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Negotiating a Life of Service to the World

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William Reilly shares his past experiences as president of the World Wildlife Fund and Administrator of the Environmental Protection Agency with Stan Christensen, lecturer in civil and environmental engineering at Stanford University. Reilly recounts inspecting the Exxon Valdez oil spill, the possible ban of French wine in the United States and negotiating with former British Prime Minister Margaret Thatcher.



Transcript

(applause) - I think of Bill, as really a Renaissance man. If you look at any category. Whether it's the public sector, the private sector, or academic sector, the military, NGO's. He's had a senior position in all those things, and so that can't be coincidence. He's just a real high achiever and a great contributor in all those areas. Specifically he was the administrator for the EPA under the first president Bush from 1989 to 93 I believe, and we're gonna talk quite a bit about that tonight. Bill is currently a senior partner at Texas Pacific Group. A well known private equity fund. He served on many presidential commissions. He was the president of the World Wildlife Fund, and so we're unbelievably lucky and I thank him in advance for his time.

- Thank you, Stan. - Let's talk first, Bill, about. - Can I say something about framing first, I was fascinated by it. I'd love to know what the facts that you all were circling around here. - We'll send you a copy, I'll send you a copy. - But I could only imagine. Henry Kissinger had a classic framing. He said it was his custom, he said, I always to present three options. Said it was, unconditional surrender, nuclear war, or my option. (laughing) - The best of the worst.

- There's your Nixon. How many have served Nixon? - That's fun. Let's start with your time at the EPA. You were serving president Bush. President Bush wasn't necessarily known, my memory would not think of him as a super progressive on the environment president. So maybe tell us a little about how you approached both internally within the administration and then externally with some of the people you had to negotiate. Some of the environmental disputes that came up during that time. - Well president candidate Bush saw an opportunity in the 98 campaign. 98 was a very hot year. There were unprecedented numbers of ozone alerts, there was medical waste washing up on the beaches of New Jersey in Long Island, and he saw an opening, and exploited it brilliantly.

This partly reflected the fact that he thought in his heart that Reagan had not been sufficiently sensitive to the environment, but he was Reagan's vice president. So he'd never spoken up on the issue and it was hard to draw him out, I was told, when he was vice president. The only indication he ever gave to his chief pollster, who pressed it very hard, what's gonna be different? He said, I'd like to be more forward leaning on the environment. So he charged into Boston and had a very famous trip in a boat, and went out and publicized how really polluted Boston Harbor was, and he charged that to the governor, Michael Dukakis, who was claiming the Massachusetts miracle. It worked really really well. Partly because Dukakis reacted so defensively. He committed to being the environmental president, and I was the bonafidees on that commitment. He got the president World Wildlife Fund as his EPA administrator. However, his vice president, his chief of staff, and his budget director never understood why he'd made that commitment. Nor did they sympathize with the priority.

Basically the budget directors view was whatever worked to get us elected, fine, but now we're in a different mode. So I did

a lot of negotiating and I can think of so many times when I went around the system to negotiate with other parties than those who were creating the issues, or creating the obstacles. In public service there are multiple constituencies. It's one reason why often you get corporate CEO's who do not do well in public life because they first of all assume that the White House that appointed them is gonna be on their side. Not always, and they've got congressional, they've got popular, they've got sector or economic interests on any given issue, and I can recall one where I wanted to use the clean air act to improve the air, the visibility in the Grand Canyon, and this would have been the first time that the clean air act was used for that purpose. So I was able to negotiate a position that got a 70% reduction in sulfur dioxides and the pollutants of concern. We'd already tagged the pollutants and everything. We knew exactly where this stuff was coming from, it was coming from Arizona Public Power. I got a 70% clean up and I remember getting a tour by a young female Park Ranger in the Everglades and I was quite proud of this plan that I had, and I said, so what'd you think of that? And she said, you think it's enough? (laughing) And actually had quite an impact. So I went back and there was no getting anything further for cost reasons out of the office management budget.

Basically we're gonna require, I think two scrubbers, a hundred million dollars each of Arizona Power, two of the three plants. I went to the CEO of Arizona Power. I said, is time worth anything to you? Suppose you didn't have to do anything for well one, two, and three years. He said, time's worth a lot to me. I said, so let's go to 90%. He said, deal. And we got it. OMB was amazed, but the annual report of Arizona Power, so proudly trumpeted this achievement for the environment in Arizona, and the CEO was very proud himself. He cared about the environment. That is an example, and I often think that how you go into these things, you mentioned some cultures are less transactional and that's really true, and I notice people in public life who are very disciplined, very focused, very intense, and very earnest, often cannot do it.

It takes too much out of them. They are too focused on a very particular finite but ideal solution, and I think of the former head of the National Endowment for the Arts, who's advisory council approved grants to someone who did a painting called Piss Christ. It was a crucifix standing in a big vat of urine. Well needless to say this was distressing to a lot of people, and I remember I was asked by senator Simpson of Wyoming who told him that he should meet with, to tell this individual, Fronmyer his name was, he should meet with me. He said see Riley he has the toughest hide in town. He just comes up here and smiles and slips away. Actually I was surprised that was my reputation but your EPA administrator you do take a lot of hits, and truth is it didn't really bother me that much. Anyway, I met with Fronmyer and said, you know your choices are straightforward. I said, you ought to advertise what this, you do for the culture of the country. The arts museum, the ballet companies, they symphonies, all of these things.

Well he said, I've been told I can't do it. The chief of staff doesn't want me on the road, and I said, so what are you supposed to do? I have to defend my arts council. I said, it'll cost you your job and it'll probably risk your whole agency. Mail is running nine to one against you in the White House. You can't do this in American culture. You can't use federal money to denigrate a religion, and anyway it did finally cost him his job. I tried to humor him a little bit and I said, you can take an alternative approach, you could say that your agency is providing something that by every measure the public really loves and wants more of, and nobody has recognized that, and he said, what's that? I said pornography. And he looked at me, and I say just kidding. Anyway (laughing) he later did me the disservice of righting up my advice about how to manage the chief of staff. At the White House in a book, an autobiography he wrote before we left office, but those kinds of experience and the secretary of the Smithsonian had a similar one.

When he put up an exhibit or was planning an exhibit, I'm not sure how far along it got, and it was on the Enola Gay, and the decision to drop the atomic bomb on Hiroshima and Nagasaki. Well, conservative elements in the congress just were crazy at the idea of even implying that there's some moral question about that decision and I remember meeting with him and we talked about the alternatives he had, and he concluded to hold his appropriation. It was something that he probably shouldn't do, and I don't think they ever mounted that exhibit, or certainly not in the way that had been intended that would raise those kinds of questions. I said, give all your information and your research to a foundation, and art gallery, the Whitney or somebody, and they can mount the exhibit, but again, it's all public money and it seems to me that has a lot of implications, but the negotiating imperative is often something that in government, agency has moved too quickly into a defensive posture and assume that their responsible for what happened, and I saw this happen in the Exxon Valdez where I went up with the secretary of transportation, the commandant of the Coast Guard, and the secretary of transportation was asked by his press guy whether he was ready for the press conference. He said, five minutes, and I said, what are you gonna say? He said, I'm gonna say everything's under control. Coast Guards got this under control. He said, what are you gonna say? I said, not that. And he said, you cannot come up here. I have the jurisdiction and differ with me. I said, I don't propose to differ with you, Sam, I just don't propose to tell people, you got 1,400 press out there and about 200 cameras, tell people what is gonna be manifestly disproved within about three days as this stuff starts washing up on the beaches in the south, and so the commandant said, what are you concerned about, and I said, well nothing we've been told is true here.

We overflowed the site. We were told there were 12 skimmers, they were all working. We saw two and they were dead in the water. Three star admiral who was holding the door to the woman's room where we were meeting. It's the only place we could find close, said there were 60 miles an hour winds here last night, and I said we also told that all the fish hatcheries had been

boomed, and they're all broken. Even the boom around the ship, it's still leaking. He said, well sir the same winds and waves. I said, admiral I'm not blaming you. It's not your problem. I mean it is your problem, it's not your fault, and finally we agreed, Skinner said, what would you say? I said, I'd say we're talking to everybody, we've talked to the governor, we're gonna meet with the mayors, the tribes, the fishing cooperatives, and go back and report to the president, and he's gonna report to the country.

So that's what we finally did. My name was mud in the flight back, I must say, but it seemed to me that instinct, and I saw it over and over again, when something happened in the jurisdiction of an agency, to immediately assume some responsibility for its having happened, but some implication that they should embrace it. When in fact, they should go outside the box and look at it more clearly and see the data, and myself, I once moved to ban 500 million dollars worth of wine in Europe because it contained an unlicensed, unregistered pesticide, and needless to say that French and Italians were very upset, and they responded in a way that culturally I thought was really quite marvelous. I know both those cultures, I went to school in France and I spent a lot of time in Italy, and a French man came in and he said, your quote on the front page of the Wall Street Journal is saying you're continuing to drink French wine. I said, I am. He said, well why make such a big deal of this? I said, well I have something called a law, and if it doesn't have a tolerance and it's in a food, can't be permitted. So he said, well how about you let us do the testing? And I said, well we proposed that last year to have laboratory testing protocols but don't you think it'd be the wrong time? And finally he said, well don't test so much. Then the Italian came to see me and he said, what if I may ask is the problem? And I said, well the problem is in high doses, this stuff procymidone causes cancer of the testicles in rats and mice, and he said, the testicles, Italian wine. Nothing could be worse. Wasn't the cancer.

Anyway, it was hard not to laugh, but this all came on so fast and the stuff had all been ready for transshipment, that I didn't get enough information right away and I finally sat down with all of my scientists and so forth, and asked a number of questions about the stuff, and how much we knew about it, how much the Europeans knew about it. They permit it, why don't we, would we? Nobody's every applied for a tolerance, doesn't that tell you something? Yeah it probably does. It must be what we fear. Any rate, I finally said, what's the exposure assumption? And they said, two liters a day for 40 years. No, nobody drinks two liters of wine a day for God sake, and this young woman said, yes they do sir, my father does. (laughing) And I said, with all due respect, it won't be the wine that causes him health problems. I mean it won't be the procymidone. Anyway, I said, look, it's in 20% of French wine, so you've gotta assume that the individuals are only drinking that 20%. I said, what happens if you drop the exposure assumption to half a liter? The problem goes away, it's below the level of regulatory concern. I said, okay do it, and make it clear.

All future wine from any other vintage than this one are prohibited without a tolerance being applied for and granted. Those kinds of things, I often think, someone said here, maybe it was you, there's a tendency to enter negotiations without enough information. Not to prepare adequately. That was the case, and it's easy to say that, but in the heat of the crisis, to sit down with everybody beating on you and by the way, the French were threatening American trade. Our exports, and I've also had to get involved with that and send my assistant administrator to explain it in France and Italy and to call the U.S. ambassador to France and tell him to, tell your chateau owning friends, the ETA administrator is trying to solve this problem. He has never said what he could say. French wine could (mumbles) cause cancer. So that quieted them down for a while, and I didn't get the lesion of honor though, I was disappointed. - Well tell us, going back you said, Bush ran on the environment.

He's gonna overcome the Reagan defecate there. You mentioned that as several people in the cabinet weren't for that, an implementation. Talk about how you either negotiated with Bush to try to accomplish that objective or some of the hurdles and how you tried to overcome those. Either internally, with the president, or with his cabinet. - One of the really big objectives that we had was to develop a new clean air act. There had not been a revisited clean air act for 12 years. It was obsolete in many respects. It didn't address acid rain in the slightest, and acid rain was an extremely serious problem both for the northeast of the United States, and even more for Canada. It was a very divisive issue with Canada, the prime minister Mulroney had said it's the single largest difference that we have with the United States. It effects our relationship very negatively, and I had been told by somebody close to Bush that when you develop your objective and you're alone with the president, not if you've got the rest of these guys around, play the Canadian card.

Remind him that Reagan promised to deal with acid rain when he appointed Ruckelshaus administrator in 83, and never did, never produced anything. Bush feels badly about that. He's sympathetic with Mulroney who supported us on a free trade agreement with Canada and took heat for it. So play that card. Well I did, and I wanted a 10 million ton reduction of sulfur oxides, and the difficulty with that was it was twice as expensive according to our calculation as an eight million ton reduction. So the extra two million tons would have to be to some degree symbolic, but I made the case to Bush. You wanna be the environmental president. The environmentalist objective is 12 million tons. Canada's is 10 million tons, and I talked to a developer relationship of the ambassador to the United States to Canada, and also with the prime minister personally, and Bush chose the 10 million tons. Astonished everybody.

We created a market based system for cap and trade. It's the original cap and trade on which the Kyoto protocol was

based, and we have in California now with cap and trade program. It was constantly challenged, it was constantly threatened, and I learned just before the bill, which became more expensive in the congress than we had originally hoped. There was gonna be a recommendation of veto on the part of the vice president, and he's claimed that in his book. He actually threatened, told Bush that he should actually veto the statute. That one was a real stunner to me, and here's a negotiation. I called up the ambassador to Canada and I said, when this bill is gabled down by the conference committee and we have a law proposal coming out of he congress, I would like the prime minister candidate to call president Bush and tell him that he's gonna go down in history as one of the great statesman friends of Canada, the best they ever had. Well, prime minister Mulroney did that, and the chances of the vice president then getting a veto were nil, and I remember thinking, it's an interesting cross negotiation there to go outside the system, but to do it within the system would have been, well there wasn't much I could do about the vice president. He was simply not on the case. - Interesting, and we talk in the course about sometimes changing the other sides alternatives and that's a great example of that.

You told me a story, I think we were at a council in foreign relations meeting, and it was, I think my memory, it was around ozone depletion and kind of an in and around strategy. You think that would be a good story to tell here. - Well all my secrets. (laughing) Yeah, I negotiated, the original Montreal protocol to eliminate upper atmosphere depleters. Everybody know what they are? They're chlorofluorocarbons, a chemical that was an 800 million dollar revenue item for DuPont. Turned out to be causing a depletion of upper atmospheric ozone, and it was pretty much, two chemists who proved it got the Nobel for it, and so it was a decision in the late Reagan administration to support, George Shultz takes a lot of credit for this. To support a phase out of 50% of this chlorofluorocarbons for the developed world within five years. I proposed to take that up to full elimination, and I think it was 50%, might have been 50% in 10 years. I'm a little hazy on that, but we wanted to take it further. We had EPA, and there was no way.

It had a two track system, much as Kyoto did. For the developing countries they were allowed much longer to get out of chlorofluorocarbons, and I remember the Chinese ambassador, I showed a movie of depletion that NASA had done at a conference Mrs. Thatcher, in England, and I asked the Chinese minister, do you reject the science here, you disclaim it? And he said, no we don't necessarily but we find it awfully convenient that something that is very useful, very functional in our economy, now you have to eliminate, and you just happen to have the companies that have manufactured the substitutes. So what he said, we'll have to have the Chinese National Academy look at it, but there was no way the developing countries were going to get out of those ozone depleters without money, and so part of the plan was to have a 500 million dollar fund to assist them. I remember, went back and there was a very peculiar mood in the White House at that point, and it was partly directed at me and the fact that I had been getting a lot of press, and so the chief of staff, the treasury secretary, and the director of management and budget all agreed that we weren't gonna give them anything. That if it was in their interest, they were gonna get sunburned too and they'll suffer a lot of other negative consequences and it was tough. I remember the budget director said, yeah, he said, we don't bring the ball there's no game, and I remember coming out of that meeting thinking, this is a tough crowd of three to try to get overruled by the president, and so I remembered the conversations that I had, had with Mrs. Thatcher, who was a chemist at Cambridge, really understood the issue, and I went out and it was another three way negotiation. Called Mrs. Thatcher.

The decision was made by Bush for the full 500 million the next day, and I'm sure the three parties to the conversation I had, had must have wondered, what happened, but that's what happened, and that's really the nature of government. Is you go where you need to, and you look for the constituencies that you can deal with, and frankly I've told you about some of the victories. You also lose a lot. - Let me just ask you a clarifying question there. So you went to Thatcher and did really and end around and then Thatcher went to Bush? - Exactly. - Right, so Bush couldn't hear it from you but he could hear it from Thatcher. - Right, I never even talked to Bush about it. Finally, cause it wasn't necessary. - Oh it's brilliant. Well done.

- So well we had to have somebody there that he respected, and that actually knew and cared about the issue, which was also great. - But you had these guys against you. I mean the budget director, I think it was Dick Durman at that time. Not a big environmentalist? - Oh boy, no. - You also told me a story about him wanting your travel receipts and really kinda going after you. This is an interesting story. - Didn't realize that they played that hard ball so early, but they did, and you use all your resources in a position like that. You go in thinking, I remember my wife said to me, she said, you know I asked you what this job was gonna be about and you said it was balancing economics, and the environment, and science, and health and putting them all together and making policy, but she said, it seems to me all you do is fight. What I'm describing here is the politics of the environment in a divided government. Where the president believe one thing and cared about the issues, but it was mostly focused, as you might imagine, on international problems and foreign affairs.

That's where his head was in his history and most interest, and the budget director could get away in front of the chief of staff and others, was saying as he once did, he said the problem is we've got environmentalist running EPA, but then he said the real problem, the real problem is we've got an environmentalist sitting in there, and he pointed to the oval office. I remember thinking, is that permissible? Is that legit? Can you say that? - Attack the boss. - But he did. - Well I remember one thing that Bush did was he announced, and remind me of the details here, a ban on drilling, and you had a negotiation. The CR

club was involved and some other folks. Do you wanna tell that story? - Yeah, it wasn't actually, I don't think with the CR club. I don't think we negotiated with them very successfully ever, but the president asked my opinion on whether or not to ban drilling along the west coast, and also as it turned out, the Atlantic coast, and I said, I think it's an easy choice, and I said that with some trepidation. This was an oil man after all. I said, Duke Magen tried to it, tried to drill. Reagan tried to drill, Watt, secretary under Reagan tried to open it up.

Nobody succeeded. I said, simply ban it and take credit for it. You can't do it anyway. He said to me, do you think that if I do this, he first of all said, look the drilling has gotten much more safe and reliable than it ever was in the days when we had the big blowout off southern California. He said, do you think if I do this, environmentalists are gonna say it's another wimpish half measure? 'Cause I'm only gonna do it for 10 years, I'm not gonna do it permanently. I don't know enough about the future, the economy, and our needs, and I said, these are sophisticated people Mr. President. They're gonna understand that it's you watch and probably your successors and that's quite a lot. Well, the decision was made and the CR club said, this is another wimpish half measure by an anti environment president, and it went on like that. So at the next cabinet meeting as he was leaving he said, did you see what the CR club said about me? I said, what can I say? Almost using his words even, and he said, you know, I don't give environmentalists everything they want but they treat me like I was Reagan, and I remember thinking, losing him.

- Yeah it's interesting, in my work I've done quite a bit of work with environmentalists and the problem with many of them in my experience is, they're just always against things, and they're not really for things. You told me a story as we were walking before class about a current project you're working on to, was it shut down a couple of coal plants, and what's going in Texas? I think that this is a really interesting story about how to frame something and give the other side credit. - The environmentalists and there are serious exceptions to it. The environmental defense fund and Fred Crupt, I did a deal with whereby he would support our clean air act to at least the acid rain permission, and we would make the cap permanent, and he would ride full support. He was as good as his word, he did, and 10 years ago I negotiated the environmental commitments for the largest private equity deal in history. A 45 billion dollar deal in Texas to buy Texas Utilities, and for TBG, Goldman Sachs and the KKR, and as it turns out, we went in at eight dollars and a half gas price. Which determines the price of electrical energy in Texas. It's now around two, and the companies in bankruptcy. As we are going out the door, one of the commitments I made was to cancel the construction of eight coal fired power plants, and that made history at the time. It's the first time that the financial community had ever taken the environment so seriously, and we averted 55 million tons a year of carbon dioxide.

So we now have three coal fired power plants. Which are responsible for 3,500 megawatts, and 33 million tons per year of carbon dioxide, and in return for allowing a couple of them to go out of business, one this year, one in two years, and one in five or six years, we're proposing to make a commitment to permanently shut them down. This is a negotiation that's ongoing. It's by no means finished or proved, but the decision that Texas has been briefed on is extremely concerning to Texas. Texans like coal fired power. At least they ideologically like it. Even though they have more wind power than California, more wind power than any state that started under George W. Bush. They really don't like EPA and on the clean power rule, which is gonna reduce carbon dioxide. They have refused to write their own state implementation plan.

Forcing EPA to write it, the federal implementation plan. So in that frame of mind, they get wind of this conversation and they're really upset, and we're told that they think that we're trying to do one favor as the Obama administration goes out the door, and so our head of our generation company goes down to talk to the governor and talk to the environmental officials there and explain that the upgrades required by current air law would be about 700 million dollars for these three plants, and given their value and the fact that we just acquired 3,000 megawatts of gas fired power, and another we're building, solar power. We can, and Texas can do without it. So we're trying to bring them around, and one of the difficulties is what does Texas say if EPA and we sweep in and make this decision and it looks like they've been undercut? Well it's occurred to us that what they say is we, Texas, solved the problem that the clean power plan was designed for and we're not even gonna be subject to it. We're gonna, under the clean power plan, 51 million tons of carbon dioxide have to be cut from the annual output in Texas. We're gonna provide 33 of them. Problem solved. So the governor can say, we dealt with the problem ourselves. He can even say we dealt with it without the clean power rule, without EPA, and we've put Texas on a cleaner path but it wasn't the federal government. That's the story, or it could be a story, and very often if you're dealing with decisions that have these very substantial financial consequences, you really need to think about the other side, and their political posture, and all of the things they may have said in the past, and how they'll look like they're reversing to make it easy for them, and let them win.

Which is something that EPA fully understands, and they're quite happy with. They know how they're regarded in Texas. That's not news to them. - I bet, so it's really an example of giving them a graceful exit, and essentially letting them have your way. - I wouldn't wanna put that quite that way. - I said that, he didn't say that. Well good, let's shift to multiparty talks. I know when you were EPA administrator you dealt with the Rio talks, there have been the Copenhagen talks, there's recently the Paris talks. These are multiparty, complex, multi stake holder processes. Maybe can you comment on any of those, or experiences with those, or lessons learned, or are those the right way to get climate deals done? - You know historically, the international conferences on climate have foundered because of a very strict demand for targets and time tables.

That we're gonna reduce carbon dioxide by X amount in Y number of years. Turns out, not a lot of governments are willing to play by that rule. They did purportedly in Kyoto, but even governments that were very moralizing at the time, about the failure of the United States to ratify such a deal. Like Canada and the Netherlands. Canada was 25% over what it committed in Kyoto. Everybody said it's a legally binding treaty. Well it wasn't very binding it turned out. Netherlands 11% over. So that did not work, and the decision essentially was reached and there was a very wide spread consequence that this was the appropriate way to go to have a conference with commitments that are open ended. That would embrace whatever a country brought as it's own proposal on how much reduction it will get and by when.

That's what happened, and we all declared a success. It was important that we have a success after Copenhagen was not a success and it reverberated to the discredit of the whole issue in the minds of a lot of people. Including a lot of foundation people who thought there were opportunity costs of staying in this game and we had lost Waxman-Markey. Which there's the climate bill, and then we lost Copenhagen. So I am terrifically supportive of the fact that we got a deal that everybody thinks is a great success. However, you can't really take it to the bank. We've not got common base lines, we've not got common sets of objectives. We've not got sectoral agreements on where these reductions are coming from. Even the United States, a third of the emissions that we promised to get, we have not specified how we're gonna get. So the treaty is really the best that could be done, and I look back at Rio where the United States was very criticized for not committing to specific targets and time tables, and just realizing the culture, the times, the expectations had changed, and there's much greater sense of realism now when you look at countries like China, and India, Mexico, Argentina, others that to get the kind of solutions that we need, will cost a lot of money.

For example, the amount of, a huge amount of wind and solar power have been committed by the various countries. Mostly by developing countries, the really big numbers will cost two trillion dollars, trillion with a T. The country, some of them have made it completely clear. That money either will come from the international aid and lending institutions or it will come from private finance, but they won't be able to come up with it. So the negotiations on finance are gonna be really critical. The leadership or the next president on the issue. One has to hope he believes in the issue, she believes in the issue. One of the candidates does not, famously. Look back at Rio and we worked very closely with the president of Brazil who hosted that conference. In fact I went to meet with him.

Prince Charles had a yacht trip up the Amazon that he invited me to go on with him and he had the president of Brazil and the three key cabinet ministers, and so I went and I said that I would not recommend the president come to the conference, this is four months or so before, unless they straightened out their act, and each of the cabinet officers told us the same things, and I said, look the president's gonna be in an election campaign in June of 92, and the prospect for embarrassing him just not one that anybody's gonna wanna accept, and you guys are not very organized. The president of Brazil said, I will promise you, we will not allow the president to be embarrassed. He said, it's worth, I think he said 65 heads of state are waiting to see if the president of the United States is coming. So it's vital to Brazil and U.S. relations. Well, there was a big debate within the administration about whether the president should go, and he decided to go, but a key decision had been made not to support the biodiversity convention. I had to defend that as head of delegation down there, but I also developed a draft that would have allowed us to endorse it I thought, and the later, the nicer security advisor Brent Scowcroft said, we could have supported that if it hadn't become public and so embarrassingly so. Anyway the secret memorandum I sent to the president was leaked the next morning, and front page of all the newspapers, and it embarrassed the Brazilian president. He used the word fix. I said that the Brazilians are prepared to help us fix the treaty.

Well fix has the ambiguous meaning it has in English too, and so the press and Brazil had a good time embarrassing the administration. I often look back at all of that and wondered if that could have been dealt with, but what really happened there was one more example of a divided administration. The person who leaked the memo was in the vice presidents office, and without much regard for how it would affect his boss, he sent it to the New York Times where it was front page news, and then in the opening paragraph it said someone hostile to Mr. Riley's position leaked the memorandum. That's not something you can really guard against very well if you've got that kind of administration and you've got people who really aren't on the environmental team. - Well, you bring up the current politics and it's hard not to wanna go there and get your perspective. You've got a very divided, a huge divide between republicans and democrats. Congress hasn't been very effective. I was once interviewing justice senator Dale Connor and she had an interesting perspective on the dysfunction of Washington. She said when she first became a supreme court justice, all the congress men and women would go home infrequently but they lived in Washington.

Their kids were in school together, and they had cocktails together and there's a lot of relationship even though they had divides of ideology, but now with the pressure of fundraising, you kinda had maybe an apartment in Washington but if you're from Arizona you really live in Arizona and that those relationships weren't formed. So I'd be curious as to your perspective. You've done work through a lot of different presidential administrations. How has it come to this, is there a solution, how can that be negotiated? - Well there's no simple solution, but that is very true. I was co-chair of the presidents oil spill commission after McOndo, and the executive director that we chose, senator Bob Graham of Florida was the co-chair, was Richard Lazarus

who's now a professor (mumbles) professor at George Town, now a professor at Harvard. His best friend is chief justice Roberts. Lazarus is a classic liberal professor and with the views that are consistent with that, and he was a roommate of (mumbles) Roberts. They co-teach a course every summer and they've taught in Australia, I think in Malta, and some other places, and I look at that relationship and that's the way things used to be. Teddy Kennedy was close to Orin Hatch, go figure, but it worked, those relationships. A lot was relationships in those days, and the attitude in the senate, you would never use the kind of language that some of them use now for each other, and if you talk to people, I've talked to some people who senator Boren in Oklahoma and some others who left the senate.

Senator Bradley, senator Simpson. One of those three said, you know they wanna impeach us if they knew how we spent our time. Basically it's hours a day on the phone in the offices away from the capital, 'cause you can't raise money in the capital, talking to donors and eliciting funds, and I said, but you have a six year term. How bad could it be? Well you have to raise money early to scare off primary opponents, and then there's the ideological issue that there are probably, as I've been told, authoritatively by more than one congress person in the house. More than 100 republicans who totally get climate change. Totally understand the science and what it all means, but are precluded by concerns in their district for being outflanked on the right, less they get on the wrong side of that issue, less they support, well in the case of Waxman-Markey. One congressman told me that he would have been advised in his district not even to stand again in his primary. I asked him in his case, I said, who cares that much in your history? He said, Evan Gelicos in our district, and you've got the image that senator Sheldon Whitehouse, a democrat from Rhode Island has this marvelous image. He says the things is, we have to think of the congress as a prison, or at least that part of it that has the republicans, and he says, and we need a prison break but they all have to go together when they go. They have to climb the wall and run because otherwise they get picked off one by one.

Well there have been 14 republican senators who acknowledge the climate issue and I forget some percentage of those acknowledge we ought to do something about it. I think that's only a matter of time honestly. We had a letter from a number of mayors. Quite a number of them from Florida recently to the debate questioners asking that the question be posed about climate change. It never even came up four years ago, any of the debates, and it hadn't come up this year until, I think they've had one question and people were allowed to slide away and not really address it after saying they really didn't, I guess Trump said he didn't really pay much attention to it, or think there was much to it. He's also said, I understand that he's gonna eliminate EPA, and I think, isn't he on record as saying he's gonna eliminate the IRS? - I think he has said that. - Cruz was of that opinion. - Well let's say, final question that I wanna open up to the students. - Just to complete the thought, I think that you're going to see, as we have seen historically in a democracy. We saw it in the summer of 88.

A substantial change in political opinion and all of a sudden we will begin to embrace the issue and address it, and it will largely be a consequence of things like Miami having to install large pumps after every rainfall to deal with flooding in the streets, and equivalent things related to sea level rise. - Okay, so my final question is, let's assume that Donald Trump is not the next president. That Hillary Clinton wins and the new administrative of the EPA calls you up and says, Bill, you've got a lot of experience, I wanna get a lot of stuff done, I wanna have an environmental agenda. Clinton is generally on record as being environmentalist. What's the advice to that person? - Well you've got two pillars. Really marvelous pillars to the carbon dioxide reductions that country (mumbles) One is the Autumn Leo fuel efficiency standard. Which the administration negotiated with the auto industry and it's really amazing, it's 54.5 miles per gallon. I think by 2025 that will reduce by more than two million barrels a day. The energy oil use by the United States. Now there's a negotiation I would have liked to have done.

We had a little bit of an advantage and that at the time we negotiated we actually owned a couple of the oil companies, we the government, but that won't happen again, one hopes, but that is really important. The second one is the clean power rule. Which will reduce CO2 substantially, and also have the effect of furthering the movement. I was asked by the administer negotiator from China just before Paris. To what degree can I depend on, can China depend on, a continuation of the policies that the Obama administration has espoused? And I said, well I think you can take a lot of consolation from the fact that the United States is de-carbonizing. We're going to meet the goals that were set in Kyoto by president Obama by 2020, I think it is. We're gonna meet them largely as thanks to the oil and gas industry. It's fracking and cheap natural gas. Which has allowed the displacement of coal and coal of course is twice as productive of carbon dioxide as gas. The third set of decisions is gonna be very tricky for the new president.

I think if we have congress similar to the one we have right now, we can't expect necessarily a big uptick in responsiveness, but what really has been significant in our country is the responses of the cities. The Chicago climate action plan, and they're hugely inventive responses. They've invented permeable paving and they're replacing all of their paving gradually in the city to deal with the fact that they're gonna get their water about the way we get ours, and they'll be long periods of no water at all from April to November, December. They have green roofs that have been incentivized. They're tripling the size of their emergency rooms because they expect days above 95 degrees to go up very substantially in this century. Way over where it was last century, and a whole range of things. Tree planting is different, and they're planting all different species by the way. They're no longer planting Norway Spruce, or Maple, or Ash. Ash is the Illinois state tree. They're planning Alabama Sweet Gum.

They're in a new plant zone. I think that kind of information, down at the grass roots level, and who did that? It was a mayor who's not known for being a tree hugger or ideolog. It was mayor Daley. He oversaw it, brought in the best people from the universities in Chicago, and they've got some good ones, and the result was, they set out a scenario of likely effects of climate change to which then the people responded and they've got a first class plan. Very strong incentives for insulation as well. New York under Bloomberg did something very similar, and there are a number of other cities around the country. I think the combination of what they can do on adaptation. Where it's gonna be incontestable, that changes will require responses, and mayors tend to be rational, prudential minded people. They really deal with problems, they're non ideologically at their best. That I think is going to give us and the new president a lot of help in developing sets of policies that start with adaptation because most of the members of congress don't wanna concede that humans are causing climate change, do accept that the sea level is rising and that mean temperature is rising.

So if you have that, you have a basis for getting some agreement on adaptation, and I think that finally as we move toward more and more adaptation, people will look and see that, well is there nothing that we can do about this problem? And finally we will see the American political process respond. - Okay, excellent, let's throw it open. Will's got his hand up first. - [Will] Thanks again for coming in. - Sure. - [Will] I was just thinking as you were talking. You (mumbles) moved from where your non profits where you probably more directly negotiate for the environment as a voice for the environment. The government where you're really having to negotiate for the interest of American people in the environment in this case, and then also you've done stuff, an investment where yeah there's some interest in environment but also you chose to negotiate for financial interests of people, making those investments. I'm wondering as you've done that how you've had to change your negotiations style between those things, and at the same time, keep your interests or your values there? - Okay so just quickly to repeat that, you've worn a number of different hats in different sectors. Government, for profit, non-profit.

Presumably your values have remained fairly consistent. Have you had to change your approach in those different environments to negotiation? - I've certainly had to function in an environment for much of the time in private equity where there was not a serious priority given to the environment. It's only within the past, I think three to five years that it has become popular, and not just popular but even required on the part of some major investment organization as CalSTRS, CalPERS, which are huge investors in the economy and in private equity, and the Europeans probably got their first European investors the Norwegian fund. Some of the sovereign wealth funds of the developed countries. That's really taken hold, and now you have the best situation in that the investors themselves wanna see green policies. They don't wanna be embarrassed. A lot of them are saying they're looking very closely at coal. There was a very important letter that was issued by David Swinson of Yale who is a gold standard of investment, and he didn't say that Yale would not invest in coal. What he did say was that all of his portfolio managers were to take very seriously the risks associated with climate, and determine with respect to each investment, how they would deal with those risks. Whether the risks were worth taking, how large they were in the rest.

Very compelling letter. It had a very substantial impact, and it was something that I really welcomed. I would say that in terms of a lot of the things I've done in the private sector, I'm on the board of Royal Caribbean cruise lines. I was brought in there to fix them. They got indited for having disconnected oily water separators on 11 ships. They got fined 20 million dollars and went on probation and I was brought in to develop a probation agreement and a settlement and make sure they did settle rather than fight those charges, as it was a conspiracy, or it looked like a conspiracy, and so in those cases, and there've been some others like that where I've gotten involved with aggro business that was an organic business, and now I'm on the board of a pellet company that makes pellets from the detritus, the leavings of wood lots largely in the southeast, and makes them into pellets that substitute for coal, reduce the amount of coal used in European coal fired power. So the kinds of investments I've tended to be involved with are largely environmental enhancements, and so I haven't had to make any really difficult choices, and in the Texas Utilities investment, it became energy future holdings. The environmental commitments we're very proud of. We promised 1,500 megawatts of wind, we promised to extend the grid in Texas. Spent more than two billion dollars to do it, one company, and so you can get the wind from the pan handle where the winds are, to the Dallas and Fort Worth where the people are, and there are those prospects in finance, and they come up all the time.

Especially in the energy sphere. - Okay, other questions, Joey. - [Joey] So we talked about (mumble) class, sort of trying to establish certain type of objective criteria. It seems like, I guess especially in the environment a lot of times going to a negotiation with another parties. What if parties have a fundamental disagreement? (mumbles) For instance, you might believe in climate change and the other organization doesn't believe that green house gases contribute to climate change. So how do you adjust your negotiation strategy to try to find some common ground when it appears that there's such a big fundamental disagreement about (speaker too quiet to understand) - Okay let me just repeat that quickly. So you get ideological divides. Something as simple as warming, humans causing warming, and not. How do you negotiate with another party who fundamentally from a values perspective, and even ideologically sees things differently? - Well in the case of Texas, looking at coal fired power, that one might want to eliminate, and a concern on the part of Texas political establishment that they don't wanna give any quarter to EPA. What you do and what we have done, is make very clear that the economic cost of retaining those plants as you upgrade to accommodate sulfur dioxide rules, mercury rules, all the rest of them, are such that you can arrive at another explanation or reason that has nothing to do with carbon dioxide reduction, to make those decisions.

To shut down those coal fired power plants. That's I think the first thing. Second thing I would say is it is often true of environmentalists who tend to have their heart in a big way, and certainly my agency EPA did. We had more people who were veterans of the peace core than any other department agency in Washington. I thought that spoke well of peoples idealism and their general outlook, but it sometimes has a disadvantage of causing people not to be open to compromise, and to define a position as the morally correct position, in such a way that's very hard to negotiate. You can't negotiate with someone if you characterize their position as pure evil, and you can't really conceive much to it. I remember once the interior secretary said to me, he said, I love my parts of the interior department like the bureau of minds, or water. That I give them an order and they say yes sir, they salute. He said, I give an order to the park service or the fish and wildlife service, they wanna check with God first. Then he said to me, I forgot who I was talking to.

That's all you got, people who check with God. Well that's true, and it's a hugely positive thing that we did, and do. Nevertheless, you have to be sensitive to the fact that there are a lot of perspectives that are brought on major public policy decisions. One of the things that the president has to do is reconcile those in some sufficient, adequate, and sustainable way, and if you're in negotiating for the environment it's hugely helpful to go into a negotiation without believing that you're adversary is really the enemy. - Good, Indigo? - [Indigo] So you talked a lot about these sort of tense professional relationship (speaker too quiet to understand) But I'm just curious how you managed to navigate your personal relationships with these same people that were putting slander and (speaker too quiet to understand) - So when you, you mentioned several stories about within the Bush administration. People sabotaging through the media, leaking, and you had to go on working with them for those four years, so how do you maintain the relationships? - I think that we both, in the case of the chief of staff knew that we had to get along with the other one. I mean I knew that he had the presidents ear 24 hours a day, and I didn't. I saw the president when I needed to. Saw quite a lot of him, and he knew that apparently after the Exxon Valdez the president had been very positive about my performance and the fact that I was there. So we were delicate with one another I guess, but he was very gruff, and people used to think that he would curse them out and get very angry on the phone and give all sorts of Jeremiads.

I didn't have that relationship with him. They way he generally dealt with me, he would call me up in the morning, he'd get into his car, White House car at six or six thirty and he would already have the newspapers. I would be just waking up. He'd call me up and say, he'd say, Bill, what are your guys doing in Los Angeles? How can you, they can't do that. And I wouldn't know what he's talking about. Of course that was the idea. Little Chinese water torture. I kept a good relationship and I can remember the kinds of things I did, not very many people did. In fact I don't recall it. Once we were riding up to the congress and the presidents congregational aid was sitting in the middle, the chief of staff on the right, I was on the left, and in the front seat shotgun was the deputy chief of staff, and he leaned forward and chief of staff said to him, you tell Sullivan to cut it out on tobacco.

He's set entirely enough on tobacco. And I said in a falsetto voice. Oh no, cut it out. You're gonna get a call from Sanoonoo. And poor chief, deputy chief of staff almost disappeared in his seat, and the chief of staff didn't say anything, and then he said, I've been having trouble sleeping lately, I got the good night sleep for the first time in a long while last night. I said, you know why that was? He said no. It's because of that little love talk you and I had before you went to bed, and we had, had one of our more serious disagreements and he smiled and he said, I had three of those calls last night. I was thinking, one was enough for a career, but basically I don't use humor, and it turned out that was effective. Also with the budget director who whenever he saw me coming into the White House mess telling a joke or laughing, looked very concerned about what I might find so funny that day. (laughing) of course as soon as I found that out that's what I always did.

I find it possible to do that. I don't have the kind of temperament where that's difficult but when I was talking about the arts director and some of the others I've dealt with, it really is true, and I'm not sure it's entirely temperament. I think you can simply decide that you're going to be a certain way. You're gonna keep your emotions under control, you're gonna keep your eye on the ball. Realize that if you lose today, you're gonna wanna win tomorrow, and you might be able to, but not if you walk away mad every time. - Good perspective. Other questions? Yeah, Tali. (speaker too quiet to understand) - [Tali] Had the alternative to walk away from (speaker too quiet to understand) The environmental aspect, especially when you walk into international negotiations (speaker too quiet to understand) you don't have that alternative that (speaker too quiet to understand) Do you find that different alternative or different solution that fulfills, that can supplement this method? - So in financial negotiations, there's always an alternative you can walk away sometimes. In complex environmental disputes there isn't an easy walk away alternative. - I had a terrific mentor, Russel Train who was former president of World Wildlife Fund for me, and had been the second administrator of EPA under Nixon and then Ford.

Very close friend, and he was my chairmen of the board when I was president of World Wildlife Fund. When I was appointed, he said you're going into administration without any friends. He said, I actually know several of these people, and he mentioned some of the ones we've been discussing. He said, they're gonna look at you and wonder, you weren't involved in the campaign, you didn't contribute to the success here, what are you doing with that job? And he said, I have two pieces of advice, he said you're gonna have two advantages. One, your Bush's kind of guy. He's gonna like you, and I remember Lee Atwater who was the presidents campaign director, head of the republican party said to me once he said, Bush is in politics for

guys like you, not me. He said, I accept that, it doesn't bother me, but he said he doesn't like politics he really likes policy, and he said if it works with Bush, he said it will, he will like you, and we got along great, and we were invited to five state dinners and I would always be position to cut in on him on the dance floor so that he could dance with my wife really. (laughing) And they were very nice to her and they seated her next to Prince Phillip at the dinner for the queen and next to Vaclav Havel at the dinner for him. So we got along very well personally with the Bush's, and they were great, and the second advantage Train said, is the press. He said, you should play for the press.

He said, if after a year that works. He said, and it will work for you. He said, the White House will fear you, and that is where you want them. I thought isn't that interesting. And I remember Jim Baker who had been chief of staff to president Reagan, spent about 30% of his time, it was said, couple hours at any rate, in the morning open to the networks and three newspapers, and when Don Reagan succeeded him. Former head of I think Mara Lynn, succeeded him, he was contemptuous to the amount of time that Baker had spent with the press. Well Reagan didn't last very long. Baker knew what he was doing, and I did exactly that. I talked to the press, I was on the Today Show very regularly. I did get told not to do it so much.

There were people who were thinking I was overdoing my issues and other people needed to get more attention, and I also was criticised by White House staff for revealing too much, and I remember Atwater said, of me, it was quoted on the record of saying it isn't that he's telling secrets, he's confirming what everybody knows but what nobody will admit, and that's what I was doing, and so it made me very popular with the press, but the press, particularly if you're the EPA administrator you report to 78 committees to the congress and sub committees. Really, that many. You have statutes and requirements. Really virtually every week you're supposed to issue a new report on some problem that somebody got the congress to agree to, to have you do. You are pulled in so many directions and distracted so significantly that you need to take the issues yourself and define them, and define them again and again and again. Creatively, persuasively, and pretty soon people will start discussing the debate in your terms, and you've said what really is important. You actually have the whole agency behind you. You can certainly get all the data and the research that supports positions that you take. That's what the country really needs. It's to a very large degree it's a communications responsibility that even an administrator has.

Especially an administrative EPA. The environment matter hugely to people, but they need to know, and not just positive things that we should do, but things that they shouldn't worry so much about. Like hazardous waste. Which has just been way exaggerated in terms of its morbidity and mortality consequences. That is a key responsibility of somebody in high office and particularly at running EPA. - Well we could talk all night but unfortunately we're out of time. Let's give Bill a hand, thank you so much. (applause)