

Reply Separator

Subject: Re[3]: Climate Change/work with me to make Enron rich
Author: Rob Bradley at CORP_1_PO
Date: 6/3/98 11:12 AM

John:

I believe your point is that the financial ends justify the public policy means.

Enron really doesn't care about whether climate change is a made up problem or real. We don't care if the Pew Center is accurately framing the debate for the public using our name. We don't care if Kyoto is bad or good public policy. We don't care if the Kyoto targets are met and the effect on climate is tiny or not measurable (it appears to be .2C by 2050 according to the NCAR model, which we need to discuss).

We Enron are just business bystanders who happened to notice that global climate change is the number one issue of the environmentalists and are responding to that reality with a number of new profit centers to benefit our stockholders.

I have two responses.

One: Enron more than any other U.S. corporation has helped legitimize the case of apocalyptic climate change and today is carrying the Kyoto flag more than any other U.S. corporation. Your memo summarizing the Kyoto negotiations last December makes this quite clear. Our recent alliance with the Pew Center continues this process and puts Enron's name on the line with good public policy and open debate.

Two, there is such thing as ethics and integrity for the corporation in America and Enron in particular. And you and I as corporate employees should have ethics and integrity in everything we do, which in our cases is public policy.

I would like to quote from an article that I ghost wrote for Ken Lay entitled, "Toward the 'Heroic Enterprise'".

"Is a particular business practice not only good for my company but my customers and broader society? If not, should the particular business practice be modified to meet this standard."

The article later says:

"In the political arena, lobbying efforts for self-interested positions should have a defensible public-interest justification as well."

This is a published article that is very consistent with Enron's Visions and Values. Beth Tilney should define the "integrity" plank in relation to public policy, something that has not been done. So far it only applies to business deals.

The science behind global warming alarmism has to be reasonable or Enron should change its business strategy and use its influence with the Pew Center to make sure that their message is a fair one. Beyond the science, if there is a demonstrable problem, there must be a reasonable case that the effort toward a global regulatory solution is cost effective versus other strategies (including adaptation or geoengineering). If not, Enron should alter its message accordingly.

BUT WHAT ABOUT ENRON STOCKHOLDERS--INCLUDING THOUSANDS OF ENRON EMPLOYEES?

This gets back to good, defensible public policy. If bad public policy is being pursued, then Enron stockholders will be hurt as consumers and general investors in the economy. Bad public policy will also backfire on Enron since we will hurt our reputation and, eventually, the artificial profit centers will dry up. We should have "sustainable" profit centers that help consumers and benefit society. Remember: your time and my time on climate change has an "opportunity cost." The more we devote to Kyoto lobbying and profit centers around the climate change issue, the less we are investing in other lines of business that are not so dependent on government intervention in the economy.

Enron has a reputation to uphold and is a leader, not a follower, in public policy and in our business practices. Enron and Ken Lay have a place in history that is still being formed. History is watching what Enron has done and will do on this issue. The climate change issue is not penny ante--it is multi-trillion dollar ante. That is why Rob Bradley is engaged on this issue with you. WE HAVE TO KNOW EXACTLY WHERE THE SCIENCE STANDS AND NEW DEVELOPMENTS WITH THE SCIENCE--AND THERE HAVE BEEN MAJOR DEVELOPMENTS SINCE THE 1995 IPCC REPORT. We also have to know the economics of one Kyoto and multiple Kyotos. You and Terry Thorn and Ken Lay cannot duck the debate or speak out of both sides of our mouth on the issue.

The good news is that we can figure out reasonably well what the science knows and doesn't know, what the costs will be of meeting one Kyoto (we need a range depending on assumptions), and what one Kyoto will do for the alleged problem. We also know better than anyone else what the economic cost and quantity contribution of wind and solar are, and what the pluses and minuses of trading are, on the Kyoto equation and should share this with Congress, DOE, and the public through the Pew Center and our speeches.

One other thing John. In your memos, and in your writings for the BCSE, you have again and again resorted to ad hominem attacks against the oil and coal industries for their position on Kyoto. When you do this you are also attacking about a hundred free market, libertarian, and conservative public policy groups, including the American Enterprise Institute where Ken is a director. You are attacking the great majority of the U.S. Senate and many millions of Americans who have very strong feelings that Kyoto and international global "green" central planning that it must entail. International climate change planning may look good now on paper, and I'm sure you have done the math on what it could mean for Enron, but it is a Pandora's box of regulation and social control the likes of which few historians of regulation and social control have ever seen.

And going from defense to offense, a doubling of CO2 could be a major driver of 21st century sustainable development regarding plant biomass and crop yields, something that Enron should not stand in the way of IF the science points toward this conclusion. And I think it does. (We need to immediately study this and the possibility of biomass from doubled CO2, something that Shell probably has already done.)

I think we should have this debate and would bet that most Enron employees would want us to have it also. We are not corporate robots but enabled individuals who can make sure that Enron's business centers are sustainable with scientific, economic, and political reality.

Let the debate continue--internally and externally.