POLICY ON PURPOSE

Episode 18: Aldo Flores-Quiroga, former deputy secretary of energy for hydrocarbons at Mexico's Ministry of Energy (2016–18)

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ANGELA EVANS: Hello, everyone. This is Angela Evans, the dean of the LBJ School, and I am so pleased to introduce to you Aldo Flores-Quiroga.

ALDO FLORES-QUIROGA: That's very well said, thank you very much. *[laughs]*

EVANS: Well, very good. I studied Spanish and I was an exchange student in Ecuador when I was like 16, and I think part of that just helped me, but I wish I speak better but I don't. So, but I have you here!

FLORES-QUIROGA: Great to be here.

EVANS: And I am so happy to have you here, and for those of you who don't know — and can I call you Aldo?

FLORES-QUIROGA: Please do.

EVANS: OK. If you don't know Aldo, Aldo was very key in the Mexican government, the last administration. He was a former deputy secretary of energy for hydrocarbons at Mexico's ministry of energy, but before that he was involved in a lot of issues in strategies for Mexico — not only within the country, but also around the world represented Mexico in a lot of these international arenas. And actually served as secretary general on the International Energy Forum, and that was for five years so that was a big —

FLORES-QUIROGA: Almost five, yes.

EVANS: Five years.

FLORES-QUIROGA: Inside Arabia.

EVANS: That's such a different culture, like you're going from Mexico to Saudi Arabia.

FLORES-QUIROGA: Different culture. Fascinating.

EVANS: But what it gave you, I think, and this is what we want to talk about, is a perspective of not only, you know, from your academic grounding and your work in Mexico, but the world. You know, looking at a collaborative environment where we're dealing with some very important issues that face humanity which is our energy and our use of hydrocarbons, and just how we make the planet safe and yet productive for people.

So one of the things I wanted to talk to you about, and have our people who are listening to us hear from you: You've been in this even though you are young, you've been in this quite a while, and you've seen a lot of different dimensions in this. From the academic dimension to a very, you know, state-level and different agencies in a country, as well as international. What do you see as some of the barriers in collaboration? When we try to collaborate with folks who have different approaches, what's sort of your secret sauce in trying to work with these people?

FLORES-QUIROGA: Wow, what a question. A secret sauce.

EVANS: *[laughs]*

FLORES-QUIROGA: Let me — I want to try to find it, but let me first say that I'm so happy to be here. I'm a big admirer of LBJ and such a famous school, so it's great to be around and having a conversation with you and learning about all these activities that this school is doing.

EVANS: Thank you.

FLORES-QUIROGA: Well, yes, my experience has been very much about building bridges between disciplines, and between countries, and even between sides in terms of the old market — producers and consumers. And I don't know if I have a secret sauce, but clearly one has to understand the other side very well. One has to understand where they are coming from, what their interests are and work from there to find the connections. Obviously one has to understand one side and what one is looking for.

EVANS: Right.

FLORES-QUIROGA: But these types of interactions require [a] win-win mindset. There's always a space for finding agreements and building up a collaboration. This is, by the way, when academic efforts become very interesting, when they become trans-disciplinary — I've been doing economics and politics for a long time. I did so in academia, and in the space of policy and international affairs you do have to have an interdisciplinary mindset, and you have to look at a broader picture to understand what is the space for negotiation and reaching agreements, and pushing an agenda that is productive for work.

EVANS: There's a lot of complexity in that answer. So one —

FLORES-QUIROGA: *[laughs]*

EVANS: One is, you know —

FLORES-QUIROGA: Very abstract answer right here.

EVANS: No, it's complex and this is what we're trying to get at when we're looking at public policy schools in helping our students understand the complexity, but also give them the skill sets that they can actually go into that and be successful. So one dimension about what you're talking about is just a small interdisciplinary dimension. So you understand the law, you understand economics, you understand the expertise that it takes to be in the energy sector because all those have different ways of approaching a problem. So that's very important to do, and so that's one dimension which is difficult.

And the second dimension, then, is to thinking about your national — you know, what's good for the nation, whatever nation you're in, but still having to work in a global community where there's other nation states, other sovereignties that have their own approach to things, and how you blend that together, I think — I think that's very hard. And that's what we're trying to think about. How do you teach students to do that, you know? And you seem to have just moved into it and been very successful, but can you point to something in your background, your educational background, your experience, background when you said, "I can now see this picture and that's how I need to behave in this world."

FLORES-QUIROGA: Well, you are so very kind with your words, but let's see. One key experience, or insight, that I had upon moving between countries is that we tend — or at least I did — to have our cultural references or points of reference as given, as if they were the only way of looking at the planet, or even at an issue.

EVANS: Mm-hmm.

FLORES-QUIROGA: And that might apply within a country. And now that I'm visiting Texas I see that Texans have a different perspective of the world than California, sort of.

EVANS: Exactly.

FLORES-QUIROGA: *[laughs]*

EVANS: And sometimes even Texans don't have the same perspective on things exactly.

FLORES-QUIROGA: So it's not all too different from that, trying to understand and what these other culture values and why that is important, and that is a different mindset. That allows for different conversation, and even understanding life and policy from a different angle in a way that I believe is very — can be very useful. The other thing that is — this is a little bit different but it's worthwhile for public policy students to understand — is that there's a moment in the decision-making hierarchy that solutions are not straightforward. That it's not just about, "OK, I — I don't know, optimized this equation or I found this solution." Every — at some point, the solutions involve very hard tradeoffs and you're, most of the time, choosing between two bads, between outcomes that are not going to be comfortable

regardless of what you choose. And we do tend to sometimes think, in academia, that there's this very — I don't know, yellow path to paradise, this very nice solution that can solve many other things and it's not like that. You solve one thing but at the expense of not solving another and that's a constant.

EVANS: Yeah, that's, again, that's really very wise because one of the things we talk about is, first of all, what is the problem? Making sure that everyone can at least agree on what the problem is, and that in it of itself is a major issue in many realms. But then it is, OK, if you have this problem and it's come to you, what do you do about it? And there's not the way — there's many ways and so the ideas of critical thinking is, if I go this way, these tend to be the consequences and you try to foresee that, is it feasible? Economically or socially or, you know, globally? And if it — when will we know if it doesn't work? So those types of things, I think we can talk about them, but I think one of the things you said is if you don't really have the experience of being in a different setting with different people, you just can't quite understand how to work that, you know?

FLORES-QUIROGA: Well you said it better than I did. *[laughs]*

EVANS: No, I don't think so, but —

FLORES-QUIROGA: But yeah, that's definitely one part of it, no.

EVANS: So what did you find the most difficult adjustment for you when you want into — let's say, when you, anytime you moved into an international setting? What, for you personally, was very — outside of the, you know, the disruption of your home, etc., when you went into these different international types of association, what did you find the most difficult thing that you had to work on to feel like you were successful?

FLORES-QUIROGA: Well, let me answer that on two levels. One is just, let's say cultural, personal, but I think it's worthwhile saying it. At least for me, I tended to make things more exotic than they were, right?

EVANS: *[laughs]* Yes.

FLORES-QUIROGA: So I thought that some things were, "Oh this is so different," and then you discovered it's just the same — a different expression of the same human experience and principle and yearning and want and whatever. So you move abroad and do that type of work, don't make things more exotic than they are. *[laughs]*

EVANS: Well, you've got a different setting, I mean that's different, that's true, it's like, "Oh I'm going to Arabia or I'm going to, you know, Morocco or — yes, yeah.

FLORES-QUIROGA: Correct, correct, no. But, for example, we, from the Western Hemisphere, tend to think of the Middle East as extremely different, and yes, they are very — there are marked differences, but people are people everywhere and families want to grow happy children and etc., so they care about the same things; they do them differently. Of course we have different perspectives on how to address them and the rest, but anyway it's worthwhile keeping that mindset, no? And I guess that applies as well in settings like, I was a facilitator as part of my job when I was working in Saudi Arabia between producers and consumers, this organization was made to promote dialogue, mainly

between OPEC and AYA members, it was born when the Gulf War of the 1990s took place and there was a major price increase in the market. And therefore, people were worried about energy security and the stability of the market and what might happen to supply and investment and the rest. And so this was eventually formalized into a process that was this organization, and it's now not very useful to think about producers and consumers on different sides of the table — take the U.S. The U.S. is both a huge consumer, but now a huge producer also, of oil and gas and so the roles are shifting. And in a way, they were never opposite; they're complimentary and one has to understand that to think more creatively about solutions.

EVANS: You know, Aldo, you're saying some of the — we had a podcast previously with Susan Gordon, who is you know, the principal deputy director of national intelligence. She said a very similar thing. When you're talking about it, it used to be the privates and then the publics; it used to be, you know, the federal government and then the business owners, and that's blending. And our big challenge, I think, for those of us who are trying to grow the next generation that's going to move in that arena, is how do you prepare students for that kind of blend when all the historical underpinnings have been like, there's two sides and there's two factions, or there's, you know — and they're discrete, when they're really not.

FLORES-QUIROGA: Correct. No and even in this world of social media, Twitter tends to polarize very easily and it's just worthwhile to step back and remember that we're in the same boat; it's not different sides and not, at least in those very basic terms, and that there must be a way to find a productive living together to make a better planet. Even though it sounds that dramatic, but —

EVANS: No, but no it is, but I think that's again what we've heard from a lot of people who we've brought on here who are exemplar people who have stayed in services that — you know, this idea that there is this greater good and that their eye is on that ball and they have different ways of approaching it, but it doesn't sound corny. I mean, that's exactly what we're hearing consistently about people who have come to us and visited with us on this podcast.

FLORES-QUIROGA: And you have to believe it. My take is that we do that, we do these type of things because we believe in them, we can believe that we can make a difference, that it will really make things better, otherwise it's just doing one more job.

EVANS: Well, I want to talk to you a little bit about something we're trying to work with. So, many of your jobs required coalition building — you had to have coalitions, you had to have colleagues, you had to have cooperatives. So in a coalition you have multiple players; how did you work it when you had maybe one out of that coalition that really did not want to work with you? I mean, how did you get people who normally would not work together — let me put it that way: how do you get people who normally don't want to work together to work together and stay together, then, after that, so it's not like a jump start every time you have a different issue? Do you have any ways that you felt were successful in terms of trying to get that? Because I think that's one thing we have to teach our students how to do.

FLORES-QUIROGA: Well, the first thing is don't add to the noise, don't become a part of the polarization, especially if you want to be like coalitions. So acknowledge what the different parties are interested in addressing and solving and be conducive to a process of exchange that leads there. And that doesn't mean that there's a guaranteed solution or agreement or an outcome, but it does sustain a process that eventually might lead to finding that gate to the right approach in which everyone can participate. That's

one thing. The other thing is that having a mandate in itself means that one can already build a coalition, it means that people agreed that even though they disagree, there is someone there that will try to find a solution, so keeping that neutrality —

EVANS: So that's helpful to have an end goal that everyone's agreed to.

FLORES-QUIROGA: Yeah, yeah. Or at least an agreement about the principles that matter, right? And if you think of the — I don't know, the success of the U.S. democracy, there's an agreement on what the principles are, there might be a lot of shifts in who's in government or not, or policy and the rest, but the basic rules of the game are accepted. That helps a lot.

EVANS: What about persistence?

FLORES-QUIROGA: You have to have it. *[laughs]* It's just like, I have bad news for you: You have to have it. *[laughs]*

EVANS: (laughs) That's right, you have to be willing to, you know, [say], "OK, that didn't work, I have to come back. And that didn't work and I have to come back." And having that kind of drive, the patience to persist, because I think many people like to see things immediate — like they expect like immediate resolution or an immediate feedback that this is working, this isn't. Sometimes it just takes quite a while for people to just, like, internalize it and then eventually it comes out.

FLORES-QUIROGA: Yeah, and it also takes a while for those that are participating to also understand what they want. Sometimes you enter into a conversation in which the other party believes that this is the key value to trade, let's say or not, and suddenly it's something else. So a process allows, also, to discover what is it that really matters in that conversation.

EVANS: Mm-hmm, and the other thing, too, I'm sure that once you're all — like, when you're together it's like a socialization, too — you get to really see people as people rather than a representative and having those human relationships always helps, especially if there's a trust level that has to be built.

FLORES-QUIROGA: Correct, it helps a lot. So the process in this organization was very much about that. We did have to organize many expert meanings to analyze subjects and then get to official minister meetings, and we had to facilitate a lot of exchange and to produce, also, data and analysis that will help re-frame some of the subjects. So, for example, with respect to the market, if you think that — at any moment that there's a big movement in prices, people immediately ask, "Why? What happened?" And that means trying to find where the supply-demand balance is. So you're looking for data and it's very — and I said this, a huge market just for finding that data and it's not that easy to find. And then, so you say, "OK, this may be because there's an excess supply or excess demand." But then the next question is, "Why? Why are we suddenly finding ourselves in this situation?" So that takes you to, "Well because we made x decision 10 years ago that effected the path of supply."

That takes you to the realm of energy outlooks and what might be the future of the energy industry, because what you believe today about what's going to happen in 10 or 20 years will determine your investments today and eventually will effect what happens in 10 years, right? So for example, those two things imply a lot of work from experts everywhere from government agencies around the planet just to collect information, to create the mandates, to have the infrastructure — the institutional capacity, that

technology to aggregate this information so that a group of ministers can have it. And once they have it, then there's the next challenge to see if everyone agrees on the interpretation of what that is and the rest.

FLORES-QUIROGA: So overall in terms of helping the process was about this data generation process, a collaboration with many agencies, not only the AYA and OPEC, but UN statistics, Euro Stats, APEC and Latin American agencies, etc., etc. And then the collaboration world — these governments and making this dialogue happen, and also it's a big discussion for example, on how prices come about. And there's an interaction between physical and financial markets that is now much more relevant to how prices come about, and so we also had to do a lot of work on those things. So all of these things, implicitly or explicitly, are about coalition building, about creating a knowledge space, about creating a negotiating and dialogue space that builds up to some perspective on how the planet is working, or at least the oil market is working.

EVANS: Yeah, well one of the things you mentioned, which is another thing that I think is very challenging, and again we try to think about how we can instill this — the skill sets and expertise on this, is data, you know, what evidence and who collects the evidence? What are the assumptions in the evidence? What are the gaps? Because oftentimes, the evidence is not there and the best policy is not to make a decision. When there's still this —

FLORES-QUIROGA: Do no harm. *[laughs]*

EVANS: Yeah, do no harm, exactly. So when you were doing all this and you were in this, you know, very high-level policymakers thinking about this, how did you all decide what information and data you could trust? How did you build that? Was it really the academic community that you went to because they're supposed to be objective? Was it the industry because they had more technical expertise and knew how to collect it? Or if it was all of the above, how did you discern what you were really going to pay attention to and if you didn't have the data, what you were going to do the next time to have it? Because that's a very big challenge, I think. I'd like to hear how you maneuvered there.

FLORES-QUIROGA: We did resort to all sources. Without a doubt, academic sources were very useful because they are analytical — they, overall, tend to be reviewed and refereed and that means that there's — that you can, there's trust in the information that you are receiving, or analyzing. But it's not enough; we — by data, I will also say, include insights and perspectives from stakeholders, from industry, from society, from anyone involved because it also helped not only in maybe refining or fine-tuning the quality of information, but in interpreting better what that data point meant, for example. So it was very useful, always, to have as many perspectives as possible with respect to a particular issue, because, again, we are making policy and we were making policy — sometimes at a very fast pace and we had to correct constantly, our perspectives, or at least check them, rather, with as many views as possible. So, but there's no way around it: Data is non-negotiable, trust the evidence as opposed to authority. *[laughs]*

EVANS: Keep — yeah, right. Right.

FLORES-QUIROGA: Right? Use that first and then compliment with the rest. But the hard part is that you do have to be making decisions with very imperfect information. There's a moment in which — I won't call it a hunch, but you have to make a decision with information that is not ideal and you don't have the

luxury of waiting three months to see if somebody sends you the information, or if there's one more run on the econometric analysis and you can't do something, you just have to make that decision.

EVANS: That, I think is critical, because that's the world — I mean, that's not just in the environment you're in, especially if you're doing things that are creative or cutting edge or transformative, you know, there's not going to be that data. So you can put together the data that you already have and it doesn't really, totally align or there's a big gap in there and then you have to think about, "How do I develop a policy or an approach that is flexible that if I do get some more data, No. 1, I'm going to do no harm, but then how do I keep an eye on what's really going on so that if I see some changes we can have that policy — it can be flexible?

FLORES-QUIROGA: And that's where schools like this one make a difference because that's where the framework, in the absence of sufficient information, you still have a framework about and with — that you use to think about a problem or a challenge and usually that framework has the benefit of accumulated evidence in principle if there's a lot of case studies and the rest from past experiences.

EVANS: The expertise is built; the capacity is built.

FLORES-QUIROGA: Yeah, so you need that and that's probably — well, in my view at least, the only sound way out because otherwise it's just all hunches or intuition or whatever.

EVANS: Or anecdotal.

FLORES-QUIROGA: Exactly. So all these theory and methods that are being taught at schools like this one, is very important to think systematically about an issue and about the possible solutions, even if — or if you don't have all the information that you need.

EVANS: Mm-hmm. That's why it's really important that you're here, talking to the students — not just this podcast, but they're going to have a chance to talk to you.

FLORES-QUIROGA: Super.

EVANS: Aldo, I want to switch to your last job. Strategies for Mexico *[laughs]* on hydrocarbons. How would you compare that experience working within the country with all the stakeholders to the experiences you had in the international [arena]? Was it easier, was it harder because, you know, you were in a country that may have — it wasn't a solid voice, you know, like you're representing Mexico in a larger community when you're really starting to get more into the nitty gritty of that? How was that for you? So that's the first question and then, when you answer that, when you grow something and you put so much of yourself in a strategy and then you leave, how do you feel about the sustainability of that strategy in terms of how governments can sustain that?

FLORES-QUIROGA: Let's see — well, first of all, it's always a privilege and honor to be serving one's country and trying to make a difference that is very meaningful. It's a big responsibility. And a key difference between what I was doing based in Saudi Arabia and Mexico is that in Saudi I was running this international organization.

EVANS: Mm-hmm.

FLORES-QUIROGA: Not representing my country. I mean I'm definitely Mexican, but I was the head of an institution of 75 member countries and I was accountable to all. But the one drawback of those positions is that you cannot make the final decision on a specific policy. You help a lot in decision finding and searching.

EVANS: Facilitating it, yes.

FLORES-QUIROGA: But the final outcome is up to the countries, the ministers. In Mexico I had that privilege of doing policy and steering policy in the direction we felt was very important.

EVANS: Mm-hmm.

FLORES-QUIROGA: And it was a fascinating and challenging experience. We were tasked to create this new reality in a short period of time, because the country needed a stronger energy sector and much more investment — much more dynamism and technology-driven growth than we've been having for a while. And that meant constant effort and constant hard choices. And, as I was also referring to, decision-making made without sufficient information. A lot of interagency coordination, and coalition building, and negotiations. Even if you had five agencies that are tasked with the same objective, and everyone shares the same objective, it doesn't mean that everyone agrees on how to get there.

EVANS: *[chuckles]*

FLORES-QUIROGA: Or even if everyone agrees to get there, they are subject to different bureaucratic rules, or standards, or whatever. So it's a very complex process very soon. So, getting hands on during policy was fantastic and I must say. Having come from academia and being in this academic setting, it made a huge difference for me to have those tools and those skills when thinking about how to make markets where there weren't. So we had to transform a state monopoly into a set of markets. On my count, our energy industry, you could say that it's composed of 52 broadly defined markets.

EVANS: 52?

FLORES-QUIROGA: At least 35 required work to make them look competitive, right. And each one of them has a specific characteristic that requires a different application or something. And it was my training in academia that helped me sort through many of these issues and challenges. And, yes, it makes a big difference to have that. But, it's more fun and a huge responsibility as well. And sometimes it's very daunting.

EVANS: Mm-hmm.

FLORES-QUIROGA: To realize that you're making decisions that affect so many. And of course, one believes in them. And we were a very committed group with a very committed Department of Energy of Mexico. Very committed secretary and president to make this —

EVANS: Which makes a difference if your leadership is behind you and supporting you.

FLORES-QUIROGA: Yes. So how does it feel when ones out?

EVANS: Yes.

FLORES-QUIROGA: Well, you learn that you have your moments, right?

EVANS: Yeah.

FLORES-QUIROGA: And of course, one has strong feeling of what I did and the team as well. I don't know. I guess when — it's hard sometimes to understand. And some perspectives that come afterward, you feel misunderstood.

EVANS: Mm-hmm.

FLORES-QUIROGA: You realize as well that maybe you could have communicated better some of the things that you were doing so they were better understood. We are very persuaded that the path we chose was the right one. Now, there's an administration that is reviewing that path. They are not as persuaded, but they are very reasonably, I believe, also reviewing what we did. Because there's no way that we can presume that the truth and the only way out or the only way of doing things, is the one that we chose.

EVANS: Mm-hmm.

FLORES-QUIROGA: So this new administration has decided that the energy opening that we had in Mexico must be analyzed and reviewed. And maybe or maybe not be launched based on your premises. And I think that's also very valid.

EVANS: Yes.

FLORES-QUIROGA: So one has to also understand that.

EVANS: Mm-hmm.

FLORES-QUIROGA: And I think it’s part of a healthy democratic process as well.

EVANS: I agree. I totally agree with that. Also it's — the word — I'm trying to find the word for it. But I think one of the things that's very important is that no matter what happens, the fact that people increased the knowledge, increased the expertise, thought about it in a different way, that's always there. Whether people accept it, it just adds to the knowledge base. Adds to the experience.

FLORES-QUIROGA: Correct.

EVANS: That people have in the expertise they bring. So, Aldo, before we end this, why did you choose to go into the public service and what's kept you there?

FLORES-QUIROGA: Because I'm a masochist.

EVANS: *[laughs]*

FLORES-QUIROGA: *[laughs]*

EVANS: Well that too! Is that it? *[chuckles]*

FLORES-QUIROGA: Because it's... because it's meaningful. Because having a purpose makes a huge difference. Because doing something that is bigger than one's self is just very stimulating. One has to try to — beyond leaving a mark, just try to improve things. And improve things for the country in which we live. For the community in which one lives as well. And I've always cared about that. I did grow up in a family where politics and public affairs were very relevant. So obviously I was socialized into these types of subjects.

EVANS: Yes, yes.

FLORES-QUIROGA: My dad was an academic himself and he was in politics. So this was kind of the daily discussion at home, right.

EVANS: Sort of in your DNA, yes, yeah.

FLORES-QUIROGA: Yeah, it was in my DNA.

EVANS: Yeah.

FLORES-QUIROGA: But I do care about that. I am someone who has always thought about the subjects. I studied them. I was very much involved in my graduate studies trying to understand how to make structural reform work. Because that's what my country needed, and has been needed it over the last 30 years, actually. And that was about just making things better. And that's how I got involved in it. So yes, it's very meaningful for me to go beyond a paycheck or just a profit. You want to — it's nice to contribute.

EVANS: This has been wonderful. And being very open and sharing with us your experiences and your feelings has been very privileged, so we're very happy to have you here. We're happy to welcome you, not only on this podcast, but to the LBJ School. So thank you so much.

FLORES-QUIROGA: Thank you so much. Very kind. Great to be here.

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