The Axe Files - Ep. 122: Mike Leavitt

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UNIDENTIFIED FEMALE: And now, from the University of Chicago Institute of Politics and CNN, "The Axe Files", with your host David Axelrod.

DAVID AXELROD, :"THE AXE FILES" HOST: There may be no more quietly accomplished official in American political life than former Governor Mike Leavitt of Utah. He served three terms there as administrator of the EPA under George W. Bush and then in Bush's second term as Secretary of Health and Human Services.

Mike Leavitt is deeply respected by people on both sides of the aisle, something that's hard to find these days. And had dependent two issues that are on the front burner in Washington today, healthcare and the environment. We talked about it the other day when we sat down at the University of Chicago.

Governor Mike Leavitt, thank you so much for being here. You know, I -- in getting ready to have this conversation today, I looked at a little bit of your history. And I can't say that I know anybody else who can point to their lineage on down one lane to the Puritans and the other to Mormon pioneers. Tell me about your family.

MIKE LEAVITT, FORMER GOVERNOR OF UTAH: Well, I'm a Westerner. And that is of course, by heritage. My father's heritage comes from England. My mother's comes from Sweden. They were both Mormon pioneer families who found their way in different ways, actually through Illinois and then, to Utah.

My father grew up in a small town in the south -- the southern corner of Nevada called Bunkerville, and my mother in a very small town. We're talking the town of 300 people in both these cases, so very small in the south-central part of Utah, called Loa, Utah.

They met in a little town called Cedar City, which is a college town where they both came to be the first in their family to go to college. They married, lived in a little mobile home with no rip -- with no bathroom.

I was the oldest born to them. They walked to the hospital a few blocks away and had me. I lived in that little town for --

AXELROD: In a mobile home?

LEAVITTE: Actually, we graduated from the mobile home to a basement not too long after that. But, life has gotten nothing but better for me. And I have great parents. I have five brothers, no sisters. Grew up in this small town. I tell people that -- if you knew the sitcom, leave it to beaver and the adventure bonanza and you molded those two, that is my
adolescence.

AXELROD: I am old enough to understand that [inaudible] governor.

LEAVITTE: You know me well then.

AXELROD: The -- I have a note here that Thomas Dudley, the second colonial governor of Massachusetts was an ancestor of yours?

LEAVITTE: Well, you have to be pretty studious to get to it, but it's true.

AXELROAD: Yes.

LEAVITTE: And actually the Leavitts landed in Massachusetts in I think seven -- 1629 of the Kings Forrester, was a Leavitt. And he was sent here to find out if there was anything worth having in these new colonies. And he returned saying there was a lot.

And so, the first Leavitt actually to come to the United States to the colonies actually was a stowaway, is best that I can tell. He was an apprentice tailor and hated it. And that was of course a contract, a very serious contract. And he broke it, stowed away on the ship and went to Massachusetts. Found his way into the northern but into Vermont. And that's the history and in the course of that, that line works its way into Thomas Dudley.

AXELROD: So, the governor thing was sort of in your genes, you're a long way back, it was pre-destined.

LEAVITTE: Yes.

AXELROAD: Pre-destined.

LEAVITTE: I have no choice, Thomas Dudley in 1600 made it possible.

AXELROD: We're going to talk about the healthcare issue in a few minutes but your family has a familiarity with this whole issue, insurance issue, not just as a governmental policy issue, but professionally, because your dad went into the insurance business. And you followed him in that business?

[0:05:14] LEAVITTE: I've actually had three careers in my life. I'm one of the lucky people who have enjoyed everything I have done.

AXELROD: Yes.

LEAVITTE: My first career was a building businesses and the risk-management world. And the second was my government service. And the third, I've had the good fortune of spending most of my time thinking about healthcare since I left public service. So, the whole area of how you manage risk and how you take care of people's needs in both economic sense as well as a public policy sense has been a big part of my life.
AXELROD: And your dad built this business?

LEAVITTE: He did. He started it in the basement of his home and over the course of -- it still operates. They have 130 somewhat insurance brokerages around the country. And it's a great American dream story and I've watched it happen because his office was right next to my bedroom when he started.

AXELROD: And healthcare was part of that?

LEAVITTE: It was a minor part of it. It was mostly in other lines of insurance, property and casualty, but it ultimately became part of it. And it was -- that was a valuable background for me. The whole area of how you manage risk, and how you create pools of risk and how what it takes to have the integrity of actuarial sciences is a big part of what I learned as a young professional.

AXELROD: Yes. Well, that's a handy bit of knowledge right now when we're talking about how to recast the Affordable Care Act. I want to talk about that in a minute. But, your dad drifted into politics and you apparently drifted with him along the way.

LEAVITTE: My first recollection of anything political was going to the iron County Fair where my father was running for the state legislature and to my great humiliation. My mother required that we wear a white T-shirt with a campaign brochure. Elmer glued to the front and our back, and our job was to walk around and draw attention to ourselves.

It was not a good start. But, he then became a member of the state legislature and ultimately ran for governor. And there was no one to manage his campaign who would work harder or cheaper than me. And I ended up managing it. And while he did not lose, he exceeded expectations and it launched me into an entirely different path than I had expected.

AXELROD: And what about it -- what appealed to you about it? Because you're not -- you don't strike me as someone who pays things to himself to call attention to himself.

LEAVITTE: Well, that was not -- it was my mother's insistence.

AXELROD: The point is you're not -- and I spent some time in Utah worked with Wayne Owens who you'll remember very well.

LEAVITTE: Oh, of course yes.

AXELROD: And Deedee Corradini, the mayor of Salt Lake City was an old client of mine. So I got a chance to spend a lot of time in Utah worked with Wayne Owens who you'll remember very well.

LEAVITTE: Oh, of course yes.

AXELROD: And Deedee Corradini, the mayor of Salt Lake City was an old client of mine. So I got a chance to spend a lot of time in Utah. And your temperament actually is well-suited to the state. But, it's not a kind a look at me sort of approach to politics.

LEAVITTE: Oh, I got in the politics -- now I can see by accident. I always been interested in it. But, I started managing campaigns. And I managed for senate campaigns, a couple of governors campaign is got in from the presidential election. And it taught me the process. And then I got engaged in public service.
And I found -- first in education. And I could see that if you really wanted to get things done, you needed to be as they say in the Hamilton musical in the room. And that drew me to an opportunity. And as they say this, the rest is history.

I ran for governor, and was fortunate enough to win. I served there for three terms, had opportunities to occupy a couple seats in the president's cabinet. It was -- It's been a great ride. And I think what I've enjoyed about it mostly is that it makes you feel like you're involved in something bigger than yourself.

And I think we all want that in one form or another to feel as though our life matters, that our thoughts and ideas were focused on the improvement of society. And I found that there.

AXELROD: You worked on the healthcare issue, then in the Utah. And you had -- you took your own measures to try and expand coverage in particularly to children. Talk about that.

LEAVITTE: Well, and I ran for a governor in 1992. Of course, you'll remember that was the year Bill Clinton was elected.

AXELROD: Yes.

LEAVITTE: And healthcare was a big issue.

AXELROD: It is.

LEAVITTE: And I'll be honest, I did not see it coming as a candidate but it became evident to me. I needed to learn more about it. And that was natural for me because of my risk-management background. But, I dug into it and found it to be an issue that I found enormously interesting.

[0:10:14] I concluded that ultimately, the approach was -- that was being taken nationally was -- that was not the right approach. Meaning, and I'm not talking about the policy of it. I'm talking about the mechanics of how you get it done, rather than try to pass it on one bill. I felt that there was a better way to approach it. And we laid out a blueprint in 1993, and then every year for the next five years.

We added to the blueprint or we completed part of it. And so, we did a lot of the things in the '90s that the affordable Care Act did. We expanded coverage to age 26. We dealt with a lot of the rating issues. So, that -- none of this was new to me. I had dealt with it when I was governor.

AXELROD: And would to good results, you -- now, I'm reading it. You insured 400,000 more state residents, which is a large number in a small state. And you reduced per capita cost of healthcare 25 percent below the national average. What's your fundamental philosophy on healthcare? And you know, there's a big debate as to availability, access. What should our aspiration be in terms of healthcare?

LEAVITTE: I believe there is a widely held aspiration in America for everyone to have access to an affordable insurance policy. I don't think that divides us. I think that unites us. How we go
about it is a bit different. The way I expanded it in Utah is I think interesting and somewhat relevant to this day.

I observed that as we were expanding Medicaid for example, that there were certain of those populations that were getting benefits that went well beyond what a person who was working at a mill or at a car dealership might have in that. And so, I went to the federal government and said, "If you'll let me engineer the development -- of the benefits just a bit differently, I'll take the savings and I'll apply it into a network that can cover more people. We'll give everyone something that we would consider to be credible coverage as opposed to giving a few substantially better with an aspiration that someday everybody will get the best." And it worked.

And then we begin to focus on quality and recognizing that you can -- that the least expensive healthcare is generally the best care. That is to say, you're doing things at the right time in the right way. I had the benefit as governor of having a great healthcare system that was quite dominant in the area called Intermountain.

It's well-respected and there are other systems that do things similar. But, I was very early in the process when I began to learn about the importance of quality and cost. Not just cost, not just quality, but the combination of quality and cost. And people refer to that as value and I think that's why so much of our discussion today is centered around that intersection.

AXELROD: I listened to you talking, you know, I was around the room those years when the Affordable Care Act was being discussed. And a lot of the time -- a lot of subject matter was the same, which is how do we reduce a cost increase value? How do we encourage better practices? And how do we use the savings to expand coverage and so on. How -- what is the affordable care --

I know this is a freighted question in today's red-hot political environment. But, you know, you've heard the president describe it as a disaster and others of -- this is an environment in which hyperbolic language tends to rule the roost here. But what is your analysis of what was accomplished? What wasn't accomplished and what to do now?

LEAVITTE: Well, let me start with what I think is the most important part of the affordable Care Act and that is that something happened. The system had been in gridlock for so long that there was -- it was hard to get the molecules to move in a way that could create any kind of -- I'm speaking of it figuratively.

AXELROD: Yes.

LEAVITTE: I would've done a lot of things differently. But the fact is, they passed a bill. And since that time, there have been a lot of changes that have occurred. Some have been intended. Some have not. But, I think you have to look at health reform not as a four-year or an eight year or a 12 year proposition.

[0:15:08] I think we are actually 25 years into a 40-year transition, and that what happened in the Affordable Care Act was important because it allowed change to start. We're going to go through another iteration of change I think over the next few years or however long this process lasts. But it will build, I think to a large extent on the chassis that was built because there are things that Republicans and Democrats fundamentally agree on.
And outside the politics, if you can come back to the kind of Google Earth view of this, there's progress being made. We're iterating through different political periods, but there's progress that's being made.

AXELROD: One of the things that I think you advocated were healthcare exchanges. And obviously, that was a core of this bill. And a lot of Republicans frankly were supportive of that concept over the years. And Governor Romney applied them in Massachusetts. Do you still believe in the exchanges?

LEAVITTE: I have believed that it's a market-based idea. If you look at the history of this, you'll see the first exchange conversation actually took place in the 70s with Richard Nixon. And then, you roll forward until the Clinton Health Reform where they had what they called I think they called Regional Co-op with exchanges.

The Republicans hated that. And they ultimately defeated it. Then in 2002 were so, the Heritage foundation came up with a concept they called an exchange. The Democrats hated that because it was a Republican idea and they killed it. And then you go forward to 2009 or 10, the writers of the ACA did a kind of clever thing.

They took the Democrat idea that Hillary Clinton put forward. They took the Republican name of an exchange and they put it into the bill. And what we had was a disagreement over whether it ought to look like what the Heritage Foundation had designed.

AXELROD: What's the difference between that of that idea and what we got?

LEAVITTE: Well ultimately, what happened in the ACA is that they compromised, not lots made of that. But, we had a situation where they said every state can have its own. And if you want to have one like Hillary Clinton design, do it. If you want to have one like the Heritage Foundation, then do it. And then --

AXELROD: What's the difference between the two?

LEAVITTE: That's mostly the role of government, which is what actually what a lot of this boils down to. It isn't a difference in aspiration. It's a question of what's the role of government. And then in the ACA, as well as what have been proposed in the 90s, had a lot of government involvement and a lot of government decision-making.

I mean, I have observed over time as a scholar of political thought that these things boil down to really three questions. Who matters? Who pays? And who decides? And in the context of the Democrat version, it's typically they'll go a lot deeper in terms of who matters and who pays. Though, they're willing to shift income from one to the other. And who decides, they'll have the federal government decide.

The Republicans will be, they'll likely not apply it to as many people. They will have the state government or consumers making decisions. And they will have less shifting of income. But it's not a difference in our view of what ought to be done. And I think that's the foundation on which progress will always be made as building on the things that you agree on.
AXELROD: On the subject of who pays -- I got to take a quick break here for a word from our sponsors. So we'll be right back with Governor Mike Leavitt.

(BREAK)

AXELROD: You say that there is a basis for mutual agreement or understanding on this, but doesn't feel that way.

[0:20:04] Now, there's a huge gulf between the way Republicans and Democrats in Washington, and frankly, it's sort of morphed into the states describe this. What is the way forward?

LEAVITTE: Well --

AXELROD: In this environment, you know.

LEAVITTE: You have been out of Washington for a while and so have I. And it's --

AXELROD: It's why we look so healthy.

LEAVITTE: Well, it's certainly why what shapes our views. I mean, I have observed and I'm sure you did that what drives Washington is two things. Preparation for the next election and maintaining control of a new cycle. And if you -- and both sides believe fervently that the other side won't do the right thing. And therefore, they ought to have nothing happen until they become in control.

AXELROD: Yes.

LEAVITTE: And then they will certainly do the right thing. And so, you end up then always at the same thing happening and that is the party coming into power will overreach and they tend not to get as much done as they could. I think there are things that Republicans and Democrats agree on.

We started with the fact people ought to have insurance. I think you can get them agree -- to agree that coordinated care is a lot better than uncoordinated care. I think you can get them to agree that the way we pay for healthcare is wrong. And that we ought to change it away from this what we call the fee-for-service system to something where they're working on value. And I think there's --

AXELROD: And we've moved in that direction.

LEAVITTE: And we have moved in that direction. And I think that ought to be acknowledged. In fact, I look at the Affordable Care Act and if you would ask me what I think its biggest contribution has been. It -- Aside from just getting us started, I think it has given great momentum to the idea that we need to change the way we pay for healthcare.

AXELROD: You know --
LEAVITT: That alone over the course of a decade or two will be among the most significant contributions that in any period could make.

AXELROD: And at the core of that is this notion that if you'd pay fee-for-service, it puts pressure on the providers to encourage the use of medical services of doctors, appointments of tests and so on.

LEAVITT: All the incentives are misplaced. Yeah. It -- I've said at times it's like a disease chronic more. Everybody gets -- does better with more. And that's not good for the system. If you want to make more money as a healthcare provider, just do more procedures. If you're a -- if you're a consumer and you're not paying for it, then why not just get more.

And so the system has to change or the problem won't be resolved. And I think the Affordable Care Act, at least began to acknowledge the fact. Now, I want to say this. I was in the Affordable Care Act but I know with some certainty that the writers of the bill said we can't just go about getting everybody insured. We have to do something to change the cost curve. And they went to CMS, the Center for Medicare and Medicaid Services and said to them, "Do you folks have anything that would help us bend the cost curve?"

And I know they had to have said yes we have a lot of things that we've been working with or working to accomplish the last four years. There's a lot of demonstration projects on this thing called value-based care. And the reason that that -- and they basically just put them in the statute. That was developed during the second term of George W. Bush.

Now, we don't think of the ACA having anything that's bipartisan, but the reality is, exchanges were an idea that had been to a large extent thought of as Republican idea. The whole idea of value payment was not new. It was something that we had been working hard on. And it's -- Those are the things that for the most part have endured.

AXELROD: Yeah. And Nancy-Ann DeParle, who is here with you today for program at the Institute of Politics, had a conversation with me earlier. And she also points out that the reduction of infection rates in hospitals and readmission rates in hospitals, I know you were a big proponent, an early proponent of healthcare IT so that you could connect people's medical records in a way that you wouldn't have to replicate tests.

And, you could make the system more efficient. All of this was part of that. I think, it's one of the reasons why the projected growth of healthcare from 2014 to 2019 is about 11 percent lower than they had anticipated because some of these reforms have taken hold. But, let me ask you this. You are a retired politician. I don't know if you're planning to run for anything again, but you look relatively sane to me and pretty happy. So, I'm assuming that you're not ready to jump in right at this moment.

[0:25:14] But if you were, if you were a Republican politician right now, what are the hazards of yes -- saying just what you just said, there are things about this that are good, that are valuable. That we should retain and that we should build on. That seems almost like a revolutionary concept in this hot house environment that we're in.

LEAVITT: Well, there are lots of people who say it. But, I having been in politics, I know the
value of a good phrase. And the Republicans dined out for three elections in a row on the idea of repeal and replace. And I think it's to be expected that there will be a bill that will be entitled repeal and replace. And that's probably about the only thing we know with certainty. What we don't know is how will the word repeal be defined and how will the word replace be defined.

And again, I think if you look at this in the context of history and say that we are 25 years into a 40-year process, this didn't start with Barack Obama. It started before Bill Clinton. And it's being driven by something other than politics. It's being driven by economic imperatives that we have as a country. That's the critical thing to understand is that this is not being driven by politics. It's being guided at times by politics. It's being affected by politics.

AXELROD: Well, maybe in times exploited by politics.

LEAVITT: But, it's clearly being driven by an economic imperative that we have as a country. There's no place on the economic leader board for a country that spends 25 percent if its gross domestic product on health care. We have to fix this. And I think as the pressure for that intensifies, the reality will -- the emergency will become greater.

Now you asked about my view on the Republicans, I think the Republicans have a profound opportunity. If they will act in a responsible way and solve some of the deficiencies of the Affordable Care Act and there are some, it -- they will in fact have -- they'll be rewarded.

Now, the question will be, will they overreach? They've got to have democratic votes in the Senate. And so, at some point in time, this will follow the same pattern. It always follows. And that is that they will overreach initially, and then there'll be some pushback.

And then the big question is, will the pressure be great enough or will it happen soon enough that the politics of this won't take over? They could make some very good adjustments. So we could march forward as a society far better served.

AXELROD: The -- You're right that you said the Republicans have dined on repeal, replace sort of came at later when there was this recognition that, you know, there are actually some popular elements of this program. And the popular elements of a program are things like the inclusion of people with pre-existing conditions.

The end of lifetime caps on insurance so that if you get seriously ill, you can -- you're not going to face those kind of limitations. The insurance people under 26 and you've mentioned that you were an early proponent of that on their parent's insurance. You know the modeling better than anybody.

How do you maintain the things that everybody loves about the Affordable Care Act, even if they don't like the brand of Obamacare? How do you preserve those in the presence as he wants to the Congress as they would want to? How do you preserve those and repeal the law and take the mandate away that encourages people to join, so you have a large enough pool? You talked about risk pools. How do you do that?

LEAVITT: I think, we -- first of all have to just acknowledge that words matter. And they matter to different people for different reasons. And we fight over words a lot more than we ought
to. The Republicans right now want to fight on repeal and replace. The Democrats want to fight. That did not happen.

While the reality is, when it gets right down to it, the Republicans are going to call whatever they do, repeal and replace. And when they get down to what they can actually get done, it's likely to be there'll be some new things. But for the most part it's going to be finding ways to make more functional.

[0:30:07] That which we had before the ACA or that, we have after. And then, we'll have a fight about what actually happened and who deserves a credit. But, and I have a much. I think if you see that --

AXELROD: Probably you will want to see what happens before people decide what they want to grab credit.

LEAVITT: That, that's it I think. It's a good -- what was it. When you play golf, they say don't say anything until the ball stops rolling.

AXELROD: But -- I'm sorry I cut you. I cut you off. But, do you think that those elements that I mentioned will survive? And if they do, don't they have, isn't this a matter of tinkering with the model we have rather than actually replacing it?

LEAVITT: There will be enough change on what's there that the Republicans can properly have a list of things they repealed. And there'll be some things that they'll say they replaced. But look, I just think the reality of this is that what we're going to see is a political process that will produce change. It will iterate where the parties come down and how they define it. It will depend on where they stand.

AXELROD: And are you being consulted on this? Have you been in touch with Dr. Price and others? I know you had some role in the transition. I know you weren't part of the Trump campaign. You were for Governor Casey, I think. But, have they drawn on your expertise?

LEAVITT: I worked as much as I'm asked which is fairly regularly with members of the leadership in congress. And if -- when Tom Price is nominated and confirmed or he has been nominated when he's confirmed, I suspect I'll have some involvement with them. I hope they'll ask, because it would be a mistake not to ask people what happened before. And that's one of the things that often in a democracy we don't do enough of.

AXELROD: Before we leave healthcare, I want to talk a little bit about Medicare and Medicaid, because the president said he doesn't want to touch Medicare, social security. And there are many who thinks that the actuarial tables of such that there might be some adjustments necessary. Then fills up some of the steps the Affordable Care Act took, strengthened Medicare. What's your view of that?

LEAVITT: If there was a lesson I learned as secretary of health, it would be that if you want to transform healthcare, you have to change Medicare. Because it's the only payment system that exists the same in every village, hamlet and city and state in America. And it drives many of the other payment systems.
So, we ultimately have to deal with Medicare. I doubt it will be this year, because of the weight of what's being dealt with the so-called repeal and replace legislation. Medicaid will be, because it's such a big part of it now. You know, I've been through this three times in the last 20 years as governor and as secretary of health. And I can give the block grant speech as well as anyone in America. But I think as a practical matter, while there will be changes in Medicaid, it will likely be.

They have a dilemma in congress. They have a lot of states that have expanded Medicaid already who have Republican governors. They have a group of Republican governors who didn't and are considered good soldiers in the fight. Now, they're not in a position where they're able to say to them, "Well you didn't do anything. So we're going to just leave you out of the money". They have to do something that will allow states to sort of equalize the benefit. And I believe what they will end up doing is that they will realize that the whole idea of block grants is probably unnecessary, because there's a lot of authority through the ACA.

AXELROD: Yes. Yes.

LEAVITT: It's now in the hand of the secretary. And they can likely give the states the flexibility they need through that mechanism. They're also going to have budget challenges that every congress does. But in this case, they're looking at a trillion dollars worth of infrastructure than looking at re-building the military. And if you begin to say how am I going to get money to do that? You can't reduce Medicaid too much, because you've got the problem I just described. They are likely to take a lot of the same dollars and find ways to more systematically spread them across a larger group of people.

[0:35:13] AXELROD: Can we take a short break and we'll be right back with Governor Leavitt. I don't want to leave our discussion without talking a little bit about environmental issues, because before you were the secretary of HHS, you were the administrator of the EPA, which is another kind of freighted issue in today's debate. But you administered some higher standards in terms of emissions. And you obviously take this issue seriously.

I should just ask you as a preliminary question. What is your view of this whole issue of climate change and what the obligation of the government is relative to that issue?

LEAVITT: First, I think environmental issues go well beyond --

AXELROD: Climate change.

LEAVITT: The climate change issue.

AXELROD: Yes. Absolutely.

LEAVITT: And we tend to --

AXELROD: And as a westerner you're probably very acutely aware of that.

LEAVITT: And we tend to symbolize a person's position based on where they are, what the
words they used on climate change.

AXELROD: Yes.

LEAVITT: I came to understand that there was no political philosophy for balance in the environment. I remember once while I was head of the EPA pulling up into an intersection, seeing two bumper stickers. One said, earth first will mine the other planets later. And the other said, save the earth, kill your self. And I thought to myself, there's got to be some place in between that makes more sense than either of those.

And yet, that's the way we talked about the environment philosophically. And there's no real place in the political debate for finding the balance between sustainability and development. And I think that ought to be the objective of policy thinkers is to find that balance. And I think that's true for -- I was engaged often in this discussion with our friends and trading partners around the world when I was a head of the EPA and when I was governor.

And you know, there's something to be said for the fact that there's clearly a problem here. I mean let me restate that. There's clearly a problem. The earth's surface is clearly getting warmer. And certainly human beings have something to do with that. The degree to which we know what to do about it is less certain. But it gets all mixed up in international politics and trade policy and all kinds of other things. And so in my view, if you can focus on solving the problems that you know, and certainly, climate change is one of them, I think you can make progress.

AXELROD: The fact that it is all mixed up in international politics speaks to the importance of several global solutions so that everybody's kind of in the same -- has -- have the same requirements. Because what you hear a lot about from people who take a position that we should stand down on a lot of these measures to deal with climate changes.

Well, yes. But then, the Chinese will take advantage or India will take advantage. And that was the appeal of this Paris accord, which is also imperfect, but a big step forward because the Chinese were in -- India was in. Should we honor that agreement? Should we carry forward? We're in this peculiar position now, where the Chinese -- China and India are now lecturing us on climate change?

LEAVITT: Now that's I think one of the problems over the course of a 50-year history is the United States does keep its commitments. And not everybody else does. I was at dinner one night with one of the senior's ministers of science and within China. And I asked him. This was actually before I was in the federal government, I was governor at the time. And he said, you people have an economy. We don't. So when we get an economy, come back and talk to me then.

Now, that's where the -- this gets all fouled up in international trade politics. And I'm not suggesting. I frankly have not studied the Paris Accord's enough. I'm spending most of my time thinking about healthcare. So, I don't know. And to be honest, I'm not in the position to express a well-grounded opinion.

[00:40:05] But I do know that, you know, I have seen international cooperation done well. While
I was a head of the Environmental Protection Agency, I've participated in the development of what was referred to as global earth observation. I think it was called Geo -- I get the acronym wrong, but it's an -- it's a system of satellites and weather stations and ships and others that are tracking things that are happening around the globe. And that we have as a family of nations found a way to essentially monitor the temperature of the earth and the weather patterns together.

Now, if you can create something that elaborate, you can solve these problems. But it does require a collaborative spirit, not a gaming spirit. And one of the dilemmas we've faced is that not everybody keeps their commitments like the Americans do.

AXELROD: You -- I mean, the Chinese have an impetus because their environment, in addition to dealing with climate change, just the use of coal and other fuels fouled their environment to the point where they have health issues that are conspicuous, so there is more of an impetus probably than there was before.

You were a proponent of cap and trade which, you know, much like exchanges --

LEAVITT: Yes.

AXELROD: -- is a market-based approach.

LEAVITT: For a life of me, I don't understand how cap and trade become what it has politically. I mean to me, it's a market-based solution and it's, again, I've spent more time thinking about healthcare than I have the environment.

AXELROD: Yes.

LEAVITT: But I think a well-executed cap and trade system makes more sense than a system where the government simply steps in and decides who pollutes and who doesn't. You get a better and more equitable outcome.

Now I think there are ways in which you could turn those words cap and trade into an entirely different system than what I am trying to describe for you. And I suspect that that's where the debate comes is that we often adopt one another's words and then make it something else. You can call it cap and trade then make -- and make it a very compulsive system, but in the pure sense of where you're using market economies to systematically drive down the amount of pollution allowed into the environment.

It's much more, it will produce a better result than if you simply have the government deciding arbitrarily how to reduce the pollutants because it'll be -- it's a ham-handed approach.

AXELROD: Either way whether you -- whether you take that approach or more of a -- what you'd call compulsory approach. There are going to be winners and losers. Because it's the nature of these things and some of the old sources of energy, coal in particular, has been loosened as we've seen in the last decade. And part of it has to do with investments. The government has made solar energy, wind energy on the ascension. But how do you manage the politics so that, you know, the president did pretty well telling coal miners that he was going
to bring the coal industry back and I think feels obligated and I know you’re speaking about it on the day that we’re meeting. He was talking about it today. But is that -- can you accommodate the demands of our environment and make -- and follow through on those commitments?

LEAVITT: If you go back on 25 years ago when I was first in politics, the word nuclear was a terrible word. No one wanted anything to do with nuclear energy. And it emphasized all of the bad things that could occur. Now it’s seen as a relatively clean form and it can be used to do away with coal.

During the time when I was head of the EPA, we were pounding on the coal businesses to come up with large, new cleaning devices, where they could take the pollution out of the air and they felt oppressed because we were requiring them to put these scrubbers on at literally billions of dollars of expense.

But the politics of it is that at one point, the politics were -- was against nuclear and now, they're against coal. And in my mind, if we -- we ought to be measuring the result as opposed to just attacking specific industries. You know, people who have the sort of all other approach, there's a recognition that there's good and bad and pluses and minuses. And if you're going to have an energy policy, why eliminate sources of energy if you can get them as clean or on balance better?

[00:45:19] Now, I'm not here just broad -- I'm not here to make the case for coal. I'm just saying that --

AXELROD: No I hear you.

LEAVITT: That the politics --

AXELROD: But I think actually, Barack Obama said that when he was running for president in 2008, and he, you know, Illinois has some coal in the southern part of the state. So --

LEAVITT: You know, I think if I ever wrote a book on presidential politics, I'd first of all ask you to write the foreword.

AXELROD: I will agree right now.

LEAVITT: Yes.

AXELROD: Just on the basis of this conversation.

LEAVITT: I think I would have a chapter that would be titled water, coal, corn, and sugar. Because when you begin to look at the equation of 270 electoral votes and you begin to look at the impact that those commodities have in the context of presidential politics.

AXELROD: Interesting, yes.

LEAVITT: It's profound.
AXELROD: Yes.

LEAVITT: And it's -- and so it turns out that a lot of the attacks for and against all of those commodities and the way they're used tend to be based on the politics that you're trying to develop, and a coalition to gain power. It has nothing to do with the science of it. It has nothing to do with the economics of it. It has a lot to do with the politics of it.

And so, if you're -- if you're trying to solve an environmental problem getting down to the science of it, and looking at it on an open-minded basis how and not just attacking industry segments, and then 20 years later attacking a different one and adopting it. How can you defend that? You can't. Other than the fact that it turns out to be all mixed up in the --

AXELROD: Politics.

LEAVITT: -- in the politicians.

AXELROD: Yes. Science itself has kind of become a controversial pursuit in the hothouse politics of today, and that complicates all of this --

LEAVITT: I ran the Environmental Protection Agency for a time. And so I learned a lot. I was governor for a time. And everyone would come to me and talk to me about the science. And what I learned very early was to ask the question whose science. Because science is not -- does not lack competition. And there are people who will maintain that they have science on their side on both sides.

AXELROD: Yes. There are some things though. There's a -- and, you know, you've spoken to it like on the climate change issue. There's pretty much of a unanimity of opinion. You really have to search for those dissenting voices.

LEAVITT: However, fewer and fewer of them are incredible. But my -- but again, environmentalists -- environmentalism is a lot more than climate change.

AXELROD: Yes, yes.

LEAVITT: So when you start dealing with these issues you've -- I think we have to acknowledge that.

AXELROD: Do you know Scott Pruitt who was taken your old job at the EPA?

LEAVITT: I've only spoken with him. I don't have a -- what I would say a long-standing.

AXELROD: In which your sense of him is pretty controversial.

LEAVITT: I know he's controversial. He seems like a -- seems like a bonafide person who the president of the United States has chosen. And I think I'd be surprised if we didn't agree that a president deserves to have the people he appoints and then live with the consequences.

I like the fact that he views states as an important tool. I think I'd like the fact that he talks a bit
about balance. And I think he deserves a chance to be there and the president will bear the burden or the benefit of his service.

AXELROD: Let's talk about -- because you talked about the earth heating. Let's talk about what we've been sort of intimating throughout this. The heating up of our politics, and how do we take the toxicity out of it. I mention you supported Governor Kasich. And a lot of his campaign was predicated on this notion that we have to take the toxic -- toxicity out of our politics.

And he wasn't very successful. I mean he was -- he was one of the last people standing. But far behind Donald Trump, you're plainly someone of civility. You're plainly someone who is respectful of different points of view. I suspect it's one of the reasons why you've been successful in your own pursuits. How we get that back into our politics?

[00:50:06] LEAVITT: I was home on a Saturday once years ago. And I used to have a TV program called the wide world of sport.

AXELROD: I remember, yes.

LEAVITT: And in between the seasons of the major sports, they would have odd sports. And one of them was a surfing competition in Hawaii with giant waves. And the commentator was talking about how it was scored. And he pointed out that the surfers were out in the water with looking over their shoulder, and the reason was they were waiting for the right wave.

And he said if you don't get the right wave, you can be great -- to have great skills but never get to the beach. And I just think we have to acknowledge that what happened in 2016 was a wave of -- that a lot of people don't understand and probably a lot of people like me don't fully understand it.

I believe that a lot of what people are feeling is a lack of functionality and government. I tend to believe that's why people are as opposed as they are about the ACAs, because it's become a symbol of a nonfunctional government. Those symbols can quickly attach themselves to the new people. It's a functionality in government. People want government to do things to make their lives better and to set the politics aside. I've been in that long enough and you have to, to know that that's not something that simply comes when people agree to lay down their swords.

It happens when people demand long enough and when people be rewarded at the ballot box. That's the last thing we -- we were as far from that right now, or in 2016 as we have ever been. Was it because of frustration or because they wanted more of it? I believe it was just out of frustration. They're going to try something different. But I think in the final analysis why people want this functionality and to be allowed to live out their lives in a place where they can where government plays its role.

AXELROD: You know, my concern as someone who really believes deeply in the institutions of our democracy is that there's a growing cynicism about those institutions. And, you know, without getting into sort of we're all, you know, which party deserves the blame for most of it and so on. I may have a one view of this, and you may have another. But, you know, I look at -- I saw poll the other day globally. And this is a global epidemic.
Lack of confidence in institutions, not just government but in the press, in business, you know, in a whole variety of institutions, others are pillars of our side. But we’re feeling it here for sure and I do worry about the sort of kind of walking down the path of mutually assured destruction, where each side enrages the other and the other side reacts.

LEAVITT: I worry deeply about it for the very same reason. But the reality is a nation is not just made by borders. It’s made by the aggregate of the hearts of the people. And we have -- we as citizens owe an obligation here too. To demand that as opposed to demanding something else, because when the voice of the people moves on place, our democracy responds. It responds in lots of unique and sundry ways, but it responds.

We’re getting the government right now that we’re creating. And until we begin to demand people working together and maybe that's what this was about. I don't know --

AXELROD: Well, there's an argument that Donald Trump look like a guy who could bang heads together who wasn't really an ideologue and wasn't from the political class, and therefore might be able to bring, you know, some cohesion. Or at least force some action.

LEAVITT: And let's face it. I think a lot of people would say he was not the perfect candidate for that purpose. I think it's fascinating. I mean we're sitting here in a school of political science.

AXELROD: Yes. Right.

LEAVITT: if we were having a lecture from a political science professor, he would say it was the elites versus the non-elites. You know, the fascinating thing is that the non-elites chose Donald Trump to be their voice.

[00:55:04] It may be that he was the person who could express their frustration well enough. I don't -- I can't reconcile all that. All I can say and believe is that at root, a nation is the aggregate of what's going on in the hearts and minds of the people of that country. And I believe that the American people were saying, I want a functional government. I want a limited government. And both of those things are not true.

AXELROD: Right.

LEAVITT: And I think that at some point, there will be a candidate who can bring that back together. But it will likely be a person who is not promising a much bigger federal government.

AXELROD: Yes. The -- what's you're, just judging from the -- I guess I could argue the other side which is that, you know, certainly didn't vote for a limited government in -- and I think you are saying that in choosing Trump because he wasn't really offering limited government. But what was your sense?

I know you were the transition director for Governor Romney in 2012. And I know you've spent a lot of time thinking about transitions from one administration to the other. How you evaluate the start that to -- I mean, it feels like we've been at this for about a year. But as we sit here, President Trump has only been in office for a couple of weeks, 2 1/2 weeks or something. But
how do you judge the way the transition got out of the blocks?

LEAVITT: I think a lot of the preparation that should have been done wasn't. I think they have worked very hard since. And I think they have been able to a large extent, keep up. And -- But I don't think it will go down in history as a classical transition that people will emulate.

AXELROD: They also have a structure that's sort of unusual in that, you know, the White House I worked in and I suspect in the White House is that you've dealt with and that you were planning, there's generally a structure that runs through the chief of staff and people report to the chief of staff. And the chief of staff reports to the President. That's not -- It doesn't appear that that's the way this White House has worked.

Mr. Bannon has quite a bit of power. President's son-in-law was there. I don't know. He seems to be rather influential. Can that work -- can it work with competing power centers?

LEAVITT: I would be surprised if it functioned the way previous White Houses have. Maybe they'll reinvent it and will all be emulating that model later. But I -- look, I don't --

AXELROD: You've run a few of these yourself as a governor.

LEAVITT: I have. And I have spent a lot of time studying and participating in the White House. And they're doing it differently. But look, that's their right. And -- they will learn, I think. Because I think it was Mark Twain who made a kind of impolitic comment when he said a man will learn lessons. He could learn no other way holding a cat by the tail.

And I declared I would never hold a cat by the tail. But does give me an image. They will -- they're going to learn as they go. And they'll find that there's a reason that those things were done the way they were. Maybe we'll all learn some lessons from them too.

AXELROD: Well, as you and I both know, having spent some time in Washington. That in Washington, those cats can bite. They've got fangs and they've got claws. So we'll see how it all works out.

Governor Mike Leavitt. Thank you so much, not just for being here, but for being at the Institute of Politics to discuss healthcare in such a momentous time in that debate.

LEAVITT: Well, there's a lot to think about and I think it's important and I'm glad to be here.

AXELROD: Thank you.

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