, 40 percent of the former recipients have no job and no cash assistance. In the course of a year some of those will have a job, some of those have gotten married or moved in with family and are in some way stable. So it is not that all of that 40 percent, which is about 1.2 million women plus their children, about 2.4 million children, are worse off, but a substantial number of them are worse off.

*Bill Clinton:*

The two things that I worry about were, one, that I didn't get, were the five-year lifetime limit on welfare, I thought should be suspended in the event of a recession that lasted more than six or nine months, just for that period. And we may still see some blow-back on that in the next year or two, even as the economy picks up. And the other thing was they wanted to get rid of benefits to all legal immigrants, but I got back most of them before I left office.<sup>25</sup>

*Roger Altman (Deputy Secretary of the Treasury):*

I support what the president did and I think he deserves a lot of credit for it. It's not clear to me, however, that history will accord him that credit. There are too many people in his own administration . . . who think that all he finally did was succumb to the Republican position. . . . So if you survey the fifty most senior people who ever served in the Clinton administration, about twenty-five of them will say welfare reform was a great triumph for the president, about twenty-five will say he just caved.

In the 1960s and 1980s, welfare rolls had continued to climb even when the economy grew rapidly. During the economic boom of the mid- to late 1990s, however, that trend was reversed. Welfare rolls dropped more than 50 percent from 1996 to 2001, when Clinton left office. With more people working and wages supplemented by the earned income tax credit, child poverty decreased 25 percent in that same period.

Reflecting on these changes eight years after they were enacted, Clinton said:

Policy-making and policy-implementing are really important. Whether people agree with what we did or not, what you decide to do and whether you can do it and how you do it is really, really important. It matters to people. It matters to the country. It matters to the world. It matters to people in their daily lives, and the details matter.

And one of the most touching things that has happened to me since I left office is I was invited to the Kennedy School where one of [the people who served in my administration] hosted me and he said, "You know, this is my first chance to publicly say this, but he was right and I was wrong, welfare reform, on balance, did for more good than harm."<sup>26</sup>

## Conclusion

Not all agree with Clinton on the merits of welfare reform as public policy. The 1996 law has been criticized as racist because a disproportionate number

of welfare recipients are African Americans and sexist because nearly all are women.<sup>27</sup> The law clearly fared less well in moving people from welfare to work during the economic hard times of the late 2000s than during the first half decade of its implementation.<sup>28</sup> It changed welfare from an entitlement to a discretionary block grant program and, in conjunction with increases in the earned income tax credit for the working poor, “altered the terms on which social assistance is provided in fundamental ways that are highly consequential for the lives of many on social benefits.”<sup>29</sup> But as the oral history interviews indicate, Clinton’s decision to sign the act was the culmination of his long experience with the issue, his deep reflection on it, and his close consideration of his advisors’ differing perspectives.

Policy considerations aside, the long-term political consequences of welfare reform have been profound. These consequences fulfilled Clinton’s hopes to restore his party’s competitiveness in presidential elections by removing what had been a powerful Republican issue from the national political agenda. Democrats, who had lost five of the last six presidential elections (all but one by a landslide) prior to Clinton’s embrace of welfare reform in the 1992 campaign, won four of the next six, starting with his own victories. Welfare reform was not the only cause of this change in partisan balance, but it was an important one.

Since then, no Democratic nominee for president has proposed undoing the 1996 act, nor have congressional Democrats made any serious effort to roll back the reform. Equally important has been the act’s effect on the Republican Party. Even as the GOP moved rightward on most other issues, candidates who once ran against “welfare queens” stopped raising the issue, which used to be one of their bedrock political appeals. Indeed, because Clinton and the 104th Congress removed welfare bashing from the Republican playbook by enacting welfare reform, the one successful Republican presidential candidate in the last quarter-century, George W. Bush, was able to win his party’s nomination four years later as a new-style “compassionate conservative.”