

Oral History Center
The Bancroft Library

University of California
Berkeley, California

George Miller

George Miller: "Gamos" and Other Tales from Sam's Grill

Interviews conducted by
Martin Meeker
in 2019

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George Miller (left) with Warren Hinckle, whom Miller called "the Great One."
Miller writes, "Doubleplay 2/6/16. The Great One's last public appearance.
Raphael (the bartender) is so proud... he served Warren his last drink."



George Miller with two "Miller Scholars" at UC Berkeley

Abstract

George Miller graduated from his day job (Director of Research-American Express Investment Management Company, Chairman Director of Research-Capital Research, and President-Income Fund of America) in 1996. He then focused on more worthy causes as director/advisory director of Cal Berkeley, Amnesty International, Oxfam America, Salvation Army of Greater New York, Environmental Defense Fund, Save the Bay, Market Street Railway, Americans for Legal Reform, Nolo Press, Pacific Rivers Council, and Marshall Hale Hospital (now California Pacific Medical Center). Miller is a graduate of Sioux Falls High School, the Wharton School of Finance, United States Army Quartermaster School, and UC Berkeley. He is a proud Lifetime Honorary Member of the Cal Marching Band and a Rosston Fellow of the Cal Library. Miller is partner and Gin Steward of Sam's Grill.

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Foreword

by Chancellor Carol Christ

For someone who invented the maxim "Turn the dial, don't flip the switch," George Miller has made a big difference. That's just one among his many pithy "gamos" — George A. Miller observations that are actually insights into how the world works and sage advice about how to live, always unpretentious and on the mark.

Over the course of his own life, George has turned the dial in innumerable important ways. His presence and values have shaped every community he joins. It is emblematic of his role in San Francisco that George is the savior and the beating heart (partner and Gin Steward) of the beloved meeting place Sam's Grill — and he has done a great deal more than that. For example: he has played a key part in efforts including Save the Bay and the San Francisco Bay Area Planning and Urban Research Association (SPUR). He and his wife, Janet McKinley, saved the historic Jackson Brewery Building south of Market Street, which nearly collapsed in the Loma Prieta earthquake, and they have lived there since 1994. With Janet, George has also turned the dial in places far beyond this region, for instance, through a successful microfinance program for women in Vietnam. He has been a champion for crucial environmental causes in California and beyond, even when they were contentious and unpopular.

A brilliant strategist in finance, conceiver of the mutual index fund, George had great success as an investor. Yet he cites his proudest achievement in his 35-year investment career as finding a new job for every single one of his employees at the American Express Investment Management Company when it shut down in the 1970s. He describes himself as "obsessed with integrity" and admits that's a bit out of the ordinary for someone in his field. Perhaps most profoundly, George has cultivated an excellent sense of "enoughness" — enough money, enough everything: "ENOUGH: my most favorite word." If we all lived by this principle, the world would be a better place.

As Berkeley's chancellor, I know first-hand how deeply George, an alumnus of the Haas School of Business, is valued as a member of the campus community. While he will tell you that the only thing named for him at Berkeley is a urinal at the Faculty Club (and there's a plaque to prove it), the entire campus has benefited greatly from both George's big brain and his big heart. He has served for many years on the UC Berkeley Foundation Board of Trustees, including playing a key role on the finance committee. George's conviction that the endowment exists to serve the campus has shaped the way we handle payout, fundamentally supporting the institution's strength and mission. Through the George Miller Scholars program, George has made it possible for hundreds of transfer students, many of whom would not otherwise have had the means or opportunity, to attend and graduate from Berkeley. He and Janet have also supported the Cal Band and scholarships for its members, as well as other campus areas. Janet has caught the Cal bug from George, dedicating her own time and expertise to lead the Berkeley Endowment Management Company board and serve on the Board of Visitors. Berkeley has often been described as iconoclastic, intellectual, and a haven for free thinkers, a place that inspires us to question the status quo and build something better — George and Janet are the embodiment of this spirit.

"Time is like money: you only get to spend it once." George Miller has invested both well, and in so doing made a brighter future for young people, for Berkeley, and for every community he has touched.

Interview History

by Martin Meeker

The title of this particular oral history reveals not only something about its content, it provides some hint about the circumstances of the interview itself. In this transcript, you'll see the usual Oral History Center (OHC) template of question followed by answer and so forth, but befitting the setting of the interview — San Francisco's historic Sam's Grill — this exchange was more a wide-ranging conversation. It turns out that George Miller, our featured narrator here, doesn't much like the spotlight. Although he has many accomplishments to boast, he would prefer to talk ideas and give space to those things that he finds important, interesting, confounding, and amusing.

You will learn in this interview that George Miller first came to know the Oral History Center in the course of serving as a volunteer archivist, processing collections in our home, The Bancroft Library. Surrounding himself with many other very interesting and accomplished individuals, Miller asked the then OHC director if we might like to do an oral history with Thomas Graff, a man who was deeply active in environmental politics and a leader of the Environmental Defense Fund. It was agreed that Graff was a very worthy subject and Miller generously sponsored the interview. Over the following decade, Miller nominated — and underwrote — many more oral histories, thus helping OHC maintain its operations while also contributing to expansion of the oral history collection at Berkeley. As of 2019, the list includes: Jake Warner, Rick Laubscher, Will Travis, Joe Bodovitz, Ann Halsted, Michael Teitz, Jim Chappell, John Briscoe, and, last but not least, a forty-hour interview with Warren Hinckle. As the interviewer for the Bodovitz and Travis interviews, I first met Miller around 2014. I recall an informal tippie at the Faculty Club cocktail lounge when I think I finally pieced it together: 1. He was not George Miller, the congressman; 2. Despite his rather informal façade, he is a very serious thinker; and 3. That plaque above a urinal in the men's restroom at the club? It honored none other than George Miller, our partner in these interviews.

After engaging with Miller over the years, I suggested that he should sit for an oral history interview himself. This suggestion, and the many that followed, were rebuffed with silence. As time went on, however, I began better to grasp the necessity of conducting his oral history, despite the refusal of the potential narrator, Miller himself. So, I pressured a bit more and enlisted the support of a few allies. He finally agreed to entertain the idea, and after a few lunches at Sam's to hash over the idea, he ultimately consented. He reasoned, to paraphrase, it might be better to do something and regret it, than not do it at all. Still, Miller made it clear that he didn't want a conventional interview that would run point-by-point through his life. He also wanted to do these sessions at Sam's. Neither scope nor setting would be conventional, but that was fine with me. As you read the interview, you might see that my typical interviewing structure tended to impose itself on the proceedings, but the setting and, certainly, the narrator shook things up a bit. What you have here, then, in just a bit over five hours, is an opinionated, informed, humane, rollicking, and oftentimes deeply humorous running commentary on a wide-ranging set of specific events and big themes. We get a glimpse into the history of investing and the psychology of the market; we learn of Miller's commitment to the environment and his iconoclastic effort to restore Yosemite's Hetch Hetchy Valley (by tearing down a massive dam);

we gain insight into Bay Area urbanism and the challenges faced by those trying to improve it; and we are treated to a unique philanthropic vision for the University of California, Berkeley, and beyond. But even more than these topics, this interview invites you to pull up a stool at the bar and hear the musings and be regaled with well told stories by someone who really has seen it all.

This oral history was recorded over the course of five sessions, mostly lasting about one hour, at Sam's Grill at Bush St. and Belden Lane in San Francisco. The interviews were recorded on digital video; because the interviewing was done at the bar in the morning as the staff hastily was preparing for the onslaught of lunchtime customers, the quality of the audio and video were sometimes impacted. The recordings were transcribed and lightly edited by OHC staff, as is typical of our practice. George Miller and his wife Janet McKinley reviewed the transcript and made many useful corrections, but Miller insisted on removing nothing of substance. I thank Chancellor Carol Christ for agreeing to write the foreword to this volume.

Interview 1: April 8, 2019

01-00:00:12

Meeker: This is Martin Meeker interviewing George Miller. Today is Monday, the 8th of April 2019 and we are here at Sam's Grill. This is interview session number one. We start these interviews the same for everyone and that is tell me your name and date and place of birth.

01-00:00:35

Miller: George Miller. February 6, 1936. Indianapolis, Indiana.

01-00:00:43

Meeker: So I know that you grew up in Sioux Falls, South Dakota. Can you tell me how you get from Indianapolis, Indiana to Sioux Falls, South Dakota?

01-00:00:54

Miller: Let's see. Okay. So I'm born in Indianapolis and at age two, probably, moved to Columbus, Ohio. At age four, give or take, moved back to Indianapolis. Kindergarten in Indianapolis. Moved to just south of Gary, Indiana for grades one, two, three. Then moved back to Indianapolis for grades four, five, six. Moved across Indianapolis for grades seven and eight and probably two weeks of high school and then moved to Sioux Falls and that was it.

01-00:01:30

Meeker: What was the reason for all this bouncing around?

01-00:01:35

Miller: My father worked for Commercial Credit, which was an automobile finance business. They would have offices that would get in trouble, basically have bad debts, bad loans. So he would go fix them and it would take him about eighteen months to twenty-four months to straighten it out and then they'd say, "Okay, go there." So my father would come home on Friday and say, "We're moving next week." "Okay." Then off we'd go.

01-00:02:05

Meeker: He was working with dealerships?

01-00:02:08

Miller: Yeah, yeah. Car dealers. Yeah. Yeah. High-class crowd. [laughter]

01-00:02:15

Meeker: So looking back on it, what was this experience like for you going from town-to-town or school-to-school?

01-00:02:25

Miller: Well, you didn't have any long-term friends since you were never anywhere more than a couple of years. But it never struck me as bad. It was just the way it is. You just pack up and move. Yeah. Just the way it was. You just packed up and the movers came and put all your crap on a truck and they'd take it to the next city and unpack it and you'd start over.

01-00:02:52

Meeker:

Tell me about your school experience because I know you were involved in a whole wide variety of different activities. When you were going to school, like in high school, what were the activities that you were most interested in?

01-00:03:05

Miller:

In high school?

01-00:03:07

Meeker:

Yeah.

01-00:03:09

Miller:

Well, I worked. I worked at a drive-in restaurant at the end of the day. I started as the assistant dishwasher and ended up a cook. So I worked. I didn't have a lot of extracurricular stuff in high school. I had run track but the track coach said to go out for track you had to run cross-country. I'm not going to do that. So I quit. That was just the end of it. But I basically went to school and worked. That was about it.

01-00:03:47

Meeker:

Later on you are clearly interested in economics and finance. Were those topics you were interested in in high school?

01-00:03:57

Miller:

Well, I was very fortunate. In Sioux Falls, town of 35,000 people, everybody went to the same high school. Everybody goes to Sioux Falls High School. A very good high school. You could take four years of math, four years of science, four years of foreign language. You could take auto mechanics, you could take carpentry. I loved math. My junior year I took a course in economics. And I can't remember if it was mandatory or not. And it was taught by a guy named Clarence R. Beck. And I think probably my junior year. And I just thought economics, I thought, "This is the deal." Supply curves and demand curves and marginal pricing. And I just loved it. And he happened to also be the college advisor, whatever you call them, you know, and he says to me, "You ought to go to the Wharton School." I don't know what the hell the Wharton School is. I mean, I don't know anything. So I went home and told my parents. I said, "Mr. Beck thinks I ought to go to Wharton School." And he said, "Oh, that's the University of Pennsylvania." I said, "Oh, guess so. I don't know." So I sent in and applied and got in and then somebody from the University of Chicago came through. I said, "Okay, I'll apply there. I'll do that. That seems okay." And Johns Hopkins—so I applied to those three schools, got in to all three, got scholarships to all three." And then I chose Wharton because Chicago seemed too mathematical for me. CR Beck was the first person I met that really took a serious interest in me and said, "You should go to the Wharton School." Like I didn't know what the hell the Wharton School was. "Okay, that sounds like a good idea. I'll do that."

01-00:05:50

Meeker:

You must have shown some serious aptitude for this. Do you have any idea where that came from? You think it's a natural thing or is there something about the topic that was inherently interesting to you?

01-00:06:04

Miller:

Well, I think I was an early-on entrepreneur. In first, second, and third grade I mowed people's lawns. I shoveled snow. And we had an acre of land which we had a garden and grew a lot of vegetables. And I would work from April till September, I guess, raising all these vegetables. And I had a wagon and I would go up and down the road peddling my vegetables. You learn the elasticity of demand and price. You learn all that stuff. You're eight years old running a business. And then in grades four, five, six, I would continue to mow lawns and shovel snow and had a paper route. So I learned about income statements at a very young age. And my father was in finance. So I learned about finance, yeah, early on, like at age seven or eight. At age eight I could run a business.

01-00:07:26

Meeker:

I guess you were figuring out that like the tomatoes you were growing, you were going to be able to sell them for a lot more at the beginning of the season than the end, for instance?

01-00:07:35

Miller:

Oh, I don't know. I wasn't that smart. When they were ripe I picked them and sold them. That was about as complicated as it was.

01-00:07:45

Meeker:

So you said your father was in finance. Did he actively teach you about the field?

01-00:07:53

Miller:

Actively teach? He would tell me anecdotes. When we went to South Dakota he became a banker. He was your classic country banker. He made what he thought were character loans. In other words, he thought he could judge people's characters. And I said, "Well, no, you just lend to characters." He financed a circus. Pretty odd. So he would just tell me stories about this guy's a bad guy and that guy's a good guy. I don't think my father was a financial whiz but I think he was a very good judge of integrity, which is probably more important. So yeah.

01-00:08:43

Meeker:

So he was successful in the work that he did as a banker?

01-00:08:48

Miller:

Yeah. Well, his highest W-2 was \$14,000 but it was successful. He lived a good life. Yeah, yeah. Yeah.

01-00:09:00

Meeker:

What did you think about that? In terms of business you were talking about the various laws and theories of economics but he's talking about judging individual integrity. Is that something that you've taken to heart?

01-00:09:18

Miller:

I'm obsessed with integrity. To me, no personal trait will offset lack of integrity. Nothing. I just feel very strongly about that. I think honesty and integrity, it's got nothing to do with being smart or working hard. Some people have it and some don't. I don't know. Yeah.

01-00:09:47

Meeker:

Well, so tell me, you applied to Wharton and Johns Hopkins and Chicago. Do you recall anything in your application, like how you were presenting yourself?

01-00:10:00

Miller:

Well, yeah. The Ivy League schools want somebody from every state. I'm from Sioux Falls. I'm in, all right. From Sioux Falls High School, my class would be 600 people. I doubt a third of them went to college. Maybe. I'm sure under half. And 90 percent of those would go to the University of South Dakota or South Dakota State. A couple might go to Iowa, a couple might go to Minnesota. And in my class, I go to Wharton and a guy who's a friend of mine in the date, Bill Zabel, he went to Princeton. We'd get on the train at Sioux Falls in the morning and go to Chicago and then I'd get off at Philadelphia and [Bill would get off] at Princeton. What was the question?

01-00:10:54

Meeker:

Well, I was just asking like how do you suppose you presented yourself to these universities?

01-00:11:00

Miller:

Well, for one thing, 1936 was the trough of—there were fewer of us than anybody. I'm from Sioux Falls. I had extremely high grades. And I worked. I didn't belong to the Latin club. I worked. And probably you get a guy from Sioux Falls that's got good grades and works and let's take a fling on him. That's about it.

01-00:11:28

Meeker:

So Wharton is the University of Pennsylvania, which is right there in Philadelphia. What was your experience upon arriving on campus?

01-00:11:35

Miller:

Well, I think I had worn a suit once in my life. I'm now at an Ivy League school with all these prep school guys. You wear a coat and tie to class. My Uncle Bill taught me how to tie a bow tie, he says, "You can't go over there looking like you're from Sioux Falls." So that's when I started wearing bow ties. I think I was a fish out of water but I don't think I knew it. Well, it was funny. So for registration you'd go down to what's called the Palestra, with a big gymnasium, and you walk around to sign up for class and all that stuff.

This guy taps me on a shoulder and he says, "Hi, I'm Joe Burke. I'm the crew coach." I say, "I'm George Miller." He says, "Have you ever thought about crew?" I said, "I don't even know what the hell crew is." Well, I'm six-feet-tall, I weigh 135 pounds. He says, "Well, you ought to come down to the boathouse." "Where's the boathouse?" So I went down to the boathouse and he says, "You want to be port or starboard?" I say, "Hell, I don't even know what the hell that means." I said, "I want to sit with the paddle on this side, whatever that's called." So I rowed. We were good. We were very good. Lightweight crew. And I loved rowing. But my sophomore year, I got all these jobs, I'm carrying a full—and I just couldn't do all three. I couldn't do the classwork, work, and row. I think if I'd have gone to Joe Burke and said, "You know, if I can increase my scholarship by \$1,000 I could cut out some of these jobs and I could row." And I didn't do that. And I should have. I hardly ever ask for anything, ever, and I didn't and I think that was a mistake. I think they'd have done it. But Wharton for me, the material was pretty easy. I mean, I'd read the book, I'd say, "Okay, I know it. I understand that." I mean, I could read the book once and I'm done with it, compared to some of my experiences at Cal later in life. I mean, I studied hard because they gave you a lot of stuff to read but I thought it was pretty easy. I mean statistics was hard. But I could understand it. So school, out of 600 people, I would be second or third every year. So that was okay. And then I had all of these crazy jobs. Yeah.

01-00:14:25

Meeker:

Tell me about the jobs that you had.

01-00:14:26

Miller:

Oh, Jesus. Well, I waited tables for my meals. And then you'd go over to the scholarship office and they would post these things. And some would be like for one day or two or whatever. The only time in my life I ever gave up on anything, I get a job at the Wistar Institute in the exhibit space and I'm there with this fraternity brother of mine and we're remounting exhibits. And what that means, you got to have a big bottle and you got to have this Cyclops baby in there. Little babies. You know, monsters basically. And we'd have to take them out of the bottle and scrub them and then hang them on strings and remount them. To hold a one-eyed child in your hand. One day one of them is stuck in the bottle and he can't get it out of the bottle. He said, "Come on." And then a guy comes in that works there with a brain, a frozen brain and slicing it. So after two days I said, "I can't deal with them. I just can't deal with this." So I quit that. And then for a couple of years I worked in the development office of a hospital where you would research the backgrounds of patients as prospects for donating. And I did that for two years. Well, probably twenty hours a week, something like that.

01-00:16:10

Meeker:

Well, you had talked about some of your classes and reading. You were able to digest the material that you were given pretty readily. Do you recall any books or any teachers that were particularly influential that you think had some impact on you?

01-00:16:33

Miller: Well, there was a guy named Wilbur Plummer. The Wharton School then was sort of like a trade school. We took a course in commercial credit. We would take a course in consumer credit, automobile. And I can remember Wilbur Plummer would say to me periodically, "Miller, you've got to understand, there's nothing harder on one of your theories than a fact." And he said that to me a number of times. Obviously I provoked him with some goofy comment. Yeah, I remember him. And a guy, a Dr. Harris that taught banking. I liked him. Yeah. Wilbur Plummer really sort of woke me up.

01-00:17:27

Meeker: In what way?

01-00:17:30

Miller: He'd just call me out and say, "You need a fact. Your theory doesn't work." Okay.

01-00:17:37

Meeker: So it's a school of business. What's the balance between the theory of economics and I guess the more practical side of applied economics, which would be business?

01-00:17:55

Miller: Oh, I think the Wharton School was about as applied as you could get. I mean, you were required to take an enormous amount of accounting. And then you were required to have a certain number of credits outside the business school. That would be like economics and mathematics. There were a few English courses required. They would have majors. Like in finance you could take money and banking, real estate, stock market. It was a trade school. It was.

01-00:18:34

Meeker: What was a typical career trajectory of a Wharton grad at this time?

01-00:18:39

Miller: Probably half of them went to work for their parents. A lot of small business people. Lot of those. The guy next to me, his father was the president of US Steel, so he went to work for US Steel and so forth. Probably half went to work for the family business. Some number like that. Yeah.

01-00:19:12

Meeker: What year did you graduate?

01-00:19:13

Miller: Fifty-eight.

01-00:19:14

Meeker: So was it a four-year program?

01-00:19:16

Miller: Yeah, yeah.

01-00:19:17

Meeker: Okay. So you were there '54 to '58.

01-00:19:19

Miller: Yeah.

01-00:19:20

Meeker: What did you think your career trajectory was going to be at that point?

01-00:19:27

Miller: Well, '58 was a recession. No. All through college and high school I'm thinking I'm not going to spend the rest of my life in Sioux Falls. The winters are just horrific. And winters are really hard. It's thirty, forty below zero. It snows in October. You don't see the ground until May. It was hard. So I spent a lot of time studying weather reports and maps. I said, "I got a big ego. I can make a living anywhere in the world, I think, so I'm going for climate." And I spent a lot of time on climate. I didn't think about moving to Paris or anything but I thought about it. It was Denver or San Francisco. I said, "I'm going to live in San Francisco." There weren't a lot of San Francisco companies coming to Wharton to interview. And then I interviewed with Guaranty Bank, which is now JP Morgan and Comptroller of Currency and a few of those. It was funny. They'd talk about their long run orientation and all that. So I'm going to graduate in June, go in the Army in July, come out of the Army in February and they're saying, "Well, we can't make you a job offer now because you've got this military service." I'd think, "Well, you just got through telling me about all this long range crap. What do you mean you can't figure this out?" So there was a lot of hypocrisy in my mind. So I got a job offer from Del Monte, California Packing it was called then, in San Francisco. So I did my army and then spent three weeks driving across America to get to San Francisco.

01-00:21:20

Meeker: Were you into skiing already?

01-00:21:22

Miller: No, no. No. No.

01-00:21:24

Meeker: So the Denver option wasn't mountain related?

01-00:21:27

Miller: No, no. It was climate.

01-00:21:30

Meeker: It was climate.

01-00:21:30

Miller: Yeah. But then you realize Denver's 300 miles from anywhere. What the hell do you do after you get there? So I said, "Well, that wasn't so smart." I wasn't going to do that.

01-00:21:39

Meeker: Well, tell me about your Army service.

01-00:21:46

Miller: Well, ROTC. So I come out. I'm a second lieutenant in the quartermaster corps. Go down to Fort Lee, Virginia. Between junior and senior year of college you go to summer camp for six weeks or some number like that. So you go down to Fort Lee, Virginia and you go through basic training and then I go to quartermaster school. You learn about supplies and logistics. Which I loved. I love logistics. If I had my life to live over, that's what I would do. I would do logistics. You've probably spent half your tour in quartermaster school and then they assign you out somewhere. I was in the finance department. It was all right.

01-00:22:40

Meeker: So quartermaster is maintaining the goods of the Army, right, and distributing the—

01-00:22:46

Miller: Usually you hear these stories where the Army takes a guy that's a brain surgeon and makes him a car mechanic. When I was in the reserves, I ran the mess halls. I waited tables for four years. I'd worked in a drive-in restaurant for four years. So I was a mess officer. It was called Mother Miller's. It was useful.

01-00:23:21

Meeker: When you were in the quartermaster corps, did that have any relationship to your business school education?

01-00:23:26

Miller: No, no.

01-00:23:27

Meeker: No?

01-00:23:28

Miller: No. No. At Penn if you did the Army thing you could go in a quartermaster corps or the signal corps or the artillery. I figured electronics was not my bag. I wasn't going to do very well there. I didn't have any interest in shooting big guns at people. So I thought, "Quartermaster corps. Yeah. It's all right. Yeah.

01-00:23:52

Meeker: Your term of service was, what, like eight months?

01-00:23:56

Miller: Six months in and then eight years in reserves. Yeah. So I was a weekend warrior for eight years.

01-00:24:02

Meeker: Where did you go during that eight years? You were out in California by that point in time?

01-00:24:10

Miller: Oh, yeah. I had moved to San Francisco. Yeah. And then summer camp would be down at Fort Ord or Camp Roberts down in the desert.

01-00:24:22

Meeker: So you moved to California in early '59?

01-00:24:26

Miller: Fifty-nine, yeah. Sixty years ago this month or last month.

01-00:24:31

Meeker: And you started work at Del Monte, yeah?

01-00:24:31

Miller: Yeah.

01-00:24:33

Meeker: Where'd you first move when you came to the city?

01-00:24:36

Miller: In the YMCA down Embarcadero. And then I met a guy at work, David Duxbury. So he and I moved into this boarding house. In those days they had what are called residence clubs. We would call them boarding houses. And so we moved in there. I think half the people, there were maybe twenty people, I think half of them were nuts. And then we got an apartment over on Green Street. But I left Del Monte after six months to go to Cal, which was kind of a weird transition. But yeah.

01-00:25:13

Meeker: What were you doing at Del Monte?

01-00:25:15

Miller: I was in the management training program and I was in economic research where we would figure out how many thousand cases of tomatoes we were going to can next year. It was kind of interesting trying to figure out. It was really kind of fun. It was economic research with a very practical end result. How many cans of tomato paste are they going to have instead of tomatoes? But I realized there were folks in the office that had been there five or six years doing the same thing. In those days San Francisco I think had the most overqualified labor force in America. Because people would come from South Dakota and Arizona. They wanted to live in San Francisco. They got law degrees and master's degrees and all that stuff. So it was really quite incredible.

01-00:26:15

Meeker: So 1959, what was your experience of the city like at that point in time? There was a lot starting to go on, right? I think the "Howl" [poem by Allen Ginsberg] was '59.

01-00:26:27

Miller:

Yeah, I don't remember that. I was working. Well, I would run around with the folks I worked with, some of them from CalPac. But then I moved to Berkeley in six months. Graduate school was really tough for me. It was really hard as opposed to Wharton, which was easy.

01-00:26:50

Meeker:

Why did you decide to go to grad school?

01-00:26:52

Miller:

Well, two of the people I worked with at Del Monte were going to Cal part-time on the GI Bill and they said, "You ought to do this. It's a good school," and da-da-da. So I said, "All right." So I filled out the application, sent it in. I came across the letter the other day. I get the letter back saying, "Gee. Now, here you got a guy from Sioux Falls, South Dakota with superb grades from an Ivy League school applying to come to school part-time." And they said, "If you come here full-time we'll give you the in-state tuition and we'll give you a teaching assistance-ship in the accounting department," or whatever it was, "and a Haskins & Sells scholarship." "Well, gee, that seems okay with me." I mean, I took it. On an after tax basis my income went up. So I say, "Okay, I'll do that." Another one of those sorts of half-assed forks in the road. So I get over there and I meet a couple people in class that are in a PhD program in the business school. This was probably second or third year. And I said, "Gee, that looks kind of interesting. I think I'll do that, too." So I went to my advisor, Paul Wendt. He was a big influencer. I says, "I want to do a PhD and an MBA at the same time." He says, "Well, nobody's ever done that." I said, "Well, that's okay. We'll figure this out." So what I wanted to do, I wanted to get a PhD but I wanted an off-ramp in case it doesn't go so good. I wanted an escape. So they looked at my transcript and he said, "Well, you don't have to take accounting. You've already got blah blah accounting and you don't have to take this. You don't have to take that." And then these other courses, if you take the exam and pass it you don't have to take that." You've got to have a certain number of credit hours to graduate, I don't know what the number was, but the required courses I had to take didn't make out much of a curriculum. Paul Wendt was my advisor for MBA and my advisor for the PhD was Hyman Minsky of the 'Minsky Moment' fame. So if you're a PhD candidate, in those days there was a mandatory math course. There was a mandatory macroeconomic and mandatory microeconomic course. And these courses are for PhDs and they take them pass or fail. But I got to get some credits to get my MBA so I said, "Can I take the course for credit?" Which nobody had ever done. I said, "Well, we can figure it out. I'll take the exam and get a grade." Okay. And so at the Wharton School the lowest grade I probably ever got was an eighty-nine. Math class, math 190, first exam I get six out of a hundred. How the hell can you get six out of a hundred? And I still have my three notebooks from that class and I turn to page one. And my handwriting, beautiful, and I don't have a clue what it is and it's my handwriting. So I must have understood—

Cal was so hard for me. Just hard. Those three courses. The other stuff, the finance and investment, those were easy. I could read the book and say, "Okay, I got that figured out." But those three courses, it was the hardest thing I ever did.

01-00:30:46

Meeker:

So those were math courses?

01-00:30:49

Miller:

Well, math. Two semesters of math. And a macro economic and a micro economic. Those were extremely difficult for me. But I'm the only guy in the room getting a grade. Everybody else just got to pass. So everybody passed so it wasn't hard for them. It was hard for me.

01-00:31:06

Meeker:

The idea with the PhD, were you going to have to write like a thesis for that?

01-00:31:11

Miller:

Yeah, yeah, yeah. Well, you had to write a master's thesis. That was kind of funny. Paul Wendt, who taught a course in finance, and they were case studies. There was a case study on Fireman's Fund Insurance Company, which was headquartered here and about their investment policy and how to do that. I read the case. I thought, "Gee, this kind of interests me." And I'm looking at Fireman's Fund Insurance. "A fire insurance, P&C, property casualty insurance company, really looks like a leveraged mutual fund." So I'm looking at it. I'm looking at the balance sheet. I said, "Yeah, you know, you've got stocks and bonds and reserves and equity. It's a two-to-one leveraged mutual fund." So for your master's thesis you had to write a paper in connection with a business. So I went over to Fireman's Fund and I took Fireman's Fund and Insurance Company of North America as my case studies of how they determined their asset allocation. And so I would come over. Fireman's Fund just opened the books for me and I could read all this stuff. So I'm over there talking to Reid Dennis and to folks, maybe my third visit, and Reid Dennis says, "You know more about this business than we do. Would you come to work here?" "Oh, yeah, that sounds like a good idea. I'll do that." Took my offer ramp. I was up against the language exams on the PhD and I was going to have a terrible time. I knew that. I knew I would just—and I said, "Okay, I'm going to go off." So I went—

01-00:32:59

Meeker:

What did you hope to get out of the PhD? Did you want to teach?

01-00:33:02

Miller:

Yeah, yeah. I didn't think it through that clearly. I've never had a very clear-cut step one, two, three. It was just kind of do what you're doing as best you can do it. There'd be a fork in the road and when you get to a fork in the road kind of figure it out. Given the half-assed way I went about all this, it's amazing I got where I got. It really is. And there's three or four forks in the road and I guess I was smart enough to take the right one. I guess. So I took

the off-ramp and went to Fireman's Fund in 1961. Yeah. My twenty-fifth birthday was my first day at work. Yeah, yeah. And it doesn't get any better than that.

01-00:33:55

Meeker:

I'm not entirely sure I believe you with the half-ass thing because how do you get such good grades with that, notwithstanding that six out of a hundred exam, unless you're really dedicated to what you're up to?

01-00:34:08

Miller:

Well, no. You can be dedicated to what you're doing but that doesn't mean you've given a lot of thought to what it is you're doing. Doing something well is not the same as doing the right thing. There's nothing sadder than something done well that should never be done at all. I learned that from my father. I look back at the forks in the road. I went to a wonderful high school. I didn't go to a wonderful high school because I was smart. I went to a wonderful high school because I lived in Sioux Falls and there's one high school. So you go to Sioux Falls. In my junior year CR Beck says, "You ought to go to Wharton School." Okay, that's a good idea. I'll go to Wharton School. I'm at Del Monte and my two friends say, "You ought to go to Cal part-time." Oh, that sounds like a good idea. I'll go to Cal part-time. Then I apply to Cal part-time and they say, "Come on in and go full-time." Oh, okay, I'll do that." And then Reid Dennis says, "You ought to come to work here." I didn't plan these things. It was just kind of you look at it and say, "Oh, that looks like a good idea." It wasn't thought out clearly ahead. Once I said I'm going to do it, I'm going to do it as well as anybody's ever done it. Those forks in the road weren't because I was a smart guy. They just happened to be there.

01-00:35:39

Meeker:

So the master's program, did you finish it?

01-00:35:41

Miller:

Oh, yeah. Oh, yeah. And I wrote my thesis on the fire and casualty industry, the premise being that you should look at them as mutual funds and that kind of carried into my work at Fireman's [Fund]. Oh, yeah. I had extremely high grades.

01-00:35:58

Meeker:

It was a two-year program?

01-00:36:00

Miller:

Yeah. I was there four semesters because I was teaching accounting so I couldn't carry a full load. I loved teaching accounting. I just thought it was fun.

01-00:36:12

Meeker:

Well, you lived in Berkeley at the time you were going there?

01-00:36:15

Miller:

Yeah.

01-00:36:17

Meeker:

This is also kind of a transitional period at the University of California. A couple years before the Free Speech Movement but the SLATE organization is going on and there's some emerging political discontent that's going on in campus. Are you aware of this at all?

01-00:36:37

Miller:

Not really because I'm carrying a really full credit load. I'm teaching accounting and I'm in the reserves. And on the weekends I'm a commissioned officer in the Army. So on Friday night we could go to happy hour at the officer's club. So that was our big social thing, was to go to Alameda Naval Air Station and drink twenty-five cent drinks. No, I wasn't active on campus at all. I didn't do anything. Just study, teach accounting. Yeah. That was it.

01-00:37:13

Meeker:

Well, you've since become a real stalwart supporter of Cal. Did your love of the university begin at this point in time or was that something that maybe comes later?

01-00:37:25

Miller:

Well, when I was at Penn they would tell you, like from day one or two, "You're paying tuition of whatever the hell tuition was. But you've got to understand the cost of your education is three times that or some number." Leave out the scholarship. By the time I left the University of Pennsylvania I felt like I had a student debt. Not in a legal sense. But I felt, whatever the numbers were, that somebody had put up X-thousand a year so I could go. And so I said I owe this money to the University of Pennsylvania and that became my first obligation and I fulfilled that and then some. And then the Cal thing, sort of the same thing. Somebody put up a bunch of money so I could go to school and so I ought to pay it back. I didn't have any student debt but I acted like I did. I felt like I did. I think to me a moral obligation is more serious than a legal one. Yeah. I believe that. So here we are.

01-00:39:02

Meeker:

So when you went to business school for your master's program, were you getting financial aid of sorts?

01-00:30:10

Miller:

At Cal?

01-00:39:10

Meeker:

Yeah.

01-00:39:11

Miller:

Oh, yeah. I got paid as a teaching assistant and I had a Haskins & Sells scholarship. Now, the Haskins & Sells scholarship was on a presumption that I was a PhD candidate. So when I withdrew from that program I wrote Haskins & Sells a check to pay back. And I still have the letter from them, I think, that who the hell ever heard of somebody doing that. But I said, "Well, it was false pretenses." So I gave that back. Yeah.

01-00:39:48

Meeker: Compared to the way you described the career trajectory of the students at Wharton, was it any different for the students at the Haas School?

01-00:40:01

Miller: Oh, yeah. I think. I didn't have a lot of interaction with my Haas classmates because I'm over here taking all these courses in this PhD program and that's a whole different breed of cat. So I didn't have that many classes. But no, there weren't a lot of people at the Haas School going to go work for daddy. No, no, no. They were kind of like me. They were kind of free agents. They had to graduate and figure out what the hell they're going to do on their own.

01-00:40:37

Meeker: Given that we're in California, far enough away from all the big markets and New York and Chicago, were there many people going into finance? Was that something that you saw?

01-00:40:51

Miller: No. Cal and the University of Illinois had the highest rated accounting programs in the country and a lot of them are going to go into accounting. Operations research was just coming to the fore. A guy named Wes Churchman who I think is sort of the founder of that. So they were kind of going that way. Real estate was a big part of the curriculum then. About all I know.

01-00:41:31

Meeker: But your interest was this investment side and insurance?

01-00:41:36

Miller: My interest was I was fascinated by the stock market. And then I got really fascinated with this fire and casualty thing. At that time the fire and casualty insurance companies were the second biggest institutional owners of common stocks. The biggest were pension plans. And nothing had ever been written about the fire and casualty industry. One of the problems I had in doing my thesis was there was no source. Nothing to read, nothing written. So you had to kind of figure it out as you go and talk to the companies. This thing looks like a mutual fund to me.

01-00:42:16

Meeker: Can you walk through that a little bit? Explain to a non-expert on what you mean by these casualty funds looking like mutual funds?

01-00:42:28

Miller: Well, if you look at their balance sheet, over here on the left you got some receivables, a little bit of stuff, and then you got a bag of bonds. Let's say the thing totals a hundred dollars. You'd have maybe sixty dollars' worth of bonds and thirty dollars' worth of stocks and then over here on the right side you'd have these insurance reserves, loss reserves, premium reserves, maybe would be sixty cents and equity would be thirty cents. So you'd just look at this thing and say, "Look, I got ninety cents." This looks like a balanced mutual fund.

I've got ninety cents over here and over here I got thirty cents of equity. So it's a leveraged mutual fund to me. And that was kind of my thesis, to coin a word. Yeah.

01-00:43:23

Meeker: It's interesting. I think that the general public would think that the main business of an insurance company is to pay out claims when something happens.

01-00:43:33

Miller: Pay the claims. Yeah, yeah.

01-00:43:35

Meeker: But in reality a big part of insurance companies are the investment side of it.

01-00:43:41

Miller: Well, at that time not so much. For ratemaking, well, your fire insurance or car, you had ratemaking where you'd go to the state and do all that stuff. And return on your investments was not part of the ratemaking process. And the industry worked very hard to keep that over here. So in all the conversations about rates and all that, you would never talk about investment income. And Reid Dennis, who ran the investment department, worked for a guy named Fred Merrill, who was the number two guy in the company. And Fred Merrill was not an insurance company guy. He had come from American Factors. Fred Merrill was a finance guy. And so I worked two levels down from him. And one of the first things I did when I got to the Fireman's Fund, Fred Merrill had this table he liked where he took fifteen competitive companies and you'd say, "Okay, their bond portfolio or stock portfolio or what's the ratio of bonds to insurance reserves? What's the ratio of this to that? What's the ratio of common stocks to equity and all this." Well, nobody in the investment department knew how to figure this stuff out because they were investment guys. They'd never looked at insurance statements. And I had. So that was one of my first projects, was doing this stuff for Fred Merrill. And it just sort of validated my theory, that look at these things like a mutual fund. I loved working with him and he and I really got along well because we said, "Okay," you couldn't tell the insurance people this but basically, "the insurance business was there to generate"—we'll use the word float because that became critical to my later life.

01-00:45:47

Meeker: Liquidating or something.

01-00:45:47

Miller: To generate the assets that then we invest. So the insurance business purpose is to generate assets. Well, this is Warren Buffett's whole gig. Warren Buffett is basically—all the assets are from the insurance companies and it's just what I said on steroids. But yeah. The transition from my paper at Cal, my thesis, into Fireman's Fund, was just seamless. Yeah. That's the way it works. And as

time went on that became kind of the way Fireman's Fund looked at itself and the industry eventually looked at itself that way.

01-00:46:35

Meeker: What was your starting title at Fireman's Fund?

01-00:46:40

Miller: I don't know. Something like security analyst. Something like that.

01-00:46:47

Meeker: So how long were you there for?

01-00:46:50

Miller: Well, through a series of mergers. Fireman's Fund then merged with American Insurance Company. Then in 1965 Fireman's Fund converts to a holding company and buys the then Commonwealth Mutual Funds, which was a local company that went back to the thirties. At which point the two senior people at the Commonwealth Mutual Funds left because they were pissed off and Reid Dennis calls me in and says, "We bought this mutual fund business. You're in charge." I'm twenty-eight years old. "So we're going to go down and meet the staff." Okay. This is the day before Thanksgiving. So we go down and he introduces them to their new boss, at which point I went into the bathroom and threw up and I thought, "Now, let me get this straight. I'm now head of the investments and I've got the mutual fund company. I've got the Fireman's Fund Insurance Company. I've got the life insurance company." And I'm twenty-nine years old. Talk about on the job training. This was really tough. So everybody that works for me is older than I am. So I'm in charge of running this damn thing. So that's 1965. Then about two years later, two or three years later, maybe three, there becomes a real feeding frenzy of companies to acquire fire and casualty insurance companies because they sold well below book value and there were reports written. Now, you look at these things as mutual funds selling at a discount. So there was a real run to acquire these things. Real frenzy. So Fred Merrill, really smart guy, we merged Fireman's Fund with American Express.

And that was kind of a funny story. Maybe I'm thirty-one or two years old. And if you go back and look at American Express, put the travel business over here, American Express was traveler's checks. You'd go down and buy a hundred dollars' worth of checks. They'd charge you three bucks. People would come back from vacation with ten dollars left. Well, they would save them. So American Express was a float business. Float is the common theme of my whole career. American Express, you buy your checks for a hundred bucks, they got the hundred bucks that they invested and there was a seasonality to it. You could figure all that stuff out. Then along comes the credit card, about early sixties. The credit card is a negative float business. You use your card here. Sam's gets their money tomorrow. You pay your bill in sixty days. So you've got a positive float business and a negative float business and American Express becomes a negative float business.

Fireman's Fund insurance, a positive float business. So you put the whole bag together and you've got a positive float business. Yeah, that's the way it works. Not many people could figure that out but that's the way it was. So now here we are. I now work for American Express. I'm the head investment guy of a company called American Express Investment Management Company. And Howard Clark, who was chairman of the board of American Express, would come out every month. They would fly out in their Gulf Stream and spend Friday. A day a month. And the Fireman's Fund board meets at eleven o'clock in the morning or something and at 9:30 he would sit down with me. This is the chairman of the board of American Express. And I would explain what I'm doing. Howard Clark, smartest guy I ever met in my life. To this day. I mean, Howard Clark was just unbelievable. He was a CPA, a lawyer, about six-five, smoked these great big goddamn cigars. And about our second meeting he says to me—I mean, I'm thirty-three years old—"Miller, half your professional staff are women. Are you worried about that?" I said, "No, they're as smart as the men and the turnover is lower." He said, "Okay." Next subject. This is in 1968. Never brought up the subject again.

01-00:51:45

Meeker:

Was he concerned about pregnancy or was he just—

01-00:51:49

Miller:

He'd never seen it before. I just went out and hired the smartest people I could find and it was a buyer's market to hire smart women because people wouldn't do it. And that never made a difference to me. I never thought about it. I just said, "Well, they're smart," and blah, blah, blah. I look back on that and think, "How goddamn arrogant can you be?" I said, "No, I'm not worried about it." He said, "Okay, fine, next subject," and we go.

So everybody was afraid of Howard Clark. I mean, he was really quite something. He was physically imposing. He was very smart. He was very direct. I think I was too dumb to be scared. I just said, "Well, this is what I'm doing." He said, "Okay, sounds good to me." So then the mutual funds had three times as many shareholders as American Express had shareholders. American Express earnings went up 15 percent every quarter. It was just like this. But when the mutual funds would hit a rough spot, like down market, like the big down market was coming ahead of us. So now the mutual funds are growing very rapidly. So okay, we're going to bring the first mutual fund with the American Express label on it, what I called the blue box. 1969, April. So I said, "Gee, you know, market's been going up for a while. I'm not so sure this is such a good idea." "Oh, no, no. We're going to do this. We're going to do that." So we're going to make it a special fund, American Express Special Fund. So I'm back there meeting with all these big time bankers. I said, "The first fund with the blue box on it shouldn't be a garbage fund. It should be a very clean main line." "Oh, no, no." So we bring American Express Special. Second biggest mutual fund offering in the history of the world. Hundred million dollars. Bang. Sold out in a week.

01-00:54:01

Meeker:

What was included in it? What was the mutual fund?

01-00:54:03

Miller:

This was going to be a very aggressive speculative mutual fund with the blue box. I said, "This is crazy." So we bring it and we miss the high in the market by a week. And it was down 15 percent within a year. Now Howard Clark's getting all these letters from all these pissed off people. I mean, I got three times as many shareholders as he has. And I'm surprised he didn't fire me. I mean, jeez, he's getting all these letters and everybody's pissed off and I'm sitting there and I'm still meeting with him every month until 1975. That was rough. Sixty-eight, sixty-nine, seventy were just brutal down markets. And then that was followed by the nifty fifty, where fifty stocks went up and everybody else did nothing. And then '74-5, just another horrific bear market. So when American Express exited that business in 1975 I'd been in the business for fourteen years and the market was 10 percent below where I started. That's a really crappy way to start. Now, then the market went up, straight up for twenty-one years, so it was like my IQ went up.

01-00:55:24

Meeker:

So when they exited the business, what did they exit? What were they getting out of? The mutual fund business? American Express?

01-00:55:33

Miller:

This whole company that I got. They sold it to Capital Group for \$2.5 million. Capital says they bought it for a dollar. They wanted out of the mutual fund business, which was a good decision. We're managing Stanford's endowment, the whole thing, and that's another whole funny story. But they just exited. Very high class exit. Capital Group, which I'd known forever, and they were my toughest competition. So I knew all the people. I knew all that stuff. So it was a very, very classy exit, which I'm very grateful for. They could have sold it to some dirt bag and probably got more money.

01-00:56:28

Meeker:

Well, let's pause there. We're going to have to shut down in just a second. But I want to go back to this, when you first start at Fireman's Fund and you've got this thesis that you've written and this insight into the nature of fire and casualty insurance and how it's related or similar to mutual funds. How did that knowledge help you become successful in that position? Like what was it that you brought to it?

01-00:56:00

Miller:

Well, I'll give you an example. The tradition was that you had your loss reserves. And your loss reserves were money set aside to meet—your house has already burned down, we have to pay you. And the theory was that that's some number. Well, that had to be invested in highly liquid securities. I said, "No, that doesn't make sense. This is a flow business and money's flowing through and you can figure out the seasonality and you can do some statistic stuff." So money's coming in the door. We're going to pay you with this guy's

check and the assets will stay the same and the money flows through. But what you needed liquidity for was the event that wasn't actuarially in your rates.

01-00:58:00

Meeker: Right. A big earthquake or—

01-00:58:02

Miller: Yeah. The black swan. So what the hell's the black swan? The black swan for Fireman's Fund, we wrote what was called hull insurance on airplanes, on the jet line. And our black swan was two of our planes crashing. So you'd say, okay, the loss is going to be whatever the hell the number was. But you could control that. You could say, okay, what's the biggest black swan we can deal with and then we can insure your airplanes but we can lay off into the reinsurance market and we can take our risk down to whatever we want. If it's a hundred-million-dollar plane we'll keep twenty-five and lay off whatever you want, whatever number. Whatever number you want we can make it happen. And that became the need for liquidity. Well, that was a big deal. You got this twenty-eight-year-old kid telling you this is how you figure this stuff out. And then you could not control but kind of direct the flow of your premium mix to get like—I think it's workman's comp. If a guy pays a dollar in on workman's comp you get to keep the dollar a long time. Faster than car insurance. So you say, "Well, we can figure this out. We're going to manage the flow. We want to keep the assets in the thing." I would work with Fred Merrill on trying to figure some of this stuff out.

01-00:59:44

Meeker: So just to translate. What I'm hearing you saying is that you were able to increase the amount of liquidity available for investments within Fireman's Fund—yeah, does that make sense?

01-01:00:02

Miller: No, I think that's stating it too strongly. You could sense that your need for liquidity wasn't as much as you used to think it needed to be, therefore you could invest more of your assets with a longer-term orientation. It wasn't precise. This is pretty controversial stuff and very sensitive because the insurance guys don't want to hear about this. So it was just sort of, well, maybe we can move things along a little this way or that way."

01-01:00:40

Meeker: Yeah. The insurance guys want to know that they can pay their bills in the event of a black swan event.

01-01:00:43

Miller: Well, yeah. Damn right. Yeah. You only lose your reputation once. And Fireman's Fund made its reputation by paying the claims after the earthquake. That's what made that company's reputation, to this day.

01-01:00:59

Meeker:

What was the percentage upside then on the amount that you guys were able to invest that you previously kept in—

01-01:01:05

Miller:

I don't know. It wasn't that precise. It was just, "Look, we don't have to be wed to that number. We can kind of work our way along here and see how it goes." It's pretty loose. You knew the black swan or you thought you knew it.

01-01:01:24

Meeker:

Were you having to deal with much in the way of federal or state regulation?

01-01:01:33

Miller:

Insurance is regulated at a state level. It's the way it is. Well, yeah. They're called convention statements. They're about this big and this thick. Some of these guys would just fill up the whole thing with a bunch of junk bonds and then the whole thing blew up. That's what happened down south. Yeah, yeah. No. The regulators paid attention to what you're doing and if you were loading up, buying a bunch of securities in your brother-in-law's lumber yard, they wouldn't like that. We weren't doing anything nefarious. We were just saying we could kind of change this around a little bit. Just tweak it as we go.

01-01:02:33

Meeker:

What do you suppose the impact on the fund's bottom-line was then?

01-01:02:41

Miller:

Well, it allowed them to extend their bond maturities out longer. Now, this is a period of rising interest rates, so that doesn't necessarily work out so well, although they value their bonds at cost and their stocks at market so you get a symmetry of accounting that's crazy to this day and still crazy. Well, so I exited that in 1975. It was a positive influence because you could focus more on what you wanted. You could manage your bond portfolio with a greater percent of your thought on the investment decisions and not so much about some of these insurance criteria. But I don't know how, it could be. If you made dumb investment decisions it would be bad for the bottom-line. So I don't know.

01-01:03:46

Meeker:

Were you making the investment decisions or was that another staff person?

01-01:03:52

Miller:

Oh, yeah, the investment part. Yeah. Well, on the mutual funds we made them all and on the insurance companies Georgia McHugh was in charge of that portfolio. They would recommend to the board of Fireman's Fund, "We're going to buy this stock or that stock." It was a very long drawn out process. Whereas on the mutual fund side it took two signatures, say, "Okay, we'll go buy that or sell that." So on this side you've got just kind of the open range and over here it's pretty rigorous process.

01-01:04:27

Meeker:

All right. Well, let's stop for today. I think that we've made our way through a fair portion of what I wanted to cover. But we can pick up next time with the Capital Group. Nineteen seventy-five or seventy-six. Anything that you want to talk about that we didn't talk about today?

01-01:04:55

Miller:

No, not that comes to mind, I think.

01-01:05:01

Meeker:

Am I missing out on any obvious questions or themes that really should be covered here?

01-01:05:08

Miller:

No. I think one of the things I was fortunate—well, two things. I didn't grow up poor but we were not well off. I did not eat lunch in high school because it cost fifty cents and I was saving my money to go to college and I worked at a drive-in so at five o'clock I'd go to work and eat like a pig. I think the only people that understand money are people that have lived a meaningful part of their life without it. I really believe that. I think I was very fortunate in that regard. I think the other thing where I was very fortunate, the first fourteen years of my career were horrible. We had '61-2, terrible bear market. Sixty-nine, seventy, terrible bear markets. So fourteen years. Well, and then it went up to twenty-one years. At age forty I really got smart. Well, had that been reversed and the first twenty years of my career had been an upmarket I'd have thought I was a goddamn genius. And then what you do, you leverage and then all of a sudden you get wiped out. Well, I became pretty risk sensitive in that fourteen years of getting throttled. I made a lot of money three times and I had to do it three times because I lost it all twice. Then I thought, "Okay, I think I got this figured out." I'm going to do this a little differently. In retrospect, I was very fortunate.

01-01:06:53

Meeker:

Well, that says a lot about the power of the broader context of the market and where it's headed in terms of the fate of individual companies or individual investors.

01-01:07:04

Miller:

Oh, yeah.

01-01:07:07

Meeker:

The real genius is somebody who can make money in a down market, I guess, right? Or not lose—

01-01:07:13

Miller:

Keep it. Keep it.

01-01:07:14

Meeker:

—everything that they got.

01-01:07:15

Miller:

The investment business is the easiest business in the world to make a lot of money. But not many people leave it with a lot of money because they lose it. So the trick is not how much money you can make, it's how much money you leave the game with. That's where this came from.

01-01:07:38

Meeker:

What does your t-shirt say?

01-01:07:40

Miller:

"Don't confuse a bull market with brains." Nineteen sixty-one or two. Yeah. Well, let's look at today. Stock markets at a record high, interest rates are a record low. There's nothing whose price has gone down for a decade. Virtually nothing. Everybody thinks they're a genius because nobody's lost any money for ten years in anything. Stocks, bonds, real estate. Everybody's a genius. Well, I don't think these people are any smarter than we were fifty years ago. So somewhere out there there's going to be a day of reckoning and people are going to say, "Gee, that wasn't such a good idea." I mean, think of it. Nobody's lost money for a decade.

01-01:08:37

Meeker:

Well, what do brains say now, you know? What do brains say to the bull market? [laughter]

01-01:08:43

Miller:

Well, what people have now, it's called FOMO, fear of missing out. A fun exercise I have with friends, they'll tell me, say, "Figure out your net worth. Okay. What do you want it to be the day that you die?" The second number's always bigger than the first number. I say, "Why the hell would you want to die with anything?" I mean, my goal is to die broke. I lived a little longer than I thought I'd live and I was a better investor than I thought. My favorite word in the language is enough. Just enough. You don't need to have more. It's the ego. I was going to write a book. I actually started it a long time. It was called *The Sexual Theory of Investment* and it had all these analogies between men's sex drive and investment philosophy and all that crap. I wished I'd have finished it. But yeah. They're afraid of missing out. They see it as a competitive game. It doesn't have to be competitive. You can just say, "I can buy a bunch of preferred stocks that yield 6 percent. That's enough for me. If the other guy makes fifteen, I don't care. Doesn't matter to me. I'm fine. Six percent's good enough." Probably be better than they do but they don't know that. They'll figure it out some day. There are a bunch of reasons I retired but one of them was when you're in the investment business a lot of people think, "Well, I'm smart. I've been doing this for thirty years. I can kind of do it with this hand." No, no, no. When Mohammad Ali asked his trainer if he had to train that day the trainer says, "No, but Sonny Liston is. So you can do what you want but Sonny's over there." And the guys you're competing with, they're hungry, they're smart, they're working eighteen hours a day. And if you think you're smart enough to offset that, you're just an idiot. So I says, "I don't want

to see life through this little dinky lens of, 'Gee, we're at war with whoever. Do I buy Exxon?'" I don't want to think about that. The investment business extracts a horrific cost that people don't understand what a narrow lens they see life through. It's a sad thing. And I was tired of looking at life through a little dinky lens. I wake up in the morning and I can't stand the idea of going to work and managing somebody's life savings. I just can't conceive of doing it. And I did it for thirty-five years and I was pretty damn good at it.

01-01:11:49

Meeker:

All right. Let's stop there.

01-01:11:50

Miller:

All right.

Interview 2: April 24, 2019

02-00:00:26

Meeker:

Today is the 24th of April 2019. This is Martin Meeker interviewing George Miller. This is interview session number two. We are back at Sam's Grill. So last time we met we were talking a bit about your work for American Express and that came to an end. But before it did, an interesting innovation happened that you participated in to some extent and that was the invention of the index fund. Can you just tell me what that is and why it's significant?

02-00:01:07

Miller:

Yeah. Well, you have to go back into the late 1960s. And there was a group at Wells Fargo Bank called Wells Fargo Advisors or something like that. And there was a group of folks over there headed by Jim Verton and Bill Faus, Bill McEwan and John Coleman and they worked with a professor, Bill Sharpe from Stanford, and set up an account, a separate account which they ran for Samsonite where they tried to replicate the performance of the S&P500 by basically constructing a portfolio of stocks that looked like the S&P and would kind of track with it. And then probably around 1971 or so I had a guy that worked for me named Mike Murphy who was a friend of Bill Sharpe. All the Wells Fargo guys were friends of mine. Bill Sharpe was a professor at Stanford and Murphy and Bill Sharpe, they want to go from just having a separate account to a mutual fund. It's just a gradation of the same thing. So they concocted this thing and in June of 1973, I have a prospectus, the Index Fund of America with the big blue box on it [See Appendix A]. And this was the first index mutual fund. Mutual fund is the key word here. The separate account had been over with. And we registered this with the SEC. We were going to have an index fund and a cash fund and you could do it on your credit card and no margin requirements. This would have been unbelievable. The investment business had been really rough. Amex bought us in 1968 and the market peaked in '69. It had been horrible. And I just think Howard Clark didn't want another bunch of disgruntled mutual fund shareholders, so he said no. Which I think was probably the right decision at the time.

So then in 1975, two years later, John Bogle and Vanguard announced the Vanguard Fund. First Index Fund of America or something. And claimed to be the first index mutual fund. And so then began a correspondence back and forth between John Bogle and I, which gets published in *The Wall Street Journal* [See Appendix B]. I said, "How can you invent something that I registered with the SEC two years before?" And he says, "Well, you never marketed it." I said, "The verb is invent, not market." He and I went back and forth to that, kind of a jocular conversation until he died [See Appendix C]. So yeah. We put together the first index mutual fund and registered it. But then it was never marketed, it was never sold. We conceived but did not give birth.

02-00:04:52

Meeker:

What's the value add with an index fund? Does it just make the investment comprehensible for everyday investors? What's the value add?

02-00:05:05

Miller:

Well, it's pretty easy. The value of it is that probably 70 percent of mutual funds fail to equal the market over time because you've got an expense structure to overcome. And so it doesn't add any value to the market, but it lets you replicate the market, which most people would be better off if they did. But people say, "Well, I won't settle for average." Well, in aggregate the world is average less expenses. So it's not Lake Wobegone. I mean it's pretty straightforward. Being average, okay, particularly when sixty, seventy percent of people do less than average. If you're average you're going to be in the upper 25 percent of the class or whatever the numbers are. Something like that.

02-00:06:03

Meeker:

So it was based on the recognition that the markets, whether we're talking the DOW or S&P, do better on average than created mutual funds around certain types of investments.

02-00:06:17

Miller:

Well, no, I'd put it a different way. The market is what it is. As I used to tell my colleagues, the market doesn't care how smart you are. The market doesn't care how hard you work and the market doesn't care what your needs are. The market just does its thing. And that's just the deal. But most people do whatever the market does. Most people do less well than that. I mean, yeah, they have to. In aggregate everybody can't do better than the market and you've got a 2 percent expense ratio going against you. So yeah.

02-00:06:52

Meeker:

Did you ever invest in index funds?

02-00:06:56

Miller:

Vanguard Charitable Fund. I'm a big believer in donor advised accounts and so yeah, after that, but never direct. The only things I invested in were the funds I managed. I believed in eating your own cooking and so that's what I did. So it was Income Fund of America for a long, long time.

02-00:07:26

Meeker:

The Income Fund of America. So I've got that down and I believe you were president of this. Is that correct?

02-00:07:34

Miller:

Yeah.

02-00:07:34

Meeker:

Where's that fall? Does that fall after the Capital Group or is this something that ran—

02-00:07:37

Miller:

No, that was one of the funds managed by the Capital Group. When I left American Express and went to Capital—remember, I went from being the top dog of American Express Investment Management Company to kind of

bottom dog among the pack of dogs at Capital. And I was a—they called them portfolio counselors. You'd have a fund. You might have three or four people each have a slice of it. And I had the Income Fund of America, the American Balance Fund, which I had been involved with for a long time. A thing called Endowment Inc., which was a mutual fund set up strictly for 503(c)s. And that was my first task when I went to Capital, was those three funds. And then maybe three years later I became the lead guy on Income Fund of America and somewhere along president. Yeah.

02-00:08:37

Meeker:

So I want to get to that but why don't you tell me about the transition from American Express to Capital Group.

02-00:08:45

Miller:

Oh, yeah. So during that period of time when I'm managing this company called American Express Investment Management Company, we had the mutual funds, we had all of Stanford University's endowment and some other stuff. So we were probably the biggest account of virtually every broker in town. So I had a lot of friends. I was a very popular guy. Lunch, dinner, football, I'm living large. I'm a big shot. And then when American Express exited the business, all of a sudden, instead of having sixty or seventy friends, I had four. Jim Halligan, Paul Kendrick, Ritchie Kane, and Stu Pillette. And that was a real lesson in the difference between being a client and a friend. And I'll never forget that. And those four people remained friends until the last of them died last month, the rest of my life. And that was a very, very sobering lesson to me, one that I was able to learn while I was in my thirties. I think there's a lot of people out there that in their seventies that haven't learned it yet but they will.

And the other part of it was people say you did this stuff for thirty-five years, what's your proudest achievement? Well, the day we shut down American Express I had thirty-seven people working for me. And maybe five of them went to Capital, five or six. Two or three remained at American Express or Fireman's Fund. And I found jobs for all the rest of them. And from February to July of 1975 I cashed in every chit I had to get these people jobs. And I was very proud. I was proud of it then and I'm proud of it today. Yeah. I felt very good about that.

02-00:10:51

Meeker:

Where did they end up?

02-00:10:52

Miller:

Oh, all over the place. One of them is director of research at Putnam and BofA [Bank of America]. All around. Some went into what I call real businesses.

02-00:11:03

Meeker:

Why did AmEx sell this subsidiary?

02-00:11:10

Miller:

Well, they got involved in, say, 1968. Fifty years ago this month, in April of '69, we were under enormous pressure to bring a new mutual fund with the blue box. And I said, "Okay, that's fine, but it should be a high-class fund." "No, no, it's got to be very aggressive," and this and that. So fifty years ago this month we brought American Express Special Fund. We missed the high-end market by a week, \$100 million fund. We could have made it \$200 million. Market tanked immediately. Sixty-nine/seventy was horrible. Seventy-three/four, if you didn't own a favorite fifty, the nifty fifty, you lost money. Seventy-five was another bear market. I had three times as many shareholders in the mutual funds as American Express had. So American Express' earnings are going up 15 percent a quarter and Howard Clark's getting all these letters from pissed-off shareholders from this thing that's run by this thirty-three-year old guy. I mean, it was driving him nuts. And I would sit down with Howard Clark every month for eight years and talk about this stuff. I think Howard Clark just said, "You know, I don't need this." We accounted for 2 percent of their earnings and 150 percent of their complaints. And he went out in a really high-class way. Capital, I knew those guys well. I thought they were one of the two or three best investment research operations in the world. I think we were in the top five. It was a very classy exit. Howard Clark was a world class guy. I still worship the guy.

02-00:13:00

Meeker:

How do you pull off a classy exit? What does that mean?

02-00:13:03

Miller:

They found a very legitimate buyer of the business. They were extremely generous to the employees in terms of severance. Now, part of the severance, you've got this business you've sold in February. You've got to keep that running. I mean you've got a billion dollars in assets. You can't just wing it. So you had to keep that but they were extremely generous. Vested pensions. It was just class. It's what you would expect from Howard Clark. It was just class.

02-00:13:44

Meeker:

Back to what you said about your discovery of going from countless friends to four friends at the end of the—

02-00:13:53

Miller:

Oh, in investment, yeah.

02-00:13:53

Meeker:

Yeah. Did that discovery have an impact on the way that you then interacted with people you met through the course of business?

02-00:14:09

Miller:

Well, yeah. You'd go from whatever the number was, fifty, sixty, seventy "friends" to four. So now I'm down to lower tier at Capital and then six years later or whatever it is, I'm Director of Research and Chairman of the Board of

Capital Research. Well, all of a sudden I'm popular again. And I thought, "I think I've seen this movie. To hell with you guys. I don't need this crap." So yeah. It made me extremely cognizant of the difference between being a client and a friend for the rest of my life.

02-00:14:44

Meeker:

Well, what does that mean in practicality? Does it mean scheduling your lunches and your evenings accordingly to make sure that you're really paying attention to your friends and keeping your business associates at a certain level?

02-00:15:01

Miller:

Yeah. Yeah. If some broker wants to have lunch it's not because he thinks George Miller is some nice guy. It's because he wants more business. I don't need that crap. I don't do it.

02-00:15:14

Meeker:

Tell me about the Capital Group. Explain the structure of the company and where your operation fit within it.

02-00:15:25

Miller:

Well, it's privately owned. It's owned by the employees. It is called the Capital Group. And then you have some subsidiaries of that. You had Capital Research and Management Company, which managed the mutual funds. That was the bulk of the assets. You had Capital Guardian Trust Company, which managed basically a corporate pension account or state and local governments. And then you had Capital Research Company, which was the research entity that provided research to these two clients. And that was the thing I was chairman of the board of. That evolved over time. I became director of research in '81. I don't know, five, six, seven years later we reorganized the whole bag and the research company, instead of having two clients, was split and became an integral part of each of its clients. So the trust company had its research guys, guys a non-gender word, and the mutual fund companies had theirs. And one of my more challenging tasks was I had to take this research company and divide it in two. So I would go around and talk to each of the folks and say, "Which side of the house you want to be on?" I would explain to them if I were they how I would make that decision but they could do whatever the hell they want. And the way a lot of them made a decision, they wanted to be on the side of the house that was growing fastest. And I said, "Well, I don't think that's the right way to make the decision but do whatever you want." And at that time the trust company was growing much faster and the mutual funds were running redemptions. So people who went that way, I think that was the wrong criteria but then they got it wrong anyway because soon after that the mutual funds take off with explosive growth and the trust company's running redemptions. So they used the wrong criteria and then guessed wrong. So that's just the way it goes. But yeah.

02-00:17:55

Meeker:

Did this split happen because of a changing regulatory environment?

02-00:18:02

Miller:

Probably somewhat. It was just getting too complicated and there was also a recognition we needed to de-aggregate the assets for regulatory purposes. Like how much percent of a company can you own? And you wanted to kind of make this dichotomy between the two sides of the house and say, "Well, those guys are buying the stock and these guys are selling the same stock so it's obvious that we have separate decision-makers." Of course, you might say, "What the hell are they doing?" But yeah. It was a need to sort of make two integrated units rather than just sort of a thing.

02-00:18:52

Meeker:

What was the nature of the research that was done in this program?

02-00:18:55

Miller:

Oh, I think Capital had probably the best research operation on the buy side. We would go out and call on companies. I was the interim utility analyst for seventeen years so I would go out and call on all these electric utilities and I would call on public utilities commissions. You called on a lot of companies that nobody had ever been there before. Most people in the mutual fund business are dependent on Wall Street for their research. The guy from Smith Barney comes in and says, "Buy Raychem," or whatever it is and you do it." We would go call on Raychem. And some of these relationships went back ten, twenty, thirty years. Most places say, okay, you start as an analyst and if you're any good you get promoted to be a portfolio manager, something like that." And Capital was—when I use Capital, I mean in the generic, the whole bag—was that research is a legitimate career in and of itself and we want to make that as fulfilling a career as this other stuff. And I think we succeeded in that. But they would basically go out and become extremely knowledgeable on these companies. Sometimes perhaps they confused familiarity with the company with whether they should buy the stock, which caused us some interesting problems.

02-00:20:30

Meeker:

They kind of become cheerleaders for the company that they're researching just because they—

02-00:20:33

Miller:

Yeah. I said, "You don't work for the oil company. You work for your shareholders. And the fact that you like to go out and hang out with the guys at Exxon doesn't mean we should own the stock." And their loyalty would be more to the industry they followed than who paid the check. And I'd have some pretty hairy conversations on that subject. But I'm convinced I was right. And I think time proved I was right. Yeah.

- 02-00:21:02
Meeker: You had mentioned another facet of what you were doing at Capital Research Group was being a fund manager, a fund president.
- 02-00:21:11
Miller: Yeah. I think I was president of both the income fund and the balance fund. I can't remember.
- 02-00:21:19
Meeker: So there's the American Balance Fund. There's the—
- 02-00:21:22
Miller: Income Fund of America.
- 02-00:21:25
Meeker: The Income Fund of America. You also mentioned an endowment—
- 02-00:21:28
Miller: Endowment Inc. Endowment Inc. was a thing we started in 1968. People would come to us to manage the endowment of the opera or all these and we had about thirteen of these accounts. I went to Reid and I said, "You know, we're managing these things on Friday afternoon. We're not doing anybody a favor here. Let's convert this to a business." So we started Endowment Inc., which was all equities, always fully invested, and Bond Portfolio for Endowment. So rather than say you should be sixty/forty or whatever, here's stocks, here's bonds, build your own. It's like a salad bar. Whatever you want. Yeah.
- 02-00:22:10
Meeker: So I'm curious. I've never worked in this field but studied it a little bit. Just broad conceptualizations. So each of these funds, they're products that you create that you then offer to clients, right?
- 02-00:22:25
Miller: Yeah, yeah.
- 02-00:22:26
Meeker: And so like the Endowment Inc. is you create a fund or a configuration of potential funds and then you go to large non-profits with endowments where they have—
- 02-00:22:43
Miller: They were pretty small ones because the large ones always wanted to go out and have their own account.
- 02-00:22:46
Meeker: Okay. So you go to small nonprofits like the opera or something like that and they have an expectation that every year we need to get 5.5 percent or something like that.

02-00:22:58

Miller: Oh, not 5.5. Ten, fifteen. No, no, no. You're a sissy. Yeah.

02-00:23:04

Meeker: [laughter] So you know what I mean? So is that what you're kind of offering them? Like this will—

02-00:23:11

Miller: We'd offer them that. We'd say, "Look, here's the deal. Over the long run stocks return six, seven percent, whatever it is, eight maybe." You'd say, "We hope to do a little better than the market. Not a lot better." People would say, "We need fifteen." I'd say, "Well, good luck. The Lord doesn't necessarily create a stock market to fill your needs. The Lord doesn't really care what your needs are or the market. That's just too bad. We might do a little better than the market but if the market's going down we're not going up. Gravity applies. Yeah." So you'd say, "Look, rather than having your investment committee meet twice a year and decide to buy Exxon or sell Ford, we'll do it for you for a very minimal fee." Basically what you're doing is protecting them from themselves. I mean, I've been on enough investment committees or seen enough investment committees operate. You can't meet twice a year and figure you're going to come out real well.

02-00:24:24

Meeker: Well, and also you have the periodic downturns like you had at the end of 2018 and you get a pack mentality where everybody just wants to sell regardless of what the fundamentals are.

02-00:24:37

Miller: Well, when I left American Express after fourteen years, the market was 10 percent below the day I went to work. Fourteen years net down 10 percent. So you don't forget that. I mean, that really burns into you. You become very risk—I won't say risk adverse. I will say risk sensitive. I mean, I made a shitload of money three times. You know why I did it three times? Because I lost it all twice. Then the market went up for twenty-one years and I was smart.

02-00:25:12

Meeker: And you pulled out at the right time?

02-00:25:13

Miller: Well, I don't know. It was enough for me.

02-00:25:16

Meeker: [laughter] Okay. Tell me about these other funds. Who are you marketing them to and what were they? Like the American Balance Fund and the Income Fund.

02-00:25:26

Miller: Oh, they're sold through brokers. They're sold through brokers. Merrill Lynch and Edward J. Jones and so forth. The front-end load is up 8 percent or

whatever and they're sold. Not bought, sold. So one of the things you have to do is—I don't do it. In marketing them, you have to market to the Merrill Lynchs of the world to sell this stuff. Yeah.

02-00:25:52

Meeker:

And then the Merrill Lynchs of the world market to individuals and institutional investors?

02-00:25:55

Miller:

Yes. Or it could be small institutions. Yeah, yeah. They'd market to anybody they thought would buy it.

02-00:26:06

Meeker:

How did you manage these funds in relation to major economic transformations of the day? You start there in '75 and you continue through to '96 and there are plenty of ups and downs during that period of time. You have stagflation of the late seventies which relates to super high interest rates from Fed policy. Then you have market expansion in the 1980s. You get a pretty serious recession in the '92 period of time followed by the first bit, I think, of the tech boom right before your retirement. Are these things that are impactful in the way in which you did your business?

02-00:27:04

Miller:

Well, the US Trust ran a great ad back—I think I was still in college. It shows a guy, it says, "Now is always the most difficult time to invest." It's always hard. People would tell me in the eighties and nineties, "Oh, back in the sixties and back in the seventies." I said, "I lived through that. I don't remember ever sitting and thinking, man, this is cool. I got this all figured out because I'm a smart guy. Life remembers better than it lives." It's always tough. And it's just the way it is. At Capital you could have one of these funds and you might have five individuals, each responsible for not a fifth but some percent of it. And one guy thinks interest rates are going up and one guy thinks they're going down and some guy did not. So each one kind of cooks their own soup and then when you add it all up, that's what you end up with. But it's rare that there would be a uniform vision of the future and if there was it's probably wrong.

02-00:28:22

Meeker:

It's a little bit like what's going on today with people seemingly getting antsy for a recession. [laughter]

02-00:28:30

Miller:

It's always like that. It's just always that way.

02-00:28:35

Meeker:

Like people kind of want to have it just to get it over with so that they'll know that it's done.

02-00:28:41

Miller:

I don't know. Every stock out there, there's a buyer and a seller. If everybody agreed it wouldn't be a market. Nothing would trade. Yeah. It's always that way.

02-00:28:57

Meeker:

So you just said you made money three times and you had to do that because you lost it twice.

02-00:29:01

Miller:

Yeah.

02-00:29:01

Meeker:

Can you tell me about those times that you lost?

02-00:29:07

Miller:

Well, the first time around was '61-'2 and I had borrowed a lot of money to buy stocks and they all went down. And then the next cleaning was '69-'70 and lost a lot of money. Stocks went down. So then I got wiser.

02-00:29:24

Meeker:

What did you do? How did you respond? How did you recover in those situations?

02-00:29:27

Miller:

Well, I didn't use leverage. Well, the market went up for twenty-one years. I mean, the Income Fund of America, for eighteen years, I think it was, compounded at a 15 percent annual rate. And I'd tell people, "Geez, we can't keep this up. I don't think we can do better than eight to ten." "Eight to ten, you got to be kidding?" People would say, "Gee, you're a sissy." Well, and then it'd go up for 15 percent in a year." It's kind of like right now. Since 2008, if you bought stocks, bonds, land, commercial real estate. The price of everything has gone up. We have a generation of people who have never seen the price of something go down. Now, some days some prices are going to go down and it'll be interesting to see how these people respond. Think. They have not seen the price of anything decline. Well, geez, it's like an IQ enhancer. Everybody's a lot smarter than those dumb guys around when stocks went down. I mean, what a bunch of dumbbells they were.

02-00:30:48

Meeker:

Do you think people will just freak out and sell as soon as they see loss of any kind?

02-00:30:51

Miller:

I don't know what the hell, though I think they'll freak out. Yeah. I think they will. People overestimate their tolerance for risk until they lose a lot of money. Then they understand risk. Judging from the shareholder letters I got back in those days, 15 percent loss seems to be about what puts people over the edge. Fifteen percent. That really hurts. So yeah. Yeah.

02-00:31:29

Meeker: Well, I think the bear market definition is twenty, right?

02-00:31:32

Miller: I don't know. I don't know. I don't have a clue.

02-00:31:36

Meeker: So why did you give it all up in 1996? Why did you retire?

02-00:31:41

Miller: I didn't retire. I graduated. As I say in my biography for SPUR, I graduated to spend my time on more worthwhile things. Well, I'd been doing it for thirty-five years. I had five years' experience seven times. I didn't need eight. And they said, "Well, you can't leave. You're chairman of the board." Watch this. Didn't need to do it anymore.

02-00:32:06

Meeker: Is there anything else you want to talk about in terms of your career in finance?

02-00:32:15

Miller: No. I wished I'd have left sooner. My favorite word in the English language is enough. You do something for thirty-five years, I mean, geez, go out in the real world and do something. And it was interfering with doing things that I thought had a more meaningful purpose in terms—

02-00:32:42

Meeker: What were some of those things?

02-00:32:43

Miller: Well, I'd been involved with Oxfam America since 1981 or two. I'd been involved in Berkeley pretty heavy. I'd been involved in a lot of environmental stuff. Yeah, stuff I just thought was more productive and meaningful and useful. Move on.

02-00:33:06

Meeker: One of the things that you have been involved in, I think both in a professional and perhaps also community engagement capacity was healthcare. Serving on various planning boards and also serving as a director of a hospital, the Marshall Hale Hospital. How did you get interested in healthcare? Can you walk me through that?

02-00:33:43

Miller: Well, go back to 1965. Up until that point I'm not sure I had a big interest in healthcare. I don't remember. But in 1965, that's when we bought the Commonwealth Mutual Funds. There was a guy that worked there named Dick Jenkins, who was then going to leave Commonwealth and go east. And he had been a director of what was then called Hahnemann Hospital, which is one of the two homeopathic hospitals in the United States, the other being in Philadelphia. And he was leaving that board and asked me if I would be

interested. He thought I would be good for that. I guess I probably said, "Sure, why not." So I went around and talked to each of the incumbent directors, of which there were probably six or seven or eight. And Hahnemann Hospital, the board was very prestigious and you were appointed for life. And at that time I'd have been, what, twenty-nine years old and probably the average director was fifty or sixty. I don't know. So I said, "Sure, I'll do that." And as it turned out, my then personal physician was the chief of the medical staff. I didn't know that at the time. And so that began my career in healthcare. And it was really interesting because that was in '65. And basically in San Francisco hospitals by patient days was a growth business and was a cost-plus business. So it wasn't that hard to do.

And Hahnemann Hospital, we changed the name to Marshall Hale Hospital somewhere along the line, so I'll refer to it as Marshall Hale. We had never gotten any federal financing. We had never had a campaign to raise money. It was profitable. And it was profitable because we didn't try to do everything for everybody. We kind of said, "These are the areas we're going to serve." And we didn't have obstetrics or whatever you call that. We didn't do any of that. And a fairly defined area we served. We had an excellent nursing staff and we had good food and we were profitable. So along comes DRGs, diagnostic related groups. So up until then, if you went into a hospital to have your appendix out they would charge you for the food and the this and the that and all that stuff for reimbursement. Under DRGs, if you went in for an appendix out, they'd pay you \$2,000 or some number. So you're the hospital, your motivation is to get them the hell out as soon as you can and so lower your cost. So that was a pretty traumatic deal. We were pretty good at that. Then along comes Medicare. Medicare. That's a big deal. Along comes Medicaid. That's a big deal. So you're going through this enormous transition. And patient days. And then we did the first same day surgery in town, where you'd go in in the morning and we'd wheel you out at the end of the day rather than spend two, three days in the hospital. So the whole thing is changing dramatically. And we were pretty small. We were probably seventy, eighty beds and then we expanded that to 210 or twenty during all this. So we're doing okay. And then 1969 comes and Nixon comes out with Whip Inflation Now, WIN badge, and had all these proclamations and said, okay, healthcare, you can't raise your rates more than 10 percent.

02-00:38:00

Meeker:

Price controls.

02-00:38:01

Miller:

So I had looked at our financials. If you looked at the income statement it would say charges, a hundred dollars. Then it had contractual disallowance, forty dollars. Revenue sixty dollars. Well, the contractual disallowance was when you billed Medicare a hundred dollars and they said, "No, we only pay you sixty." Okay, fine. That's the way it is. So I looked at that and I said, "You know, Nixon said don't raise your charges more than 10 percent." And I

looked at it. I said, "If we raise our rates 10 percent, our revenues go up 1 percent and we're profitable." To hell with it. We won't raise our rates. To hell with everybody else. And that's what we did. And that wasn't real popular among the healthcare community. And that was kind of fun.

02-00:39:03

Meeker: So sorry. What you did was?

02-00:30:04

Miller: We didn't raise our rates at all.

02-00:39:05

Meeker: But how did that increase your profitability?

02-00:39:08

Miller: It didn't increase it but we were already profitable. We didn't have to be the most profitable. We were doing okay. We were profitable every year. We never raised money. We built a new building with a bank loan, not a capital fund drive. We ran a business.

02-00:39:24

Meeker: So back up. This Marshall Hale Hospital, you said it was a homeopathic hospital.

02-00:39:29

Miller: Yeah.

02-00:39:29

Meeker: What does that mean?

02-00:39:31

Miller: Well, homeopathy is a whole field of medicine. The mother church is in Philadelphia. I don't know if it's still there now. There's a hospital there. It was a field of medicine that's been pretty heavily discredited. We actually as part of the hospital had a homeopathic medical school which I was president of by way of my other thing. I neglected to renew our license so we went out of business because I thought it was a bunch of quacks. So that ended that. I didn't tell anybody. I didn't do it. I just was—

02-00:40:22

Meeker: So that's like herbal medicine? Is that correct? Or—

02-00:40:24

Miller: Oh, you take something and you dilute it by a factor of ten and you dilute it by a factor of ten seventeen times and you end up with a thing that there can't possibly be a molecule of the substance left. There's been books written about that. We had one guy that was a homeopathic doctor and nobody paid any attention to him. We were basically a—regular—that's one of the reasons to change the name, is—

- 02-00:40:55
Meeker: So for instance, like if somebody came in for appendicitis and had their appendix removed, they would still get pain medication?
- 02-00:41:03
Miller: We practiced standard medicine like everybody else. Period.
- 02-00:41:05
Meeker: Okay. But with like a plus or something or a slight variation?
- 02-00:41:10
Miller: No, no. No, no, no. That was the name on the building.
- 02-00:41:19
Meeker: Did you undergo homeopathic treatments and that kind of stuff?
- 02-00:41:22
Miller: No. It was nothing. It was just a name that went way back in history.
- 02-00:41:31
Meeker: So how was it that you ended up being on the board and then being chair of the board? Like how was it that you ramped up your—
- 02-00:41:37
Miller: Well, this guy that worked for me was on the board and leaving and going east and he said, "You should do this," and I said, "Okay." So I went on in 1965.
- 02-00:41:48
Meeker: Were you interested in the economic model of it and how it was that this particular hospital was able to survive in a particularly unique way?
- 02-00:41:59
Miller: I don't think I went on knowing a hell of a lot about anything. It's kind of interesting. Yeah. He wants me to do it so I'll do it. Yeah.
- 02-00:42:11
Meeker: What were some of your takeaways from it in terms of—the healthcare sectors very interesting during this period of time. It's going through some monumental changes.
- 02-00:42:25
Miller: Oh, yeah. A whole litany of them. Yeah.
- 02-00:42:29
Meeker: You're moving away from the old fee for service model. You have the emergence of the health maintenance organizations, including Kaiser Permanente here.
- 02-00:42:41
Miller: Well, they were around. Kaiser Permanente, they're an HMO. They're the mother of HMOs. Or father, whatever you want to call—well, there were a lot of fascinating parts to it. A basic question if you're the chairman of a hospital

is, "Who is my customer?" Is my customer the medical staff or the guy coming in to get a knee transplant? To this day I think it's probably split forty-eight/fifty-two. Who is the customer? That was pretty enlightening to figure that out and deal with it. Once in a while we would have to discipline members of the medical staff for various things. Once I got into it I found it fascinating, the economics of it. Like somebody will say, "Well, Jesus, if you get your itemized bill from the hospital, it cost five dollars for a bandage. How the hell can that be?" so we did a big cost thing. Down in the supply room you've got bandages but you've also got all these drugs, and you've got morphine and you have a very complex inventory management problem. You've got a very complex logistical problem. And the fact that a bandage cost two cents, well, do you sell it for a nickel? It probably cost you ten bucks or twenty bucks. You got to keep track of all this crap up to the room. So we kind of came up with an elaborate thing of anything out of the supply room or the dispensary, it's some fixed cost. I remember ten bucks or some number. And then a mark-up on top of that. So that's how you get the ten-dollar bandage. They don't make any money taking the bandage upstairs for ten bucks. So that was kind of interesting figuring that out.

When we opened the same day surgery deal, I think we were the first in town. I don't remember but we were early on. And you say, "Okay, how do we charge?" And so the person, you roll them up. They're going to get their broken arm fixed or whatever it is. And if you do it on a fully loaded cost basis, your daily charge is, I don't know, it's \$500. Okay. But if you said, "Well, what if you price it at the marginal cost?" The guy comes in. What's the marginal cost of dealing with this person? Well, maybe that's \$180. Well, my argument was that's our marginal cost. We'll charge a little more than \$180 rather than a little more than the \$500. And we're still better off bringing the guy in and charging him \$180 bucks and doing whatever we do than if the rate's \$500 and he doesn't show up. So we posted pretty low rates and that didn't go over real big either with some other folks. But that was extremely successful.

02-00:46:09

Meeker:

Did this go over big with some of your fellow board members or—

02-00:46:12

Miller:

No, other hospitals.

02-00:46:12

Meeker:

Other hospitals.

02-00:46:13

Miller:

Oh, the board members, that's all right.

02-00:46:16

Meeker:

Who else served on the board of this operation? Who are your fellow board members? Were they physician types or community types?

02-00:46:23

Miller:

No, no, no. Well, the chief of the medical staff is on. Let's see, the radiologist was on. The pathologist was on. I guess they were board members. Oh, there was a guy from Pacific Telephone who was sort of senior vice president of community relations. Marshall Hale was on. His father's name was on the building. I thought that was kind of interesting. Guy from BofA. A guy that owned the biggest sourdough bakery. An architect was on. I can't quite remember. Was a lawyer guy. Accountant guy. Very good guy from Price Waterhouse. It was a very distinguished group and all substantially older than I.

02-00:47:24

Meeker:

Well, and it sounds like these are folks who knew business, right?

02-00:47:26

Miller:

Yeah.

02-00:47:27

Meeker:

Were they open to the kinds of ideas that you were coming up with in terms of—

02-00:47:32

Miller:

Oh, yeah. Oh, yeah. Oh, yeah, yeah, otherwise it wouldn't have happened. Oh, yeah. No. They were—

02-00:47:36

Meeker:

Was there ever much discussion in terms of the regulatory environment when the HMO Act passes or when there are efforts in Congress and the executive branch to create national healthcare? Are these things that are of concern to a local community hospital?

02-00:47:53

Miller:

Well, remember, we're dealing with Medicare, Medicaid, therapeutic abortions. Abortion became legal. We were the first hospital in town. That was a pretty interesting conversation. HMOs. The Whip Inflation Now. That all happened in four years. I think the rate of change now is pretty benign compared to that. Yeah.

02-00:48:31

Meeker:

Did this service on the hospital board, did it have an impact on your perspective on investing and healthcare in the private sector?

02-00:48:42

Miller:

Well, I understood the drug business because I had written a paper about ethical drugs. So I kind of knew that business. There were no publicly owned hospitals or anything. No, I don't think so. No. Or if it did, if somebody recommended it, I'd say, "You know, it's not as easy as it looks."

02-00:49:11

Meeker:

Well, tell me about these couple of boards that you were on. You were on the board for comprehensive health planning, which you said was a federal board but was focused on a specific local region. What was that?

02-00:49:29

Miller:

Comprehensive health planning was something set up by the federal government sometime in the late sixties. And what it was, if you were a healthcare provider, let's just say a hospital, and you were applying for Hill-Burton funds, which everybody did except us. We got a bank loan. We didn't. You would apply to the federal government for adding a wing to your hospital. Well, as part of your application you would have to have the opinion of your local comprehensive health planning thing. Again, my personal physician happened to be the medical director of this thing for a while and said, "You ought to be on this thing." And comprehensive health planning was a group of people, I don't know, ten, twelve, fifteen of us, and you had to have representatives of providers and doctors and lawyers. No, not lawyers. Pharmacists. And somebody had to represent the public. So I represented the public, which I thought was pretty funny. This was chaired by Elizabeth Schilling, very famous San Francisco lady who died a few years ago or a fair while back. And it was fascinating because some hospital would come in and say, "We want to build a wing over here and do this and that." And you'd kind of look at it and say, "You know, we're oversupplied with beds. Maybe this isn't such a good idea." And we'd say no. And that would probably usually put the kibosh on it. Or somebody wants to put in a CAT scanner, which was always my favorite, and you'd say, "Well, the guy across the street's got one. Why don't you share the thing?" So I really liked that because you could say this makes no economic sense. And I stayed on that. When I started commuting to LA in 1975 I said if I'm spending four or five days a week in Los Angeles, I don't think I got any business representing the public in San Francisco for health planning. So I resigned. I loved it but I could just see the front page of the *Chronicle* saying, "Who the hell does this guy think he is?" so I left. I really liked that. I thought it was very effective and I liked that. It was good.

02-00:52:06

Meeker:

Did any of the work that you did on that board make its way into the *Chronicle*?

02-00:52:11

Miller:

I don't think so. No.

02-00:52:15

Meeker:

So this was all really behind the scenes kind of stuff.

02-00:52:17

Miller:

Unless you were inside the tent you never knew we existed. No, no.

02-00:52:23

Meeker:

Were there any decisions that were particularly interesting to you or controversial to the people who were involved?

02-00:52:33

Miller:

Well, a subcommittee of this thing, this comprehensive health planning—this is when the federal government says, "Health maintenance organizations, we are going to fund a bunch of research projects," or whatever you want to call it, "locally to groups that want to set these things up." Let's say you're Children's Hospital or whoever and you want to set up an HMO. So you would draw up your proposal and then it would have to come to your comprehensive health planning agency. Well, we set up a subcommittee which I chaired, the HMO subcommittee. So if you're Children's Hospital, you'd have your proposal and you would come to this committee I chaired. There were like four of us, I guess. I can't remember now. And we'd kind of go through it and say—the conflict here was like we had the pharmacist on our thing and the podiatrist. Everybody wanted their service included in the HMO package but then when you add it all up you came up with a rate structure that nobody in their right mind would be a customer. So you'd say, "Well, if I've got no customers it doesn't matter what the hell you do." So it was kind of an interesting deal saying, "Look, you've got to figure this out." And it would be fun to go back and I would guess we probably approved five of these, some number. I would bet if you took those five HMOs and looked at their children, it would be a big part of the HMOs of the United States because these things grew like wild. I know at Marshall Hale we put up the money for—I think we owned fifteen or twenty percent of one of these things. And it went on and they went public and all kind of grand things. So that's a big deal.

02-00:54:36

Meeker:

Which one was it? Do you recall?

02-00:54:38

Miller:

I can't remember the name. I could go rummage around. If I were Jim Chappell I would show you this but I don't remember.

02-00:54:45

Meeker:

You said that you were commuting to LA. Was that where the Capital Group job was?

02-00:54:49

Miller:

Yeah. When I went there they said, "We want you to spend a couple of years in LA. We've got to get to know you," and all that. And at that time my kids were probably six and seven or something like that. I'm the guy that moved every two years. I don't want to put my family through that. So I will commute to LA. Because I don't know how this Capital thing is going to work out. And I'm not going to move to LA and deal with all that and pack up the family. So I found an apartment in LA and so what I would do, I would fly down on Monday morning on Delta Airlines because they had a funny thing

and take the bus into work. In those days when Mill Valley to downtown LA was three hours. Now it'd probably be five or six. But then I had a motorcycle down there and I lived five minutes or ten minutes from work so I'd ride my motorcycle. So I did that for seventeen years.

Now, what happened, by the time three or four years is up, now I'm director of research and I got all these people working. It was hard to do. So I should have cut that shorter. That was a bad decision. But I did it.

02-00:56:07

Meeker:

You just mentioned your kids. Do you want to talk about your family at all?

02-00:56:11

Miller:

Well, I got married in 1960, I guess. Just as I was finishing graduate school. I have an adopted daughter named Stacy born in 1969 I think it is and a regular-way son a year later. And then I separated from my then-wife in 1989. So my son lives in Dillon Beach, my daughter lives in Mill Valley. My daughter spent a lot of time in Europe. But I didn't want them to have to go through this moving down, moving back, change of schools. So the commute was the right thing for them, I think. So yeah.

02-00:57:14

Meeker:

Yeah. So you were doing that commute the whole time you were at Capital Group?

02-00:57:20

Miller:

No, then I moved back up here. I gave that thing up in probably 1990, '91 maybe. Yeah. And so then I worked another five years up here.

02-00:57:37

Meeker:

Has the Capital Group built up out here in the San Francisco Bay Area to compete with their LA presence?

02-00:57:44

Miller:

Well, when they bought the American Express thing in '75 they basically took over our offices here and then established a San Francisco presence, which they have to this day. I haven't been over there for twenty-three years so I don't have a clue. But yeah. They've got offices all over the world.

02-00:58:14

Meeker:

So you continued to work in healthcare after this board service or did—

02-00:58:28

Miller:

No. I left the comp health planning because I thought it was inappropriate to represent the public. I resigned from the hospital board because my successor, who I will not name, I thought was a bad person. I don't need to go into all of it but he did things I thought were not the way I believe people should act. So I resigned and I wrote a very testy letter about my resignation. Within two years they couldn't meet their payroll on a Friday, which was totally foreseeable, and merged with Children's over the weekend. So that's now part

of CPMC. No, that was the end of it for me. Twenty years of medical care, I'm done.

02-00:59:29

Meeker: Well, it's such a central feature of our economy, let alone our lives.

02-00:59:37

Miller: Well, it's 20 percent of the economy. Yeah.

02-00:59:40

Meeker: But it's kind of a hot mess. [laughter]

02-00:59:43

Miller: Oh, it's a mess.

02-00:59:45

Meeker: I admire those people who work in it but it would be a difficult thing to do on a daily basis, I think. So much frustration. Have you continued to do any volunteer work around healthcare? Has that been part of your consultation activities?

02-01:00:07

Miller: Healthcare? No, I'm done. No, I'm done. I got no interest in it anymore.

02-01:00:12

Meeker: Yeah, yeah. Well, I think that they're about to open the doors here so we should probably wrap up for today and I think that I kind of covered the issues I wanted to cover and then next time we can start talking more about the environment and urbanism. I'm really curious about your interest in those issues.

02-01:00:33

Miller: All right.

[side conversation deleted]

02-01:00:54

Meeker: In terms of friends, your friendship circle, that's maybe something we can talk about later on because you started talking about it a little bit today. But clearly there have been a stalwart group of characters in your life that—

02-01:01:11

Miller: Well, my best friend for eighteen or nineteen years was Warren Hinckle and we were probably the odd couple. Warren Hinckle, who I knew for nineteen years. We were the best of friends for fifteen years. And Warren died three years ago, a little less than three years ago. A huge loss. We had lunch every Friday for, I don't know, ten, twelve years. Christmas, New Year's, Thanksgiving, Sat—I mean, it was every Friday for years and years and years. Best friend I ever had in my life. Horrible loss. I spoke at his service and I said, "Look, I've just lost my best friend. I've never lost a best friend before.

The only way to avoid it is to die first or never have a best friend. There is something worse than losing your best friend: never having one. So I was extremely fortunate and paid a big price." Now, over the ensuing couple of years, of my seven closest friends, five died and one moved to Australia. So I'm feeling like a basketball coach, my starting lineup's all fouled out and I'm going into overtime. So I'm kind of having a tough time right now because I used to be in here four or five days a week for lunch. But those folks I had lunch with are all dead except [John] Briscoe. It hit me a while back. I said, "I haven't been out of the house for three days. I haven't talked to anybody for three days. What the hell's going on?" And then I kind of counted up and said Jesus. So that's tough. I haven't figured out what to do about that. But losing that many of your best friends fast, it's tough. It's just the way it goes.

02-01:03:32

Meeker:

So I want to revisit some of these guys more as we go along. Given that you just brought up Hinckle, what were some of his qualities that you were most engaged with? That you found most appealing?

02-01:03:55

Miller:

He was really smart. He was one of the best judges of people I'd ever known. He had a bullshit detector. You couldn't bullshit Warren Hinckle. He would just see through you like a laser. He was a person of immense integrity. We would spend hours and hours. Our lunches could go for six and seven hours. Now, there's a lot of cocktails involved so we probably talked about the same thing five times, we don't remember. But maybe five years before he died I said, "Warren, we have all these conversations about everything from the 49ers to this, to that." And I said, "We have never disagreed on anything." And he kind of gave me that. So then we tried to find something we disagreed on. We got to the death penalty. Now, my thing on the death penalty, I'm fifty-two/forty-eight one way and then a month later I'm fifty-one the other way. And Warren thought the death penalty was okay but it was poorly administered so he was against it. So we probably talked about the death penalty for three years and we never did figure out—I think we figured out, we just didn't know what we figured out. We couldn't do it. But one of the favorite things I would do with Warren—I was on the ballot committee at SPUR. I'm still on it, I guess. They haven't fired me. And we'd present that ballot guide on all the initiatives. And I would go over to Warren and Linda. We'd have dinner. Then Warren and I would have some beverages. And Warren would get out his stack of crappy newspapers and I'd get my SPUR ballot guide. We never discussed candidates. We'd discuss the ballot pages. You could have sold tickets to this. It was just insane. We never disagreed but we'd still talk about it a lot. The year there were twenty-seven things on the ballot I wasn't sure we were ever going to finish. But I think that's the thing I did with Warren I liked the most, was voting. It was just fascinating.

Then he was a 49ers fan. And I would go over and watch the games with him. This is when they were really crappy. And he would just get so upset. Yell

and scream and all this. So I said, "Warren, you've got to have another team. Not in lieu of but to kind of supplement." He says, "All right, the Green Bay Packers." I said, "How the hell did you come up with that?" He says, "Because they're publicly owned." Okay. So now he's got a second team. Next thing I know, the following weekend the Niners are playing with the Packers. I thought, "Oh, Christ. How the hell's this going to play out?" Well, I had to be out of town. I don't know how the movie ended. But watching the 49ers with Warren, it was excruciating.

02-01:07:21
Meeker:

A lot of yelling at the screen.

02-01:07:24
Miller:

Oh, yeah. Hell yeah.

02-01:07:26
Meeker:

Did you guys ever go to games together?

02-01:07:27
Miller:

No. No, we never went. No. No. But big loss. Big boss. Linda, Linda Corso, his fiancée of twenty-six years, who's a dear friend of ours to this day, we go to church together and that stuff, decided that Hinckle and I were the *Odd Couple*. So she went and bought a bunch of the DVDs things of the *Odd Couple*. And once in a while after dinner we'd put on one and immediately you could see who was Oscar and who was Felix. It was just blatantly obvious. And if you watched it and said, "That's these two characters." It was really funny.

02-01:08:13
Meeker:

So you were Felix?

02-01:08:16
Miller:

Yeah, yeah.

02-01:08:17
Meeker:

[laughter] Okay. I'm glad I got that right.

02-01:08:19
Miller:

Yeah, I think. Yeah. But it was just the way it was.

02-01:08:27
Meeker:

Well, thanks for sharing that. Yeah.

02-01:08:34
Miller:

Big loss.

02-01:08:35
Meeker:

So the doors [of Sam's Grill] are open so we should probably pack-up for today.

02-01:08:40

Miller:

Okay. I'm going to go have an adult beverage.

Interview 3: April 29, 2019

03-00:00:37

Meeker: Today is the 29th of April 2019. This is Martin Meeker interviewing George Miller and we are here again at Sam's Grill and this is our third session together. So last time we wrapped up with what you call your graduation. And tell me what your graduation was.

03-00:00:57

Miller: I don't like the word retired. I just don't like it. And so I either say a refocus—I had to rewrite my bio for SPUR and so I said I graduated from my day job in 1996. Yes, I graduated. Moved on to more productive things. Yeah.

03-00:01:23

Meeker: So 1996, interesting time in history, I think. It's the year of Bill Clinton's election, second term presidency. The economy seems to be taking off with the tech boom. The post-Cold War recession is winding down. What inspired you to retire or to graduate?

03-00:01:56

Miller: Well, I gave my "notice" five years earlier because, well, I had been at it thirty years. Or, as I said, I had five years' experience six times or seven times and I didn't need an eighth. I was just tired of it. I worked real hard. I was just tired of it. At the time I said I was leaving I had thirteen titles or titles/function and so I molted like a crab. I did one every six months, peel them off. And it just took me a while. But I would have liked to have left a couple years sooner.

03-00:02:44

Meeker: So did you have a pretty clear idea of what you wanted to do upon graduation?

03-00:02:45

Miller: I wouldn't say clear. One of the reasons that I decided to move on was I had a number of outside interests that were of more interest than my thirty-six year picking stocks. Some people think if you're in the investment business a long time you can kind of do it with your left hand or part-time. I don't think you can do that. When Mohammed Ali was going to fight Sonny Liston and Mohammed asked his manager if he needed to train that day and the manager says, "No, but Sonny is." If you're in a business competing with people that are just as smart or smarter than you and work hard, the idea that—and they're working twelve hours a day and you think you can do it in eight is just dumb. And I don't think it's responsible to manage other people's money sort of with your left hand. You can manage your own money with your left hand. I didn't want to do it anymore and there was this other stuff I thought was more interesting.

03-00:04:13

Meeker: What were these other things?

03-00:04:17

Miller:

Well, I'd been involved with Oxfam for a long time, going back to like 1980 or '81, '82, somewhere back in there. And I had had an interest in water as a California issue going back to the Great Drought of 1976. We had started getting involved in Vietnam back about this time. Yeah. A couple years before I left. I think I was involved with the Market Street Railway then. And I had been on and off various boards at Berkeley since 1970. So these things just kind of accumulate. Yeah.

03-00:05:15

Meeker:

Let's go down the narrative of the water story. The 1976 Drought was pretty remarkable. I mean I was a kid then and I remember, you know, people putting rocks in their toilets to reduce the flow or just not flushing at all.

03-00:05:31

Miller:

Yes, yes.

03-00:05:32

Meeker:

It was a pretty scary time.

03-00:05:35

Miller:

Yes. Actually, there's a great book out about that. It's called *The Guy that Made it Rain* or something like that. And I lived in Marin at that time. And it was 1976, seven, eight, I think was when this happened. And so the water board or whatever they were called said, "Okay. You get thirty-five gallons a day per person. Period. You can water your lawn, you can do whatever the hell you want, but you get—" And doesn't matter, you know. And if you were over quota for one month they put a flow restrictor on your thing. Then after two months they just shut you off. So that's pretty effective. And this is, what, fifty years ago. So I'm living through that. And then I'm driving up to Tahoe probably to go skiing and I'm going across the Yolo Causeway looking at irrigated rice. And I'm thinking how in the hell can it be that we irrigate rice and I can't flush the toilet. So that got me going and then that went along and then I read the *Cadillac Desert* by Marc Reisner, who became a good friend over the years. Then when Miller Bradley [Central Valley Project Improvement Act of 1992] passed, and I don't remember when that was, I got involved with Barry Nelson and Save the Bay. Because I had read about him in the newspaper. So then I became part of a group called Share the Water, it was called, and it was a bunch of environmental types, including Tom Graff and Hal Candee and Barry Nelson and Spreck Rosekrans and a bunch of folks. And basically this was, well, okay, we have got Miller Bradley and the implementation of all that. So that's how I got into that thing. And that's where I met Tom Graff, who became my mentor, hero, and friend, and he was actually the first oral history I was involved with you guys and he was a good friend for a long, long time. Hal Candee still is.

03-00:08:05

Meeker:

As you're getting into this topic, the question of water in California and you begin to study it and learn it historically as well as the contemporary issues, are you starting to develop a good sense about where the problems lie?

03-00:08:24

Miller:

I developed a good sense of it forty years ago. Price.

03-00:08:27

Meeker:

Price?

03-00:08:29

Miller:

Price. Put a price on it. One of my philosophies was anything priced below its value is perceived as scarce. And I was quoted many years ago. "If we priced bourbon the way we price water there'd be a bourbon crisis within forty-eight hours. We'd run out of bourbon." And Tom Graff and a lot of people remember that. And one of my goals was, and this goes back probably to 1985, which is whatever it is ago, that price should be a part of the way we allocate water. Water rights, I understand all that stuff. I don't understand it but I get it. But the water contracts for the Central Valley Project are priced—what they "negotiate" on the sale of that water, twenty-five year contracts and so forth, which were on like the third renewal. And what I wanted to do was take part of that water and auction it. Say, "Okay, we're going to sell so many acre feet and you'd come up with a price," and that would kind of give you a benchmark upon which to "negotiate" these deals. That never came to pass. My hope was a friend of mine, the chairman of the State Water Board until quite recently, and she and I would talk about this and Hal Candee and I would talk about it. I'd like to see that happen. Ain't going to happen in my lifetime. But Graff and I talked about transfers, the ability to transfer water from, you know, a guy growing alfalfa over there to a town over here. And that actually started. There's some of that going on. Not much. Should be a lot more. But I thought it was pretty straightforward—there's two ways to allocate stuff. Markets or bureaucracy. I mean, that's all I can figure out. And not just wild and wooly west markets but controlled markets, regulated markets. And I think if markets played a bigger role in how we deal with water we'd be a hell of a lot better off.

03-00:11:00

Meeker:

As you started to develop these ideas, who and where are you going to engage with the apparatus that might be able to have impact? It sounds like you went to some individuals but you're also working with some organizations.

03-00:11:20

Miller:

Well, you know, you'd sit there at the Share the Water thing, which morphed into the Environmental Water Caucus. Oh, yeah. But they just liked talking to you. It's like a circular firing squad. You know, you just talk to each other and say, "Yeah, that's a good idea." But the system's pretty rigged. I kind of gave up on that. I don't think about it anymore.

03-00:11:45

Meeker: So in terms of working in public policy or in—

03-00:11:49

Miller: In water I'm done. I did it for whatever, forty-four years. I think if I spent forty-six on it ain't going to make any difference—so I'm done. Kinky Friedman taught me "when the horse is dead, get off." So I'm done. I gave it my best shot and achieved very little. That's all right.

03-00:12:13

Meeker: Let's talk about some of the work that you did and some of the organizations that you participated in. How did you decide what was going to be a good use of your time in that era in terms of dealing with the water issue?

03-00:12:27

Miller: Well, the water. And then as you get into that. And, you know, Marc Reisner was a friend of mine. You'd talk to folks and you realized they've been having these battles for a hundred years. It was like wasn't some great new thing I figured out. The problem, I think I had some fairly innovative ideas about how to deal with it. But it's a big deal. If you live in California and you want to learn about something and try and influence something, how we deal with water, I don't know what gets any bigger than that. I mean, that's right up there.

03-00:13:05

Meeker: So when you're engaging with different people and you're sharing your ideas about kind of a price or a regulated market based way to address the scarcity problem, what are you hearing in response from activists and politicians?

03-00:13:25

Miller: Never happen. Kind of like move on.

03-00:13:33

Meeker: Was there anyone who you felt like would take your ideas seriously and wanted to engage with you?

03-00:13:38

Miller: Oh, Tom Graff and I, you know, we were congruent. We agreed on everything. Hal Candee, who's still around, and is a water lawyer. He and I kind of partnered up as these Central Valley contracts came up for renewal. We brought a bunch of court cases to say you got to kind of think about this and that. And that goes on and on. I guess it goes on to this day. So Hal and I would talk about it. Felicia Marcus, who was chairman of the State Water Board until quite recently, who I'd known a long—we would talk about it. But the system just overpowers you.

03-00:14:22

Meeker: Who was Tom Graff?

03-00:14:24

Miller: Tom Graff, he was senior guy at Environmental Defense Fund. I mean like I don't know if he was there at the beginning of Environmental Defense but pretty damn near. He was like the godfather of environmental water stuff. I mean everybody looked up to Tom Graff. I had a fairly even, *pari passu* relationship with him but he was the guy.

03-00:15:01

Meeker: And why do you suppose he was receptive to these ideas when other people weren't?

03-00:15:12

Miller: Maybe he was smarter than they were. Tom Graff was a very fair guy. He once said to me, "Miller, do you want to make a point or do you want to make a difference?" And I was always trying to make a point and he was making a difference. And I'll never forget that. I wish I'd have learned it a little earlier but yeah."

03-00:15:34

Meeker: Well, tell me about some of these legal actions you guys brought.

03-00:15:36

Miller: Well, this was ten years ago with Hal Candee about intervening in the renewal of the Central Valley contracts.

03-00:15:52

Meeker: Maybe backup and tell me what these things are. Kind of give a background on what they are and why they're significant.

03-00:16:00

Miller: Well, I'm getting way ahead of my skis here. No, I mean the Central Valley Project, when it was built you signed up contracts for twenty-five years for so many acres-feet of water at some price. Then the price was "negotiated". And at ten dollars an acre-foot or twenty dollars an acre-foot. And meanwhile water's trading for \$500 an acre-foot and you say, "Gee, that looks like kind of a sweet deal." And to kind of open these contracts up to a little more public participation or at least try and get the price straightened out. I mean if you could get the price more reflective of value, demand will go down. That's the way it works. And you can't do much to increase the supply but there's a lot you can do to temper down demand. And that was the whole premise of it.

03-00:17:09

Meeker: So these lawsuits that were brought, was there just one or were there—

03-00:17:13

Miller: Oh, I don't know. I don't know.

03-00:17:14

Meeker: Okay. Well, these legal actions that were brought, what were they trying to achieve?

03-00:17:23

Miller:

To keep the contracts, just been—they'd been renewed once, so that's twenty-five years, so it's another twenty-five. So that's fifty years. And I think they're still tangled up in—I don't know if they've been renewed a third—I don't know. But it was just to get away from business as usual and singing sweetheart contracts with the same folks that had been at the public trough for fifty years.

03-00:17:47

Meeker:

Why do you think those folks got those sweetheart deals? What was the quid pro quo there?

03-00:17:55

Miller:

Well, they owned land. The water's coming down the canal and they owned land that you could get the water there. But once you bring in transfers the water could go to some guy way down the pipe.

03-00:18:16

Meeker:

So is it that these growers or something have political juice and they just—

03-00:18:21

Miller:

I would guess so. If you look at their political contributions it would appear that way. Yeah, it would appear that way.

03-00:18:27

Meeker:

When you're doing this work and getting to know the scene, were there any elected officials that you thought were ethical and were doing the right thing or were those few and far between?

03-00:18:44

Miller:

Well, they were few and far between. Well, George Miller, the other George Miller. And we were congruent in our thoughts. And we would talk about this. Miller Bradley is named after him. I would say he was the person whose views were most congruent with mine. And Bill Bradley's obviously were. Beyond that, I don't know. I don't know.

03-00:19:23

Meeker:

So part of your way to learning about California water issues, particularly historically, was that you did some volunteer work for the Bancroft Library. Is that correct?

03-00:19:39

Miller:

Yes. Peter Lyman was the university librarian at that time and he was a friend of mine. And I was over there one day for lunch with Peter Lyman and some other library folks and they said, "Gee, we want to show you something." So they wheeled in one of these library carts with a bunch of stuff to show me. And then it included one of those boxes like they have at the library full of papers of the Spring Valley Water Company, which became the San Francisco PUC. And we're just kind of looking through it. So I said, "Geez, this is kind of interesting. If you wanted somebody to work on this, I'd do that." So

shortly thereafter I get a phone call to come to the Bancroft and walk in and Charles Faulhaber's there and Tony Bliss and Peter and so forth. And I thought, "I think I've been ambushed here." So they said, "Well, would you like to work on this?" I said, "Oh, yeah, that sounds like a good idea. So I didn't have a clue what I was getting into. So they set me up in a little cubicle down at tier five or tier three, whatever it was, and they had had this collection for fifty years and it was numbered. Well, the whole thing I did was 364 boxes of stuff but endless volumes of minutes. So I started through this and kind of sorting this stuff out and trying to—the word they use over there is process. I thought that sounds like something you do to sausage. So I would kind of go through it and I felt like I got to know Mr. Bourne very well. He was chairman of the Spring Valley and I felt—so I'm going through all his letters and, you know, the earthquake and all this stuff. So I felt like I knew Mr. Bourne very well. And I'm reading about this thing called Hetch Hetchy because they're going to build a dam and so forth up there. So then I finished up Spring Valley. I worked two days a week over there.

03-00:22:12

Meeker:

You said you got to know Mr. Bourne. Randolph, I think, was the—

03-00:22:18

Miller:

Oh, God. William Bourne. Well, I read all his letters.

03-00:22:22

Meeker:

Well, what did you get to know about these people in terms of how water was set up in San Francisco?

03-00:22:33

Miller:

It was more like if you borrowed a book from Mr. Bourne and didn't return it you'd get a letter from him and it would really rip you one. And I read his bar bills and everything. And all his correspondence when he'd get teed off at somebody and he wrote very generous letters about trolley car conductors that were nice and so forth. The relationship of the water company to the city was extremely contentious. The city had been trying to buy the company and it was back and forth. It finally happened. I don't remember when it happened. But I'm reading about this Hetch Hetchy stuff and then I did the Tuolumne River Trust papers about the Clavey. That was when they were going to build a dam on the—I think it's the Clavey. Flows into the Tuolumne. And that campaign was successful.

03-00:23:33

And then next up was Michael Maurice O'Shaughnessy's personal papers, which were unbelievably extensive. And so I'm going through all of his stuff and it wasn't just—he did all the irrigation projects in Hawaii. He did a lot of stuff. And I'm reading his letters, O'Shaughnessy's letters about how he thinks this Hetch Hetchy thing's a really bad idea and that the dam should be somewhere else and he thought, you know, bring water down from Tahoe or

the Merced River water basin. You know, "Okay, I will build you a dam but I think this is a mistake." I thought, "Gee—"

03-00:24:20

Meeker:

What was his rationale for that? Why did he think it was a mistake?

03-00:24:23

Miller:

He liked the valley and he thought there were other things closer and cheaper. But anyway, so then I'm looking through stuff and I come across his Christmas card from—must have been the late twenties. And it's a picture of the Hetch Hetchy Valley and it says, "Season's greetings." Well, it says "Hetch Hetchy Valley. Season's greetings, Michael Maurice O'Shaughnessy, City Engineer of San Francisco." Pretty good-looking picture. And then his Christmas card years later was a picture with a dam there. Season's greetings. And then I got to thinking about this valley and I looked at the pictures and read his stuff and I thought, "Well, gee, maybe there's a way to bring that valley back." And then I thought, you know, create another Yosemite Valley. And Tom Graff, he was my big ally on this one. He and I and Spreck Rosekrans—and there was actually a group called Restore Hetch Hetchy that had a few members. So I got involved with those folks. It was about a fifteen-year effort that culminated in a city ballot measure to study it which lost three to one, at which point I said, "You know, "I'm done." It lost three to one. We got 23 percent of the vote. Now, I put fifteen years and a lot of money into that and Hinckle was egging me on all the time, as he always did, and I said, "You know, I did this. I gave it my best shot and lost." But I'd rather have done that and lost than done nothing and spent the rest of my life thinking, "If I'd have gotten off my ass we could have had another Yosemite." So I say, "Yeah, I tried something. It didn't work. Big deal. So what. I tried."

03-00:26:35

Meeker:

It won some pretty big supporters. I mean, I think Gavin Newsom was behind it at some point.

03-00:26:41

Miller:

Yeah, Gavin. And Bill Newsom was very much for it. And then Gavin chickened out. Aaron Peskin was very much for it. Chickened out. John Garamendi was very much for it and chickened out. Everybody chickened out.

03-00:26:55

Meeker:

Why do you think that happened?

03-00:26:56

Miller:

Because it was very unpopular with certain people, particularly Dianne Feinstein. Okay, fine, that's not the end of the world. We lost.

03-00:27:05

Meeker:

Is that kind of how these things play out, do you think?

03-00:27:08

Miller:

It's been my experience.

03-00:27:11

Meeker: Yeah. If Dianne Feinstein hadn't been opposed to this, do you think it would have had a chance?

03-00:27:19

Miller: It would have had a better chance. I don't know. I don't know. I mean there was so much allied against it. But, you know, one of my sayings, "He lived, he cared, he tried. Then he gave up." That's my obituary. It's ten words. Yeah. So you try and it didn't work. All right. But, yeah, Tom Graff, yeah, we gave it our best shot.

03-00:27:47

Meeker: What was the argument on its behalf? How did you get people onboard initially?

03-00:27:53

Miller: Well, it was a three-step thing. We didn't get very many people on the board. I mean, it was a pretty lonely deal, as most worthy causes are. Well, first you got to say, "Is it worth doing?" And you'd look at the pictures of the valley and you read John Muir's stuff and you look at that and you read O'Shaughnessy's stuff. You say, "Yeah, it's worth doing." Number two is it feasible. And I funded a study about an inch-and-a-half thick by Environmental Defense Fund that said, "Yeah, it's feasible. Here's how you do it and you move the water downstream and you do some stuff." Question number three, is it practical. Lot of things are feasible and not practical. And the purpose of the ballot measure was to study the practicality of doing this. And that failed. So I said okay, fine. Not the end of the world. Now, I think someday, I think that valley will be drained and it'll be done. It can be done and eventually people will say, "Well, yeah, we'll do it." It won't be in my lifetime but I think so.

03-00:29:04

Meeker: Maybe there'll be something named after George Miller, like the removed dam or something.

03-00:29:12

Miller: No, I don't know. No, no. No, no. There's only one thing out there with my name on it and it's a urinal at the [Berkeley] Faculty Club.

03-00:29:21

Meeker: How were you addressing the main concerns that come up every time that something like that's discussed? Like what were the rebuttals that you guys were developing to the immediate questions about water supply, for instance?

03-00:29:45

Miller: Well, cost. But nobody knew what the cost was. Well, we had an estimate and everybody said it was too low. Well, then, what's your estimate? And San Franciscans love innovation and hate change. So, you know, this would be a big change. The argument was you could take the dam down—I wanted to leave the dam there—and then you could run the water under it. There's a way

to do it with the dam in place. And then restore the valley upstream from it. There's no silt in there. You know, it was just stone: Everything's cool. Leave it alone.

03-00:30:35

Meeker: What do you mean by "San Franciscans love innovation but hate change"?

03-00:30:39

Miller: We talk about how much we love innovation. Try to change something. Anything. I mean yeah. That's one of my shirts. "I love innovation but I hate change."

03-00:30:39

Meeker: Do you ever get stopped on the street when you're wearing that?

03-00:30:54

Miller: Well, I have thirty-five different ones. Yeah, I get stopped all the time. A lot of times they say, "What the hell's that mean?" I wear them to church.

03-00:31:05

Meeker: Do you have like a particular attraction to hopeless causes? These two things that we've talked about are perhaps logically great ideas but require some moving of mountains, maybe quite literally. Like tell me about that. Tell me about—

03-00:31:30

Miller: Well, Hinckle, who was my best friend for nineteen years, he loved to tilt at windmills. I didn't. I mean, I didn't take on things because I liked losing. I mean, yeah. I mean, you pointed out my two dismal failures but, you know, meanwhile, back at the ranch I got a car barn built for the F-line. That took me fifteen years. I grew my credit union in Vietnam from eighty-seven members to 160,000 and assets of three or four hundred dollars to sixty-five million. I got the scholarship things at Berkeley. I put 800 kids through Cal. Legal reform was one of my rants. I was on the board of Americans for Legal Reform and Nolo Press, the self-help book company, and my program was to reform small claims court, raise the number, increase the access, and we changed small claims court for states with 200 million people. So that's 200 million people that got a better small claims court. Now, that's a pretty big win. So yeah. I mean, Hetch Hetchy didn't work out so well, the water, but the other stuff was okay.

03-00:32:49

Meeker: Well, good. We'll get to that. We'll go from the windmills to the successes. You know, you had mentioned that Hinckle had a tendency to tilt at windmills. What were some of his big issues that—

03-00:33:06

Miller: Oh, Christ, he was always tilting at—

03-00:33:07

Meeker: Other than getting elected for office. [laughter]

03-00:33:10

Miller: Hinckle liked the fight. I didn't like the fight. I wanted to accomplish certain things and if you could get there without a fight, that was good. I don't know that Hinckle would have liked that. He liked to let her rip. I don't like to fight. I like to get stuff done.

03-00:33:43

Meeker: What do you see Hinckle become most animated about when he was fighting for something?

03-00:33:45

Miller: Oh, God. Oh, God, I don't know. Incompetent politicians. It would just drive him nuts.

03-00:34:00

Meeker: I bet he'd have a lot to say about our political system today.

03-00:34:04

Miller: Oh, yeah, yeah. I miss Warren. I really miss Warren. You have lunch with somebody every Friday for twelve years, you know, yeah. Big deal.

03-00:34:20

Meeker: So in addition to the Hetch Hetchy and the water issues, there were other organizations that you were involved in, Save the Bay being one of them. How did you get involved in Save the Bay and what was your interest in that?

03-00:34:40

Miller: I got involved in it because I went over to see Barry Nelson, who was the head of Save the Bay at that time, in connection with this Miller Bradley deal. And then he asked me to go on the board of Save the Bay. I learned about it and I met Sylvia McLaughlin, who was one of my dearest friends in my whole life. And I said, "Yeah, it's okay. I'll sign up." And Bud Johns, who just died a couple weeks ago, went on. He was very involved with Green Built Alliance and then Jake Warner, the Nolo guy, the three of us went on together, approximately together. And you know, it's pretty hard not to believe in what that organization—you know, Save the Bay. Saving the bay is a process, not an event. And I was on that board for, I don't know, ten years, maybe. Maybe fifteen. I don't know. I was a huge fan of Sylvia and I knew Sylvia pretty well. So that was, yeah, pretty straightforward.

03-00:35:57

Meeker: Did she stay involved in the organization her whole life?

03-00:35:59

Miller: Yeah. Oh, yeah. Yeah.

- 03-00:36:03
Meeker: You know, one of the things about Save the Bay that's interesting is that, you know, it started around the time of BCDC, I think, right? Before it?
- 03-00:36:15
Miller: Yes, I think that is correct.
- 03-00:36:18
Meeker: Yeah. It played a role I think in the establishment of BCDC.
- 03-00:36:21
Miller: Yeah, I think that is correct.
- 03-00:36:23
Meeker: But you have a governmental institution that is basically charged with making sure there's no loss of bay, correct? I mean that's—
- 03-00:36:37
Miller: Yeah, yeah.
- 03-00:36:38
Meeker: Was Save the Bay at odds with BCDC very often?
- 03-00:36:43
Miller: I don't think so. Now, you interviewed Will Travis, who's a good friend of mine, who was the first executive director or whatever of that. Yeah.
- 03-00:36:54
Meeker: Well, and also Joe Bodovitz. He was the first executive director and then Trav was executive director for many, many years.
- 03-00:37:01
Miller: Yeah, yeah. They were very close friends, the three of us. Yeah. You know, I think they were pretty congruent. No, I don't think so. They all got along. Seemed to be on the same side of the wagon.
- 03-00:37:16
Meeker: What kind of work did you do on the board for Save the Bay?
- 03-00:37:20
Miller: Well, I was chairman of the finance committee. I always seemed to find myself chairman of the finance committee on anything, which kind of gets you stereotyped. I mean, there was not some faction on the board. No. It was pretty jovial, homogeneous deal. Yeah, this was pretty relaxed.
- 03-00:37:46
Meeker: What kept you going to meetings for ten years then? Why'd you think it was a good use of your time?
- 03-00:37:56
Miller: I liked the people. I was interested in the subjects because they would—and, I don't know, inertia maybe. I don't know.

03-00:38:08

Meeker:

Well, tell me about Environmental Defense Fund then because I know that Tom Graff was heading that up and you were on the board of that, as well.

03-00:38:17

Miller:

Well, I'm on the national board. That means I can go to the meetings but I don't get to vote, which is fine by me. I've been on that a long time. Well, Fred Krupp, who's one of the founders, who I had known a long time. What I liked about EDF was they looked for business partnerships where they would line themselves up with businesses to try and achieve things. They also understand economics and markets. Environmental Defense is very economics/market driven. I'm also involved with NRDC, which is very lawyer driven. I think their legal department is their profit center. So while I'm involved with both, I'm more a markets-guy than a sue-the-bastards-guy. And one of the things that came out—I'd go back and see Fred. This goes back twenty-five years. And so he says, "I'd like you to spend some time with this Michael Oppenheimer guy." It was twenty-five years ago. It was 1994. And so I go sit with this Michael Oppenheimer guy and he explains this thing called global warming. This is in 1994. I said, "Damn, I never learned about this before. This is quite something." And I remember sitting there with Michael Oppenheimer. This was a long, maybe three hours. And saying, "Well, now, wait a minute." Global warming, we called it then. It was all new to me. "But sounds to me like if this was a civil lawsuit, preponderance of evidence, we're there. But if it's a criminal lawsuit, beyond a reasonable doubt, we're not." And we left it at that, 1993 or four.

03-00:40:28

Fast forward ten or fifteen years. I'm in New York to address the EDF board about the Hetch Hetchy deal. And they were onboard. They were totally with it. And so then I have lunch with Michael. I said, "Okay, Michael." This is ten years ago. "I'm in, criminal, beyond a reasonable doubt. I get it." And so I've been on that horse for a long time. Many of my friends are deniers to this day, which is beyond my comprehension. But I'm very fond of EDF. Yeah.

03-00:41:18

Meeker:

What happened in that ten or fifteen years that moved you to beyond reasonable doubt?

03-00:41:29

Miller:

Factual evidence. Scientific studies. It's getting warmer every year. The glaciers are—you know, I mean, it just got to be overpowering. I mean, you measure the temperature and it's a number and it's going up all the time you say, "Gee, I guess I got this figured out." And, you know, you take pictures of the glaciers retreating up the mountain. You're saying, "Gee, I think the glaciers are retreating up the mountain." I mean, it's not like the theory of gravity. I mean, you know, it's pretty straightforward. Yeah.

03-00:42:02

Meeker:

So when you're talking to friends who are skeptical still or deny, how do those conversations go? How do you engage with them?

03-00:42:16

Miller:

Well, [laughter] about ten years ago I said, "Well, you know, you guys might be right so I'm going to hedge my bet. So I'm going to invest in these ski resorts along with my friend Franz Weber and those guys. So if you're right I'm going to make a lot of money with my ski resorts. And if I'm right, I'm going to be proven right and lose a lot of money." So, so far it looks like the hedge is working. The ski resorts are a terrible business.

03-00:42:56

Meeker:

What ski resorts did you invest in?

03-00:42:59

Miller:

Well, we started with Alpine and Homewood and the theory was to link the two and that was kind of complicated.

03-00:43:08

Meeker:

Like actually geographically?

03-00:43:11

Miller:

Yeah. There's two mountains. You had to do a land swap and two chairs would get you from one to the other. So then five years ago or whatever, Alpine merges with Squaw. So my ownership in the two became, you know, this big in the three. And then Squaw's now gone on to merge. It's now called Inner West or Inner Mountain or something [ed. note: Alterra Mountain Company is the current owner]. And so owns interest in damn near every ski resort that Vail doesn't own. So I have a lifetime pass at the ski resorts and I think my lifetime ski pass is worth more than my investment. So since I quit skiing a couple of years ago I want to trade in my ski pass for a gin pass so that I can just go drink gin at all my ski resorts. So I jokingly, I send the financials to my denying friends and say, "Oh, you know, this isn't working out real well here for me." [laughter] And, you know, I can afford to laugh about it. But yeah, I stick it to them pretty tough. And they don't like it but that's just too damn bad.

03-00:44:27

Meeker:

Is it like a cultural position? I wonder why people are so resistant to accepting evidence. It might just be a rhetorical question but—

03-00:44:43

Miller:

I think they're just deniers. You know, if you believe something a certain amount of time, you've got a lot of intellectual capital invested in it. It's very hard for people to say, "I'm wrong or was wrong," and my argument is it's better to say you're wrong than prove it. No, it's very seldom you find somebody that'll change their mind. They think that's a sign of weakness, admitting you were wrong. Well, life's not a perfection sport. I mean, that's

just the deal. I've got a lot of ideas that were proven later not to be so smart or correct or whatever. Yeah. That's okay.

03-00:45:28

Meeker:

So looking at the entire ecology of environmental work, you've got a bunch of other organizations, the Sierra Club and I guess Earth Justice.

03-00:45:37

Miller:

Oh, yeah. Yeah, yeah, yeah.

03-00:45:87

Meeker:

And Nature Conservancy. Yeah. So what is your situation vis-à-vis those other organizations?

03-00:45:52

Miller:

There's too damn many of them. I think once I made a list of all the Bay Keeper, Save the Bay, this and that, and I was going to try and merge a bunch of them and that failed. You know, they're massively redundant. They each have their own little niche and they'd accomplish a lot more if they kind of—but then, you know, you don't have five executive directors, you've got one. Well, that's okay. That's the way life is. I was involved with Nature Conservancy for a long time and Earth Justice I know because some of these outfits kind of farm out their legal work to them, which is fine. But I'm still involved with EDF. There's probably another one I can't remember. But there's too many of them. Very confusing messages. I mean, I think we've got more groups to save the whales than there are whales. You know, it's kind of silly.

03-00:47:07

Meeker:

Let's see here. Am I missing any of the environmental organizations that you worked with?

03-00:47:15

Miller:

No. I'm sort of, you know, wound down on that. I'm down with the water thing and I'm no longer on the board of Save the Bay. I'm still involved with EDF. No, I'm kind of worn out on that one.

03-00:47:31

Meeker:

Well, you said that you were once a big skier.

03-00:47:37

Miller:

Well, not a big skier. I skied for a long time.

03-00:47:38

Meeker:

You skied for a long time.

03-00:47:40

Miller:

Skied for sixty years.

03-00:47:42

Meeker:

So was that your main personal engagement with the outdoors and everything?

03-00:47:49

Miller:

Well, whitewater rafting. I loved doing the water. I ran the Middle Fork of the Salmon for probably—well, I started in 1977 or so and ran it maybe three years ago for the last time and ran almost every year. Ran. I loved doing it. And a friend of mine owns a big rafting company. I think my favorite activity was we would put together a group of fifteen and we would charter the trip and me and my fifteen friends would go run the Middle Fork. So you'd spend a couple days at each end. You know, maybe spend ten days together. And it started just me and a bunch of my friends and we would buy out the trip. We did our own trips for a while but that gets kind of hard to do. A lot of logistics involved. And then as time went on, the passage of time, the group got smaller and then it got smaller and smaller. And so the last time I ran the middle fork, the night before you have a big meeting up in Stanley and Volpert, he owned the company, says, "Everybody got to introduce themselves." And I'd never introduced myself on a river trip before because it's all my friends. And then I realized maybe it wasn't the river trip I love so much, it was being with my friends for fourteen days or ten days or whatever it was. So I said, "I'm done with this." I don't do that anymore.

03-00:49:27

One of the problems people have with things they do a long time—there's only three ways for it to end. You die or something bad happens. You know, you hit a rock and bad things happen or people drown. Or you just say, "I've done that enough and I'm finished. I'm not doing that." So that was more in the skiing. We used to have a ski trip we did. We called it the Utility Celebrity Ski Invitational, which was a bunch of utility analysts, utility executives, regulators. It was probably illegal, I mean, to be up there but we did that every year at Park City and that was a lot of fun. That was good. I liked that. And that group eventually, you know, attrition. You lose them. But I skied five days as an eighty-year-old and said that's it. This will not end well.

03-00:50:28

Meeker:

Where was your favorite place to ski?

03-00:50:29

Miller:

Park City.

03-00:50:30

Meeker:

Okay, why is that? No snowboarders? [laughter]

03-00:50:34

Miller:

Well, Deer Valley has no snowboarders. Well, there were no snowboarders at the beginning. I loved the town. And we just went there and the logistics are great. We got people from all over the country. So it was good and we'd rent a bunch of houses. Yeah. Yeah.

03-00:50:52

Meeker:

How'd you meet all these people? I mean, you've got the group of guys on the rafting trip. You've got all these people that you go on these ski weeks with. What was your modus operandi for—

03-00:51:07

Miller:

Well, most of them were in the investment business or the utility business because I'd go around calling all these companies so they were friends of mine. Folks from the environmental bag. I guess that's about it.

03-00:51:28

Meeker:

That's an interesting combo. Did those people, the utility folks and the environmental folks get together much?

03-00:51:35

Miller:

Well, they do if they're my friends, yeah. [laughter] If they're not my friends, they don't, no. But yeah, it's all right.

03-00:51:43

Meeker:

Yeah. That works.

03-00:51:46

Miller:

Yeah. Didn't work, I wouldn't invite them.

03-00:51:50

Meeker:

[laughter] Okay. Let's see here. How are we on time? We've still got some time left. Well, why don't you tell me the story about the street car barn and we can wrap up today on a brighter note in terms of something that seemed impossible when it first started but eventually came to fruition.

03-00:52:15

Miller:

Well, this goes back a long time, probably twenty plus years.

03-00:52:22

Meeker:

Well, start the story at the beginning because we've got the whole sort of streetcar story. Yeah.

03-00:52:26

Miller:

Well, I had seen the trolley cars. You know, the F line goes up and down Market Street to Fisherman's Wharf. I've seen those cars. And so I read in the paper that the—it's called Market Street Railway, which is a not for profit, they had the opportunity to purchase a car from New Orleans for I think \$30,000. I can't remember. So I just called them up and said, "Gee, I read this. I'd like to talk to you folks about raising this money." So Art Michel, was president of the Market Street Railway, comes over to Brewery. I said, "Here's what I'd like to do. I'll put up half the money to buy this car." Which we did. And then I got to know Market Street Railway and I went on the board. And Rick Laubscher, who you've done his oral history, was president of it or whatever. And I was on that board for a fair number of years and as always I was chair of the finance committee. That was interesting. So you got all these

cars that cost about \$700,000 apiece and they would sit at night out in Geneva, just sit in a field. They had bought these Milan cars. They're the orange ones. And those cars, they're eighty years old. And in Milan they slept in a car barn at night. They come to San Francisco, they sit out in the rain, the fog, and in a year they've got mushrooms growing on the roof and you say, "That doesn't seem—" So I said I think we ought to build a car barn and here's a picture. There used to be a car barn. It was an O'Shaughnessy project. And I would rant and rave and nothing would happen and then I went off the Market Street board. I felt I didn't have much to add to that.

03-00:54:40

So I'm over at Hinckle's for dinner and Hinckle would have these great dinner parties. And I'm sitting across from—I'll think of the guy's name [Nathaniel Ford]. He was the head of Muni at that time. So I'm really laying into this guy about these cars and this goddamn car barn and on and on. And I'm really letting fly and Warren's right in there. You know, let her rip. And so then a bunch of years pass. I don't know, five, six, seven, eight years. I don't know. And this guy calls me, the muni guy, and we're going to have lunch. And we have lunch at the Hayes Street Grill and he hands me an envelope and he says, "Your car barn's a done deal." I said, "What the hell are you talking about?" He said, "We're going to build it. Here's a copy of the contract." And I figure, you know, whatever. Fast forward a little bit and he said, "Okay, we're having a grand opening of the car barn and we'd like you to be there." So I said, "Sure." So I go and, by God, there it is. It holds—how many does it hold? Sixteen or twenty-four cars.

03-00:56:03

Now, back at the beginning of this I had met a guy who worked for Plant Construction or engineering who did the building over where the Old Navy is. And we worked out a deal. Art Michel and I worked out a deal to build this car barn, here's the specs, for a total cost of \$275,000. And I said, "Okay. I will write a check for \$100,000. The treasurer of Market Street Railway [i.e. George Miller] will write a check for \$100,000. Muni, you got to come up with seventy-five grand to build this car barn and here's all the stuff." And nothing happened and then when I go to the dedication of the new car barn which came in under budget at \$6.9 million—gee, the cost went from \$75,000 to \$6.9 million. That sounds like a hell of a deal. So yeah. That got done.

03-00:57:04

Meeker:

What was the mission creep there that happened in terms of the expense of the structure?

03-00:57:14

Miller:

Rick Laubscher explained it to me once and I said I don't want to know anymore. I don't care. It's there. Use the damn thing. Yeah. That was a win. But it took fifteen years.

03-00:57:28

Meeker: But in the meantime you and the Market Street Railway had made that donation early on.

03-00:57:35

Miller: No, because nothing happened.

03-00:57:37

Meeker: Oh, okay.

03-00:57:38

Miller: No. I said, "Well, build it," and nobody ever got—no, no. Didn't cost me anything. It cost the city \$6.9 million. Didn't cost me anything. No.

03-00:57:50

Meeker: Do you know what had happened? Like how the building was different? I mean, did it involve like lockers for the employees or something like that or—

03-00:58:01

Miller: Oh, I'm sure it probably had something. I thought actually the one we had was better than what they ended up with but I didn't want to get into that. I didn't care anymore. But yeah.

03-00:58:17

Meeker: Do you ride the Market Street Railway?

03-00:58:19

Miller: Yeah, once in a while. Yeah, yeah. Yeah, yeah. I live three blocks from Market Street so I walk over there.

03-00:58:28

Meeker: How'd you end up south of Market?

03-00:58:29

Miller: Well, when I left Mill Valley in 1989 and then I lived at the Fox Plaza. And I think I had been to too many Woody Allen movies, lofts. And this is 1989. And I would look at the real estate ads. And there was no such thing in San Francisco as a loft in the—and I'd looked and looked and looked. I couldn't find anything. And then the 89ers came and there was a building at 11th and Folsom which had been built as the Jackson Brewery in 1905 and it suffered pretty bad in '06. Basically got destroyed, rebuilt in '07. And in '89 had been very badly damaged and red tagged to be torn down in seventy-two hours. And I had looked at this building and I thought, man, that's really quite the deal. So a friend of mine named Tom Robertson got a court order. I mean, I'd had my eye on this building for a while. Got a court—don't tear the building down and then he and I buy the building in 1990. And I'm thinking, "Now, let me get this straight. I just bought a hundred-year-old six-story unreinforced brick condemned building. Boy, am I a smart fellow." So then we spent four years of debate with the planning commission and the historic this and the historic that and then the construction took eleven months. So then we moved

in there twenty-five years ago come September. But it's a spectacular space. Yeah. I was looking for, you know, the Woody Allen lifestyle and the zoning in the city—live/work just became legal in San Francisco about that time, otherwise it would never have happened. But yeah. It was a real project.

03-01:00:44

Meeker:

It was something that happened in the context of the Willie Brown administration.

03-01:00:50

Miller:

I don't remember. I think so. Yeah.

03-01:00:53

Meeker:

Yeah. So you bought the building, had it retrofit and converted the spaces—

03-01:01:02

Miller:

Yeah. We had seven condos and a restaurant and five of the seven condos sold for \$200,000, give or take, when the median price is \$340,000. So we created below market housing in a national landmark building for way the hell below the median price. Yeah, yeah.

03-01:01:22

Meeker:

And I bet that they sell a little bit more than \$200,000 now.

03-01:01:27

Miller:

Oh, yeah. They sell for six, seven times that. Yeah.

03-01:01:34

Meeker:

And you still live there?

03-01:01:34

Miller:

Oh, yeah. Yeah. I'll live here until I die because, you know—I mean, at age eighty-three, how long would it take me to find another place and move? I mean, I'll be dead. So no, I'm done. I mean, I've lived there twenty-five years. It's a pretty crappy neighborhood but it's okay. I mean, Costco's, my corner grocery. The Rainbow's [grocery] the other way. I've got Cole Hardware, Discount Builders. I've got more restaurants and bars than I can ever support. Yeah. It's flat. The Number 12 bus stops at my door and lets me off down at the corner [from Sam's Grill].

03-01:02:11

Meeker:

So it sounds like you succeeded in finding that Woody Allen lifestyle.

03-01:02:16

Miller:

Well, I didn't say lifestyle.

03-01:02:18

Meeker:

All right, that Woody Allen—

03-01:02:20

Miller: Loft. Yeah, it's a very spectacular deal. You know, eighteen foot ceilings, 300 square foot skylight.

03-01:02:28

Meeker: So you got the top floor?

03-01:02:31

Miller: Top two floors. Yeah, yeah. And a roof. Yeah, yeah.

03-01:02:35

Meeker: Well, it sounds like a good place. Why don't we wrap up for there and then we'll have lunch and we can talk about what we want to talk about next time.

03-01:02:43

Miller: Okay. We'll have to check the daily specials.

03-01:02:46

Meeker: All right. Thanks, George.

Interview 4: May 2, 2019

04-00:00:29

Meeker:

Today is the 2nd of May 2019. This is Martin Meeker interviewing George Miller. This is our fourth session together and we are back at Sam's Grill [and Seafood Restaurant]. So I want to get this conversation today to your description and account of reforming the small claims system but in order to get there I think we have to go back a couple of decades to at least the 1989 Loma Prieta earthquake and then also a building that you rescued in the wake of that earthquake. So tell me about the building and what its fate was in the earthquake.

04-00:01:21

Miller:

Okay. At that time, '89, I was living at the Fox Plaza, which is at Market and Tenth Street and I had this fanciful idea of a loft. I think I had been to too many Woody Allen movies. A typical New York loft in an old industrial building. Well, there were none in San Francisco that I could find. And I had seen this building at Eleventh and Folsom. And it was called the Jackson Brewery. It was built in 1905, collapsed in '06, rebuilt in '07 and so forth. So in the '89 earthquake the building was very badly damaged. The sixth floor was out in the street, good part of the fifth floor was out in the street, and it was red tagged to be torn down in seventy-two hours. So a friend of mine got a court order, "Don't tear the building down," and then he and I bought the building for land value less demolition costs because it was a condemned building. So then I said, "Well, now, let me get this straight. I just bought a hundred-year-old unreinforced brick condemned building. Boy, am I a smart guy." So we spent four years with the planning commission and the historic society or whatever it's called diddling around and arguing and we wanted to put in seven apartments and a restaurant. And among the kind of issues is there was no door to get into the seven apartments so we wanted to convert one of the windows to an entry. And so we told the planning commission, "Well, now, look. We have to have a door for the seven residences. If we can't do that we go tell the judge to lift the restraining order and we'll have a parking lot in forty-eight hours and make money." So that's the way it is. So we got it built. Well, construction took eleven months. My wife and I ended up with the fifth and sixth floors of it and it's a marvelous national landmark building and we made the area of the old brewery the Jackson Brewery Historic District, which is nine buildings, which means you can't mess around with the exterior. So Slims is part of that. And it is kind of neat. It's a marvelous old six-story 113-year-old building and we've lived there for twenty-five years coming up September.

04-00:04:29

Meeker:

Do you mind if I ask what you guys paid for it?

04-00:04:23

Miller:

For the building or for—

04-00:04:25

Meeker: Yeah.

04-00:04:25

Miller: I can't remember the building number. I can't remember. I know we paid a million and a quarter for the seismic upgrade. I don't remember. I could find out but I don't remember. But it was a condemned building. Who the hell wants to buy a condemned building?

04-00:04:42

Meeker: So you got the top couple of floors. Are the rest like half-floor apartments or—

04-00:04:49

Miller: The fourth floor is one unit. Then there are four half-floors and then there's an odd one over the alley which we bought. That's our guest room. And the five units sold for \$200,000, give or take, when the median price in San Francisco was \$340,000. So we created a lot of below market housing twenty-five, thirty—yeah.

04-00:05:19

Meeker: So what year did you move in?

04-00:05:24

Miller: Nineteen ninety-four. Twenty-five years ago.

04-00:05:28

Meeker: What was Eleventh and Folsom like in 1994?

04-00:05:33

Miller: Well, not much different than now. Slim's was there. The Oasis, as it's called now, was a different thing. It was the Oasis. The Ace Café was there. That's gone. Eleven, that was a jazz club down the street, that's gone. There's a couple more clubs. The thing I miss, where Bergerac is now, was 20 Tanks. That was a micro pub. And that was just one of the great things in San Francisco. And we used to sit at the front table there and look out at the Jackson Brewery and kind of think, "What the hell do we think we're doing?" And then when the big dot.com boom of '98 came, the dot.comers could outbid the brew pub for the lease. A friend of mine owned the building. So nobody could compete with the dot.comers in those days so you had some really neat businesses go away and replaced by the dot.comers and then they all went broke in '99, 2000. For twenty-five years it hasn't changed that much really.

04-00:06:55

Meeker: So when you say the dot.comers overbid, they were leasing it for businesses?

04-00:07:00

Miller: Yeah. Yeah, yeah, yeah. It's like today. Get a bunch of guys in there looking at screens and beating on the keyboard.

04-00:07:11

Meeker:

One of the things about the neighborhood after you moved in was you had a bit of a running page battle with one of your neighbors. Can you tell me a little bit about that?

04-00:07:28

Miller:

Oh, yeah. That was Kevin Murphy who owned a club kitty-corner, which was then called the Oasis and then it was called ViSF, Virtual San Francisco. Seven days a week, open until 7:00 in the morning. Terrible noise. The roof opened so all the noise from inside came straight out. So I went over and had a few chats with him. He didn't get it so I would call the police and I had the police over there 152 times. And then I would file a complaint and make a citizen's arrest. I think we did that eleven times. And that wasn't getting anywhere so I—

04-00:08:10

Meeker:

Who were you arresting?

04-00:08:212

Miller:

Kevin Murphy.

04-00:08:13

Meeker:

You were arresting the owner of it.

04-00:08:14

Miller:

Or whoever the night guy was. Whoever was there. You'd tell the police, "I want to arrest that guy." And then they'd pay a fifty-dollar fine. So I got four of my fellow—we called them Brewers, folks in the building, to sue Kevin Murphy in small claims court for depriving us of the use of our home and we went to small claims court and won. We won \$2,500 each. Murphy then appealed so we went to superior court. We had a three-day trial. Lawyers, the whole deal. And it was pretty clear early on in the trial that the judge was not going to put up with any nonsense from Murphy and basically he said from the bench, "Mr. Murphy, from what I've heard about you, I'm the least of your problems." So he wrote a thirteen-page opinion that just really laid it all out, doubled the fine to \$5,000. That's the maximum you can do in those days. And then that was what everybody referred to as the great condo wars, the tenants versus the clubs. That's the only instance I know of any meaningful dispute between the clubs and the tenants. And I've been down there longer than anybody. So that's just a whole fiction. So Murphy then goes bankrupt and has the usual list of creditors, the beer distributors and all that. But I have a court judgment against him so we're at the top of the list. So now we're at federal bankruptcy court. Now, you've got to wear a coat and tie to federal court. The judge of our case was the same judge as the PG&E bankruptcy. PG&E went bankrupt twenty years ago. So PG&E would be up. They're on the docket at 10:30 or whatever and all the chairs are reserved for PG&E and the PUC and that. But we're there at nine o'clock with our little dinky thing. And I think the judge kind of liked it. It was pretty entertaining. So through things I don't understand, the building disappeared from the assets. We got

nothing. But it got rid of Murphy and everything's been cool ever since. So the big thing about the big battles and all, I mean, I've been there and I haven't seen anything. There was that and one bad guy and we got rid of him.

04-00:10:54

Meeker: Tell me about who owns it now, what your relationship's like with him.

04-00:11:00

Miller: Oh. Well, now it's called Oasis. I won't describe this right but it's kind of a drag queen stage show operation and there's the three partners, three gay guys. Two of them got stage names. Heklina—

[side conversation deleted]

Her. Him, her. And then Geoff [Benjamin]. He's a good guy. If you met him you'd think he's either my dentist or my accountant. So we have lunch every six weeks or so. Everything's fine. We go over for a show every once in a while and that's pretty entertaining. But they're great neighbors. They're good guys. Get along fine.

04-00:11:54

Meeker: You had mentioned the nightclub condo wars. This got kind of brought into city politics and there was the creation of a night club commission. I think Gavin Newsom was mayor by this point or he was supervisor.

04-00:12:21

Miller: No, he was supervisor.

04-00:12:13

Meeker: He was supervisor. Okay.

04-00:12:15

Miller: Well, yeah. After we won our superior court case but before bankruptcy, Kevin Murphy—I knew they were in the mayor's office because a friend of mine was walking through city hall and saw him in Gavin's office. So Gavin introduced legislation to create the Nighttime Entertainment district, which was Eleventh Street, basically from Harrison to Folsom and maybe up and down Folsom a little bit. Basically said all the sound restrictions are off and anything goes and close the street, I forget, one day a week or something—and I talked to Gavin. I said, "You know, I don't think this is a real good idea. A friend of mine was the director of the Environmental Protection Agency and noise is pollution and its point source pollution. Since your proposal increases the level of noise you have to have an environmental impact report. And furthermore, there's these OSHA regulations about noise levels, permissible noise levels in various locales, various businesses and your legislation provides noise levels way, way above the OSHA limits. And if a city has a pattern of not enforcing OSHA they lose all federal funding. So that'd be a pretty big cost to save a nightclub." So that legislation went away. That was the end of that.

04-00:14:02

Meeker:

In the midst of all of this, how was Kevin Murphy defending himself? Did he have a set of arguments that he was using?

04-00:14:12

Miller:

Well, A, by threatening me. He would say things like, "Gee, it'd be too bad if something happened to you," or, I'd go down in the morning and find yellow paint thrown by the bucketful against the front door and things like that.

04-00:14:32

Meeker:

So he was really using intimidation to try to get you to back down.

04-00:14:39

Miller:

Yeah, I guess so.

04-00:14:41

Meeker:

Did that scare you at all or did you call his bluff?

04-00:14:44

Miller:

No, didn't scare me. I didn't care.

04-00:14:47

Meeker:

What about when he went to court? Did he have an argument in his defense?

04-00:14:54

Miller:

That he was there first. The thirteen-page opinion goes way back in the whole origin of what's a public nuisance, a private nuisance, and a continuing nuisance. A continuing nuisance is something that the bad guy can control. So the judge's opinion said we get \$5,000 for the past wrongs and we get \$5,000 per incident per person going forward. So it's now \$25,000 a night. So that kind of put that—and it says this first in place, first in right, said that's nothing to do with it. Doesn't matter who gets there first or last. It's irrelevant. So that didn't hold up too well.

04-00:15:44

Meeker:

So I know that in the midst of this process you were engaging with small claims court and then you engaged in some activity to reform it. I don't know much about that. Can you tell me what that was?

04-00:16:01

Miller:

Yeah. I had been interested in small claims court. I had been on the board of a group called HALT, Americans for Legal Reform, and I was on the board of Nolo press, which is the write your own will stuff. So now I'm kind of interested in this small claims court deal. So I sponsored an effort, whatever you want to call it, with the Americans for Legal Reform, to reform small claims court, which is a state by state deal. Like Virginia didn't have small claims court. The deal was to make court more accessible, just easier for the plaintiff to file a suit. No lawyers. And B, to raise the limits. Some states would have a limit of \$250 or something. So the goal was to, A, make it accessible and, B, to get the number up to—I said, well, let's just say the price

of an automobile, so you could sue a car dealer, which was \$25,000. We got one state up to \$25,000. I'm trying to remember. It might have been Tennessee. Anyway, so we went for \$10,000. And at the end of the day, when I kind of ran out of gas, we had reformed small claims court for states with a population of probably 200 million people because we got New York, California, and Texas and some other really big ones. So I feel there's 200 million people out there that, should the occasion arise, they have a much more amenable small claims court to go to. I think that's a big deal.

04-00:17:55

Meeker: So it had moved from \$2,500 to \$10,000?

04-00:17:59

Miller: It's \$10,000 now in California. There's actually a way, which I don't understand, you can drag it into superior court and go to \$25,000. But, yeah, it's \$10,000 in California now up from \$2,500.

04-00:18:17

Meeker: How'd you manage to do this? Did you work with an organization or—

04-00:18:22

Miller: Yeah, HALT. The Americans for Legal Reform had a couple of guys working on this. And you'd go state by state. And you would try to pick either the low hanging fruit or you thought you could make a difference or where it was most egregious. Virginia had no small claims court so that was a pretty obvious one. You just went state by state. And we would publish a scorecard, rate every state and all that stuff.

04-00:18:51

Meeker: Did Virginia create a small claims court in response to this?

04-00:18:55

Miller: Well, the equivalent thereof. Virginia's got a strange setup.

04-00:18:59

Meeker: Yeah, it's a commonwealth, not a—

04-00:19:01

Miller: Yeah. It's a strange setup. I know that because I used to follow the utility industry there. But it was equivalent. I don't know what they call it but you can go sue some guy for whatever. Yeah. Yeah. So that was kind of fun.

04-00:19:17

Meeker: Well, that's definitely an interesting impact. You said that you had already been engaged in legal work through Nolo Press. Can you tell me about how you got involved in that and what it was?

04-00:19:33

Miller: Nolo Press was founded by a guy named Jake Warner probably forty years ago now, I guess, something like that. And I had seen Jake on TV and I had

read about Nolo. Jake Warner and I went on the Save the Bay board together at the same time. So I met him there. And we really got along great. We're still good friends. We just really hit it off. So he said, "Well, gee, would you like to be on the Nolo board?" And this was probably 1997 or eight. It was at the tail end of the dot.com thing because they changed the name of the company to Nolo.com probably within a week of the peak. And I was on that board. We sold that company a few years ago to an internet company. But yeah, that was an interesting experience. Jake's a very interesting creative guy and he started the whole do it yourself legal movement. Do your own will, do your own divorce. I mean, you can go on their website. And I did a revocable trust. And you go on and you diddle around and you do some stuff and it prints it out and there you are. And I don't think any of their products or forms have been found to be inadequate or anything. I'm not aware of—people just use the stuff. So he created that movement.

04-00:21:29

Meeker:

Well, it's an interesting story and happily it's documented in an oral history. But attorneys certainly—

04-00:21:34

Miller:

Yeah, you did Jake's oral history. Yeah.

04-00:21:38

Meeker:

Yeah. Certainly attorneys aren't necessarily happy about losing a part of their business to somebody who's not part of their tribe.

04-00:21:47

Miller:

So what?

04-00:21:49

Meeker:

[laughter] Okay. Well, that's good. So you were on the board of Nolo and that was part of your engagement with these legal issues, I guess. I'm not really getting that right. I know. Yeah.

04-00:22:03

Miller:

Yeah, yeah. Well, sort of the alternative deal. Yeah.

04-00:22:08

Meeker:

Well, you had mentioned Save the Bay. I think that we definitely have time today. So why don't we jump into SPUR, because we haven't talked about SPUR yet. And tell me what is SPUR and how did you first get involved with it? What was your first engagement with it?

04-00:22:28

Miller:

Okay. Well, SPUR is an acronym and it's a very clumsy one. It sort of stands for San Francisco Policy and Urban Research or something like that. It's a think tank that goes back—I think it goes back a hundred years. It's urban planning. Transportation, housing, all that stuff. And I learned about it maybe fifteen years ago. I know it was well over ten years because their building was over on Post Street, their office. And they would have maybe two programs a

week. They'd have the city controller or some planning guy or some real estate—and they were just very interesting programs on urban stuff. And then they built a building over on Mission Street, Mission and Montgomery roughly, ten, eleven, twelve years ago, and I've been going to programs there. And in the course of this I met Gabriel Metcalf, who was the then executive director, and he and I got along pretty well. And we would have lunch or dinner from time to time and maybe eight years or so ago he asked me if I'd like to go on the board. I said, "Well, how often do you meet?" He said, "Monthly." I said, "I'm not doing that. That's too much ink on the calendar. I like a lot of space on my calendar." So that was it and then Will Travis, who you've done an oral history—and Will Travis is on the SPUR board and said, "You've got to do it. It's like a graduate seminar where everybody does their homework." So I went back to Gabriel and I said, "Well, if you still want me, I'll do it." So I went on the board. I just finished my first term. I think your term's four years. So I guess I've been on the board four years. But it's all this stuff about affordable housing and what are you going to do about Muni and what are you going to do about BART and what are you going to do about sea level rise? Their programs are just outstanding. They do maybe three programs a week and it's amazing. And we have an office in Oakland now and an office in San Jose and we started about a year or two years ago on a regional plan. A lot of these issues, San Francisco can't solve any of them. They can't solve regional transportation. You've got to get the whole nine counties involved. So I find that really interesting. And then the board, there's a large board, there's probably sixty people, with the exception of me all pretty prominent folks. So I really like that a lot. I get a big kick out of that one.

04-00:25:40

Meeker:

Who are some of the board members who you think make really good contributions?

04-00:25:44

Miller:

Well, Oz Erickson's probably built more housing in San Francisco than anybody else. Jim Lazarus is on there. Anne Halsted's on there. Will Travis is on there. Ed Harrington's on there. I mean, it's a real cast of characters.

04-00:26:03

Meeker:

Yeah. What are those board meetings like? Is it just sort of approving minutes from previous board meetings?

04-00:26:12

Miller:

Oh, yeah, but we knock that all off in a hurry. That's over within five minutes. There will be a topic that will be like, okay, we commissioned a study on homelessness so that'll be part of it. They're subjects that rotate over time.

04-00:26:37

Meeker:

Is this the study that Marc Benioff is going to pay for?

04-00:26:40

Miller:

No, no, no. This was two years ago.

04-00:26:42

Meeker: Oh, okay.

04-00:26:44

Miller: No, no, no. They are just very topical, timely. We don't spend a lot of time on what I call the plumbing, the minutes and the budget, that stuff. We spend a lot of time on the regional plan and how you go at that. So a three- or four-year project. But yeah.

04-00:27:07

Meeker: What are some of the issues around the regional plan? I mean the Bay area is unique in that there are multiple population centers, all in different counties, separated by a large water mass. It's kind of a unique geographic political setting.

04-00:27:31

Miller: Well, New York City has eighty elected officials. The Bay area's got nine hundred. You've got agencies. And it's just ridiculous. And everybody's got their own little empire and their own this and their own that. And so I don't think you can get anything done until you figure out some sort of regional deal. Now, ABAG [Association of Bay Area Governments] and Metropolitan Transportation Commission are in the process of affiliating or something. But where that leads I don't know. Yeah, the political structure is just beyond comprehension.

04-00:28:29

Meeker: Well, there have been attempts made in the past to link some commissions like MTC and Bay Conservation Development Commission and to create kind of a regional government and those have failed. Do you think that there's a possibility that need will overcome these—

04-00:28:51

Miller: Not in my lifetime. But I'm eighty-three so, I don't know.

04-00:28:58

Meeker: Do you think SPUR actually plays a role in regional governance in the sense that it's a non-governmental organization that comes up with solutions that might actually be used?

04-00:29:12

Miller: Well, I don't know if we have a role in regional government. I think we have a role in regional thinking and maybe you've got to think before you govern. And if not us, who. I mean when Gabriel came up with the idea of doing this regional thing, I was the first guy he approached and I said, "Fine," and wrote him a check. And I said, "If not us, who? If not now, when?" So, I figured out in about two minutes. I mean, okay, let's go. I don't know if it'll succeed. I mean, if you only do things you're sure of success, I'd still be in a crib. So, you get out there and get banged around and give it your best shot. Yeah. But I think they've got to think before they govern.

- 04-00:29:59
Meeker: Have you participated in any of the thinking around this regional committee? Like any committee meetings or programs or anything like that?
- 04-00:30:07
Miller: I'm on the water something or other thing. Yeah.
- 04-00:30:12
Meeker: What are the issues that are coming up in that? How are people talking about it?
- 04-00:30:17
Miller: Well, you've got the sea level rise thing, which I figured out twenty-five years ago and you've got to get on with that. Regional water supply. Drinking water. I mean, the Sahara is not a drought. This is not a crisis. We've got to figure out where our water's going to be coming from down the road. Forget climate change. Just keeping the thing going the way it is is not easy.
- 04-00:30:54
Meeker: Do you feel like there are good ideas coming from these working groups?
- 04-00:31:03
Miller: I haven't had any eureka moments.
- 04-00:31:06
Meeker: Yeah. I mean, I guess what I'm getting at is, in this regional planning process, is there anything that you've found to be like exciting and a reason for some optimism?
- 04-00:31:20
Miller: Not that I can recall. No. I'm sure there has been but I don't know what the hell it would have been. I don't know.
- 04-00:31:38
Meeker: So in addition to working on the regional plan that you just talked about, I think that you've also served on like the budget committee. Like the plumbing stuff, right?
- 04-00:31:51
Miller: Well, I call it the plumbing. Yeah, budget and finance and that. Yeah, that's pretty boring stuff.
- 04-00:31:54
Meeker: SPUR is interesting. It's a non-profit. It's a 501(c)(3), right?
- 04-00:32:02
Miller: Yeah.

04-00:32:04

Meeker:

It managed to build its own building in downtown San Francisco and has managed to keep it. [laughter] You can't say that for a lot of non-profits. What's the story behind SPUR's longevity and its financial stability?

04-00:32:24

Miller:

Well, I wasn't here for that. Jim Chappell, I think he was the driving force on that building, which was a stroke of genius. And they borrowed the money, built the building. We've paid back a fair amount of that borrowing. That was brilliant. And I think they've been in that business now ten, eleven years, so they probably planned it fifteen years ago. Yeah. That's a big deal. I mean, I didn't have anything to do with it.

04-00:32:57

Meeker:

Tell me about the work on the budget committee. Are you focused on maintaining a certain balance of source of income? What are the main concerns that come up in the context of that work?

04-00:33:19

Miller:

Well, you've got to kind of figure out where your revenues are going to come from. That's not a big part of my stuff at SPUR, the plumbing. If it was, I wouldn't do it anymore. You kind of got to figure out what programs you want to have and that gives you a cost structure and then how you're going to come up with the money to pay for it. It's very important. You've got to do it or you go out of business. I've tried to kind of cut down on my plumbing activities there. I'm on the ballot committee for five elections. That's more interesting. I've been on plumbing committees for fifty or sixty years. You get kind of tired of it after a while.

04-00:34:11

Meeker:

Well, tell me about the ballot committee, then, and the five elections that you've helped create their slate.

04-00:34:19

Miller:

Well, SPUR puts out a ballot guide on the propositions. Not on candidates. We don't have anything to do with that. So you kind of have your antennae out. There's pretty much the same groups on the committee every year. There's twelve of us or some number like that. And they kind of have their antennae out about what may be on the ballot. So a couple of years ago we reviewed forty-three issues and twenty-seven ended up on the ballot, on the San Francisco ballot. So the staff does an excellent job of writing up what's—each meeting we might do two or three of these. So this is what the issue is and here's the pros, here's the cons. Then we'll have speakers come in that argue both sides or present both sides and then we talk about it and say yes or no. And then the board takes what we say and sometimes they agree with us and sometimes they don't. Every year I say I can't do it again. And then Gabriel twists my arm and okay, I'll do it one more time. I love the people on the committee. I love the dialogue. I think most of our votes are unanimous. Once in a while it's eleven-to-one and it's always me. But I think the outcomes

are generally correct. But I think so many of the ballot measures are just inane. I said, we're like the Pulitzer Prize committee reading third grade essays. I mean some of these things are just preposterous and they get on the ballot for very dubious reasons. The process really offends me. It offends me a lot. But then you say, well, what the hell. Do you just give up or do you just try to make the best of it?

04-00:36:37

Meeker:

Can you give me some recent examples of more preposterous ballot initiatives?

04-00:36:46

Miller:

Well, I think the legacy business thing that was up three years ago. The board of supervisors voted eleven-to-nothing to put the legacy business thing on the ballot. The board of supervisors, by a vote of six-to-five, could have made it happen. They put it on the ballot and then everybody, for whatever the reasons—to me that was the one that really kind of set me off.

04-00:37:15

Meeker:

I mean, do you think they put it on the ballot because they thought it was stupid, too, but they didn't—

04-00:37:20

Miller:

No, no, they don't. They don't. No, the motivations, I don't know. I guess they can say they did it.

04-00:37:29

Meeker:

So the legacy business thing, can you give a definition of what that entails?

04-00:37:35

Miller:

Well, a legacy business, of which this [Sam's] was the poster child for, was if you've been so many years and you've got tradition, all that crap—you have to apply and be approved and all that. You have to be sponsored by your supervisor, which then means in theory you're indebted to your supervisor. That's an interesting little play there. Then you get a compensation of—I think it's \$500 per full-time, FTE, full-time equivalent employee per year. I think it's something like that. And then your landlord, if you don't own your building and he extends your lease for, I think it's ten years or something like that, there's a supplemental payment to him of so much per square foot. I can't remember the numbers. I mean, the thing that bothered me was they vote eleven-to-nothing to put something on the board they could have passed six-to-five. If you want to, just do it. That's your job. Pass legislation.

04-00:38:43

Meeker:

What was the conversation like on the ballot committee then about this?

04-00:38:49

Miller:

I can't remember. I don't remember.

04-00:38:53

Meeker: Did they endorse it? Do you know?

04-00:38:55

Miller: I think SPUR ended up against it, as I recall. I can't recall. I mean, we had forty-three of them that year and I've done it five times. So, I don't know.

04-00:39:12

Meeker: Is Sam's a registered legacy business? Did it buy into this?

04-00:39:19

Miller: That's two separate questions.

04-00:23:23

Meeker: Okay. [laughter]

04-00:39:24

Miller: Yeah, we are. We were the poster child. Not because I thought it was any great idea. Oh, yeah.

04-00:39:36

Meeker: I mean why not?

04-00:39:39

Miller: I don't know that it's part of the city's financial priorities to subsidize Sam's Grill. I seriously question that. But if they want to, it's fine with me. I don't care.

04-00:40:02

Meeker: Yeah. It's pretty interesting. Is there any obligation on your part to stay in business then?

04-00:40:11

Miller: Well, I don't know that it's an obligation. It's a hope. If you go out of business you don't get the money obviously. I mean, you can look at the list of the businesses that are on it and you can kind of scratch your head.

04-00:40:33

Meeker: Yeah. I think that was the last election I lived in San Francisco, was when that was on the ballot. There were some other things on that ballot, too. I think that was the same ballot where there was the vote to basically put a halt on new apartment construction, right?

04-00:40:55

Miller: I don't remember.

04-00:40:58

Meeker: Yeah. Do you remember any particularly interesting ballot initiatives where there was a lot of debate amongst the people on the committee?

04-00:41:16

Miller:

This gross receipts tax on funding the homelessness was, as I recollect, pretty lively. I just don't remember. There's been so many of them. When it's over you just put the folder away. It's such a sigh of relief when it's over. I've only got a limited memory bank and I don't just have time to keep track of all that stuff.

04-00:41:48

Meeker:

Yeah. The gross receipts was pretty interesting. There was a lot of debate in the city about it. Some people saw it as punitive towards the businesses that employ a lot of people. Others thought that those businesses need to pay their fair share and that throwing more money at the homeless problem is going to help solve it.

04-00:42:15

Miller:

Well, I learned at the Wharton School of Finance in 1955 that businesses don't pay taxes. Businesses collect taxes. And I would guess in the ensuing sixty-five years there's probably been five hundred peer reviewed articles on the topic of do businesses pay taxes. And I would say no, businesses collect taxes. So San Francisco has this great thing of taxing business. And then they say, "Why do things cost so damn much?" Because the businesses pass the tax on to the customer and I've had this conversation for twenty years.

04-00:43:02

Meeker:

A healthy San Francisco is a good example of that, as we're sitting here in Sam's Grill.

04-00:43:08

Miller:

Yeah. Yeah. Everywhere. Yeah.

04-00:43:12

Meeker:

Who are on the ballot committee? How do they decide who sits on that?

04-00:43:22

Miller:

Oh, they're just folks that want to do it and then the board, I think—I think the board approves us. Yeah. Yeah. I think.

04-00:43:38

Meeker:

Do they try to get like a mix of political viewpoints or backgrounds? How is somebody qualified to sit on that committee?

04-00:43:50

Miller:

You get a pretty mixed bag. So I don't think we have any quota system, no. No.

04-00:43:58

Meeker:

One of the things that I've found to be interesting about SPUR is historically, I don't know if it's still like this, hasn't been sort of a hotbed of progressive ideologues. It's people who've taken a more centrist in a San Francisco context approach to regionalism and development and problem-solving.

04-00:44:39

Miller:

Well, yeah. I think problem-solving might be the operative word. I mean, you don't have to be a genius to come up with a lot of ideological ideas that people will talk about the next fifty years. It doesn't move the ball very far. I think they are pretty centrist. Now, some of my political friends will say SPUR's nothing but a bunch of goddamn real estate developers. I think that's rather harsh. Yeah, I think it's pretty centrist. I mean yeah. I think being centrist is probably a pretty good place to be.

04-00:45:24

Meeker:

Particularly in San Francisco because it means something different here.

04-00:45:28

Miller:

Well, I just think in general. I think extreme positions by and large don't move the ball very far. So yeah. I think it's all right.

04-00:45:39

Meeker:

Is it possible to tell how impactful the SPUR ballot recommendations are?

04-00:45:50

Miller:

I think anyone I know on the topic would say the voter guide is the best one there is on that stuff. And if you look how the vote comes out relative to what we recommend, I think the congruency would be quite high. Yeah.

04-00:46:18

Meeker:

Why do you skip people, elected officials?

04-00:46:24

Miller:

Oh, I just don't think it'd be very productive. And, are we going to sit there and have a debate about who should be the supervisor in district six or three? No. I mean, this is hard enough. There's plenty of folks endorsing candidates. There aren't many folks that have a knowledge base to evaluate propositions. Warren Buffet taught me know your circle of competence and stay in it. Period. I think that's all right.

04-00:47:07

Meeker:

Are there other SPUR ballot committees now in like Alameda County and Santa Clara County?

04-00:47:13

Miller:

I think they started up in Oakland last year, as I recall. I think. Or at least on some. I'm not sure of that.

04-00:47:23

Meeker:

What about the leadership transition at SPUR? Do you have any comment on that?

04-00:47:29

Miller:

Well, Gabriel's a good friend of mine for a long time. I know Alicia. I'm very optimistic that she will do a good job. But am I concerned? Well, yeah. I mean, the guy was there for a long time. We've embarked on this three-city

thing. We've embarked on this regional plan. Anybody that's not giving it a lot of thought's brain dead. I mean, it's a big deal. Anytime you have a transition from a chief executive or whatever you want to call it that's been there a long, long time, it's a big deal. I went through this with Oxfam; I went through it with Amnesty International. I went through it with Save the Bay. I've been through a bunch of them. You kind of hold your breath and hope to hell it works. So yeah.

04-00:48:49

Meeker:

What do you think the future holds for SPUR?

04-00:48:52

Miller:

I don't know. I mean I hope the regional thing evolves and so forth and so on. I've been on enough of these boards to watch mission creep, where they're really good at something and then they kind of—I was on Amnesty for ten years and watched them kind of get ahead of their skis. I think it's important to say this is our circle of expertise and we're going to stay in it. Now, it can evolve over time but you don't have to go out and have an opinion on everything. The broader you spread your knowledge base the less credibility you have on anything and then you've got no credibility on anything and then you just become noise. I think about that.

04-00:49:52

Meeker:

What are the areas that you think SPUR needs to think twice before they jump into?

04-00:50:00

Miller:

I don't know. I mean, I'll be kind of watching. I haven't seen it but if I saw it I think I'd say, "What the hell do we know about that?"

04-00:50:12

Meeker:

Right. Well, let's spend a few moments talking about a couple of these other organizations I know that you've done some work with and you just mentioned two of them, Oxfam and Amnesty International. Which one of these did you get involved with first?

04-00:50:27

Miller:

Oh, Oxfam goes back to 1981. Yeah. Yeah.

04-00:50:37

Meeker:

So what is Oxfam?

04-00:50:38

Miller:

My wife [Janet McKinley] was chairman of the board for seven years recently. The name comes from the something or other on famine relief, I can't remember. And it's basically sustainable development. It's not like disaster relief, although they do some of that. It's sustainable development. Figure out a way for people to support and sustain themselves. The classic give the guy a fish, you feed him for a day. Teach him to fish, he's—and it's just ways for people to survive on their own. When I got involved I liked it

because you'd read the annual report. And we got a program here for \$15,000 to have a fishing co-op in Mozambique or something like that and whatever. And I liked it because I could understand the scale of it. I don't understand when somebody says we're going to solve world hunger. That's just above my pay grade. So I liked that. And then that just evolved over time. And then my wife got very involved and chaired the board for a number of years. I'm on the leadership council or something or other, which is a side group. Now, they're going through a big transition. Ray Offenheiser left after being there, Jesus, I don't know, twenty-five years. So there's been a lot of change in the leadership at Oxfam and we'll see how that works out.

04-00:52:32

Meeker:

So Oxfam, there's a series of different organizations. There's the international umbrella organization.

04-00:52:44

Miller:

Oxfam is a federation and you have Oxfam America, Oxfam UK. I think there's twelve of them. And the definition is where they raise their money not where they do their work. And the mother ship's called Oxfam International, I guess. And one of the things that my wife and I did with them, we were in Cambodia trying to replicate our Vietnamese microcredit deal. And we were in Cambodia. So we go to the Oxfam office and it's in Phnom Penh. And I'm looking out in front at the signpost and in this building are like five different Oxfam's. What the hell's this all about? Doesn't make any sense to me. And so we started a little project. We said we're going to have harmonization. We're going to have somebody in charge of Oxfam stuff in Cambodia and that was a really tough sell and I don't know where the hell it ended up. But they're kind of scattered around. Some of them can't accept or won't accept government money. The US one will not. I'm not sure that's a smart idea. Whereas in other countries they get a lot of their funding from the government. So it's really complicated. Yeah.

04-00:54:25

Meeker:

So you were on the board of Oxfam USA or Oxfam America?

04-00:54:27

Miller:

My wife was chairman of the board. I was on the children's table, I call it. We meet once or twice a year and talk about stuff.

04-00:54:40

Meeker:

Can you tell me a little bit about your wife Janet and how you met? I know that she's interested in a lot of these issues.

04-00:54:48

Miller:

Well, back when I was Director of Research at Capital and was hiring folks I hired her to come to Capital, I don't know, 1981, two, three, somewhere in there. And she started as a paper analyst, as I recall. Not quite sure. She worked in New York and then fast-forward six or seven years, 1990 or so. I had separated from my first wife and McKinley and I started going out in

1990 or '91, I guess. And we were still at Capital and said, "Okay, if you want me to leave, fine. If you want her to leave, fine. If you want us both to leave, fine. Whatever the hell you want. We'll do it." Management said, "Oh, no, there is no conflict." We both stayed. And then we were married about fifteen years ago. And we were both very active in Oxfam for a long time. We share a lot of interests. She's very active at Berkeley now. She's on the Board of Visitors. I'm a trustee of the Berkeley Foundation. Anyway, yeah.

04-00:56:25

Meeker:

Was her interest in Oxfam independent of yours or was this a place where you guys kind of collaborated?

04-00:56:30

Miller:

No. Very, very early on I said, "You know, this Oxfam New York chapter's having a meeting tonight. Let's go." So we went and she kind of said, "Yeah, it's quite the deal." So yeah, I got her involved. There are days I think maybe she think that wasn't the best thing I ever did for her but yeah. I kind of dragged her into that one.

04-00:56:59

Meeker:

You had mentioned the idea of expanding the micro lending thing in Vietnam and to Cambodia and your interaction with Oxfam in that context. Why don't we finish out today by telling me about the micro lending program in Vietnam, how that got started and where it ended up.

04-00:57:23

Miller:

Well, this would be roughly twenty-five years ago. McKinley and I were in Hong Kong, I think. Probably Hong Kong for board meetings at Capital. And then we were going to go to Vietnam as tourists just because I thought it was an interesting place to go.

04-00:57:50

Meeker:

So this is mid-nineties?

04-00:57:53

Miller:

Well, twenty-five—yeah, yeah. Mid-nineties. So then Oxfam said, "Well, gee, if you're going to Vietnam we've got this microcredit operation you ought to go look at. Said, "Okay, that sounds like a good idea." So we went and we flew to Hanoi and we went and met with Madame Tan. The thing's called TYM, Tao Yeu May, which means "I love you affectionate loan program" in Vietnamese. That's an interesting—anyway, so we meet with the ladies. It's the Vietnam—

04-00:58:28

Meeker:

Wait, can you say that again? The program is called—

04-00:58:31

Miller:

"I love you affectionate loan program."

04-00:58:32

Meeker: Okay.

04-00:58:35

Miller: Which is a weird—but that's all—anyway, so the Vietnam Women's Union at that time had eleven million members and goes back eighty years. I mean, it was a very big powerful organization. And this—

04-00:58:51

Meeker: Precedes the Communist government?

04-00:58:53

Miller: Oh, yeah. It's a Communist country. It was really Communist twenty-five years ago. Oxfam worked with the Vietnamese Women's Union to set up this microcredit deal. Oxfam does a lot of microcredit. And with the help of a guy [Aris Alip] from the Philippines who has a thing called CARD [Center for Agriculture and Rural Development]. Anyway, so we meet with the ladies and they explain it all and all that stuff. So then the next day we go out to a center meeting and the way it was set up in Vietnam, you'd have five women that would be a group. And the five women would pick one of their members to get the first loan. And then every week ten of these groups, that would be fifty women, would meet in the big communist hall and the ladies would come up and make a payment on their loan. Fifty cents or whatever it was. Well, first they have like their twelve commandments. Build a latrine, keep my kids in school, wash my hands, all these things which are really pretty good. So we sit there for the meeting and they get the new loans and then at the end of the meeting they kind of talk about, "I went to the meeting last week and because of the rain fall it's too early to plant the rice." So at the very end of this meeting this woman gets up in the back and says, "We really like TYM. Tell Oxfam to make it grow." So we went back to Oxfam and said, "You know, that's a pretty neat deal." Because you make a twenty-dollar loan and you transform somebody's life.

Now, at that time I was very involved with the Salvation Army in San Francisco. They had a center down two blocks from where I lived which was for alcoholic women. And the Salvation Army thing was in-house residential deal. Cost \$28,000 a year or \$42,000 per woman. Half drop out. So it's \$84,000 a save. So, well now, in San Francisco I can give some woman a second chance for \$42,000 or I can go to Vietnam and give a woman a chance for twenty dollars. Twenty-dollar loan with a 99.5 percent repayment rate. So we said to Oxfam, I said, "I think I like this twenty-dollar stuff," because I'm in the first chance business, not second chance. So I thought they'd say, "Oh, if you give us \$100,000, we'll do this and that." And they came back and said, "Well, here, for a million dollars, this is what we can do." So I said, "Hmm. Well, it's a little more than I was planning on but, yeah, let's go for it."

So for many years we went over every year and we would meet with Madame Tan and go around to the villages. And traveling with Madame Tan is like

traveling with Gandhi. We'd go into these villages and we would just be mobbed by all these women. It was just off the charts. So we would go every year and meet with her and go to the villages and do all this stuff and I would meet with the ladies. And I'd have to meet with the provincial guy. He'd be like the governor and I had to sit down with him and debate interest rates and I'd meet with the head of the central bank and this or that. And then every five years they have a big—the TYM would have a big confab and the ladies would all come to town and all that. This is a really big production. So at one of them McKinley and I were awarded the Ho Chi Minh Medal of Honor by the vice president of the country. It's the highest civilian honor in the country.

And it looks like a Cracker Jack prize. But I wear it when I go through the airport and everybody—I mean, it's a big deal. And so I get the Ho Chi Minh Medal of Honor, which I proudly wear from time to time. And so fast forward. We were there for the twenty-fifth anniversary. So we started with eighty-seven members and probably five hundred dollars in assets or something. I don't know. We now have 160,000 members and a sixty-five-million-dollar loan book and a fifteen-million-dollar net worth off of a million bucks. So that's a big deal.

04-01:03:41

Meeker:

Okay. So that million dollars resulted in x-number of loans, right?

04-01:03:49

Miller:

Oh, well, right now we've got 160,000 loans out. And I've probably got 250,000 graduates. So they're in for about five years and then they'll tell me, "I don't need your money anymore." In the meantime their income's going from two dollars a month to eighty. Forty-fold increase in income in five years. Yeah. And a 99.5 percent repayment rate.

04-01:04:15

Meeker:

What do you think the secret to the success of this is? I mean, what allows it to work so well in terms of, adherence to repayment schedules and, everything, to a lack of corruption at the top.

04-01:04:35

Miller:

Well, at that time and maybe today the Vietnam government's pretty corrupt. But the women's union a pretty clean deal. I mean, they don't screw around. Well, microcredit, it's been a lot of places. I mean, we've met with Muhammad Yunus a number of times. We did it in a Communist country which is a little harder to do it than some other places. It's more fun. One of my shirts says, "Problem: Something money can't solve." These people are smart. They work hard. They have a work ethic, particularly if you live in San Francisco, is just phenomenal. They take their twenty bucks and they buy their pig and da-da-da and all that stuff. And away they go. They work hard. They're very ingenious. One of the things that's fun going over is—the first meeting we went to I said, "Well, now, does anybody raise ducks?" Because I had ducks as a little kid. And this woman, and she was kind of the

laughingstock of the village because instead of buying a pig she got a bunch of ducks and she'd raise her ducks. But, they laid eggs so she had cash flow early on. And you'd sell the ducks in the market. And then another lady gets up with her friend and says, "We bought—it's like a goat." It's a mountain goat that they rent to the men to cultivate to the fields. And I thought that's pretty funny. The women own this animal that they rent to the men to drag the plow around. I thought that's pretty good. And then they'd have bicycle repair. Then I went to this one place, house, in the back they had this building, little building. They had these strings hanging with these little containers, like a half-gallon. They were growing mushrooms that they would take—and I said, "Boy, you could take those to Whole Foods and make a fortune." And, and they'd just come up with these businesses. Fishponds. They'd just come up with all these businesses. They are marvelous entrepreneurs and they work hard. Yeah.

04-01:06:58

Meeker:

You said that it made it a little more fun working with the Communist government. What do you mean by that?

04-01:07:03

Miller:

Well, I mean, I'd be meeting with the provincial guy. He'd be like the governor. And he'd say (I've had the same two women interpreters for twenty-five years), "Your interest rate is too high." We charge 1 percent. It's an amortized loan. One percent of the original balance a month. That's 23 percent. Which is the same as American Express charges. "Interest rate is too high but rate of return is very good so it's okay." Because, with these women you'd go in and you'd say, "Well, how's it going?" And they'd explain this fish farm deal. And, the rate of return's 400 percent a year. And then the next thing she'd do is bitch about the interest rate. And then they'd realize that they'd done themselves in. And then they'd laugh and then we're done. And, you're talking to this guy and he gets it. And then I had to have a chat at one time with them. I said, "We've got to get this interest rate thing so it's sustainable. The business is sustainable." And we're going round and round. I said, "Look, I am committed to be a partner and help your people. I am not committed to going broke." Big shot, guy. He gets it.

I had a hairy one where we're talking about investing and the word investment in translation kind of becomes "you're the ugly capitalist extracting money." And I'm trying to explain I am putting my resources into your people. I'm your partner. Guy lights up. We talk, we agree, have a drink. Then you get into this thing where they bring out the bottle of whatever and you match shots and you've got to have one. I mean, I can hold my own with them. I mean it was just fascinating to sit there with some big shot and talk about interest rates on these damn loans.

04-01:09:23

Meeker:

Yeah, because you were an American capitalist coming in in his eyes, which he would have been inclined to not accept you.

04-01:09:37

Miller:

Well, this first village we went to, the very first trip, no American had ever been in his village. So we come with Madame Tan. And the name of the program is the "I love you affectionate loan program." And I'm meeting with the village president. He probably thinks I'm a trafficker coming to meet with the forty-seven women in his village. "Who is this old goat coming in here?" So there was a lot of strange—you just kind of think, "Well, how is this going to work?"

04-01:10:11

Meeker:

Well, I had the opportunity to go to Vietnam about ten years ago and, I think it was probably the first Communist country that I stepped foot in. And I didn't know what to expect. But what I found was every single person in the country is engaged in some sort of commerce.

04-01:10:32

Miller:

Oh, yeah. It's unbelievable.

04-01:10:30

Meeker:

Yeah. It's like really the most capitalist country I've ever been in, ironically is probably the most Communist country I've been to.

04-01:10:47

Miller:

Yeah. I mean when you're down with the folks you don't really sense communism. You sense pretty rugged capitalism, entrepreneurship, et cetera. Yeah. I love going over there.

04-01:11:07

Meeker:

Did you ever see the irony then in getting the Ho Chi Minh prize?

04-01:11:11

Miller:

No. I wear it to Berkeley once in a while just to kind of lighten things up. And it's a big deal. My wife used to be on the board of the Asia Foundation. So I'm meeting with the Vietnamese trade delegation, eleven of them, and I've got my Ho Chi Minh badge on. I figure why not. And the guy comes up and he says, "How'd you get that? That's very good for meeting women." I said, "Oh, that's good. That's all I need." But it's a big deal. I'll bring it. It looks like a Cracker Jack prize.

04-01:11:50

Meeker:

I'd like to see it. [laughter] Wear it to our next interview session, okay?
[laughter]

04-01:11:53

Miller:

Well, it was pretty funny.

04-01:11:56

Meeker:

All right. Well, that's good. I think that we need to get kicked out of here soon. Is there anything else that you'd like to talk about in terms of the micro lending thing in Vietnam?

04-01:12:08

Miller:

No. That's one of the two or three things that we're proudest of. One of my things in philanthropy is you're not going to solve anything. You're not going to solve poverty, not going to solve—but you can transform lives. So Vietnam's got ninety million people, give or take, and we've probably transformed with TYM the lives of, I don't know, a million, two million people if you take a family of five. Well, that's okay. I mean, yeah, got eighty-eight million people to go but you've got to start. When we were trying to replicate it in Cambodia we went down. So we'd go out and meet with the folks. And so they're showing me this diagram of how the payments come in and then 20 percent goes over there and then 80 percent—I said, "Well, what's that? Where's that going?" And he said, "Oh, that goes to the village chief or whatever." Well, the hell with that. "No, we're not going to do that." So that was the end of the project. Okay, that's fine. No, just not going to do that.

04-01:13:19

Meeker:

And no one in Vietnam was asking for that kind of special—

04-01:13:23

Miller:

No, never had any quest—no, I mean, having the Vietnam women's union as your partner, I mean, you're not going to screw around with something that's been around eighty years and got twelve million members. I mean that's a pretty powerful ally. I mean, they run the thing. I mean, Jesus, I wouldn't go over there. I go over to meet with Madame Tan and, we chat it up and stuff.

04-01:13:47

Meeker:

Hmm. Sounds like a remarkable person.

04-01:13:49

Miller:

Oh, just yeah. Yeah.

04-01:13:51

Meeker:

Why don't we stop there?

04-01:13:52

Miller:

All right.

Interview 5: June 13, 2019

05-00:00:10

Meeker: Today is Thursday, the 13th of June 2019. This is Martin Meeker interviewing George Miller. This is our fifth interview session together and we are back at Sam's Grill. So today I'd like to talk about the University of California and your work in various aspects of supporting the university. Let's talk about the Berkeley Foundation, on which you have served as vice-chair of the Foundation's board."

05-00:00:48

Miller: No, no. I was vice-chair of the campaign the last—

05-00:00:52

Meeker: Ah, okay. The campaign steering committee.

05-00:00:54

Miller: Yeah, correct. Or whatever it was called, yeah.

05-00:00:57

Meeker: Well, let's back up. What is the Berkeley Foundation?

05-00:01:03

Miller: The Berkeley Foundation is a group of folks who have no particular jurisdictional responsibility that I can ascertain. Basically it's a bunch of friends of the university whose mandate, if they have one, is to be helpful to the campus. Basically I think that translates to raising money. We used to manage that part of the endowment. Now that's subleased out to Berkeley Endowment Management or whatever it's called, BEIMCO, so we oversee that. It's basically to be a support group for the campus. Regulatory-wise, governance-wise, we don't do anything.

05-00:01:59

Meeker: I sort of feel like you're underplaying a little bit the function of the Foundation. At least from my perspective, when we work in development, raising funds for our projects, checks are not made out to the Regents but they're made out to the UC Berkeley Foundation typically.

05-00:02:17

Miller: Well, they can be either way. The endowment writ large, you'll get instructions. It will say, "Make out your check to the Regents of the University of California," whatever. And that'll go into the Regents, Office of the President, or whatever it is. And there's an endowment up there for the Berkeley campus that they manage. Other people make a check out to the Foundation and it goes into that part of the endowment that the Foundation manages through BEIMCO. So there's actually two tracks and two pots of money.

- 05-00:03:01
Meeker: What is the relationship between the UC Berkeley Foundation and the University Development and Alumni Relations office?
- 05-00:03:07
Miller: They're kind of *pari passu*, I think. I mean the vice-chancellor for whatever it is tends to be the president of the Foundation. Basically they're the same. No, not the same. They're parallel or overlapping or whatever you want to call it.
- 05-00:03:36
Meeker: *Pari passu*, that means sort of for each other or—
- 05-00:03:39
Miller: Yeah. *Pari passu*. Equal.
- 05-00:03:41
Meeker: Okay. I guess the UC Berkeley Foundation has a board of directors?
- 05-00:03:50
Miller: Trustees, yes.
- 05-00:03:51
Meeker: Trustees. Okay, Board of Trustees. And that is a group of notables that you joined?
- 05-00:04:01
Miller: Yeah, yeah.
- 05-00:04:01
Meeker: Supporters of the university.
- 05-00:04:03
Miller: Yeah, yeah.
- 05-00:04:03
Meeker: When did you join that Board of Trustees?
- 05-00:04:05
Miller: Oh, twenty years ago, roughly, I guess. Nineteen, twenty years ago.
- 05-00:04:12
Meeker: What was your interest in joining that board?
- 05-00:04:15
Miller: Well, the way it started, going way back, I went on my first board or whatever at Berkeley in 1970, the Alumni Advisory Board of the business school or something or other, which was Dick Blum and some others. And then I was on that for a while. That was in 1970. So I probably went off that board in 1975 or six or seven, something like that. And then over years I had been good friends with Dan Mote—Mote, M-O-T-E—who was vice-chancellor for alumni or something. And then Don McQuade. And we used to see the McQuades pretty regularly. Still do. And we were at some event and I was on

a rant about the endowment. I'm a big high payout guy philosophically. And McQuade says, "Well, you know, if you think so much about that, you ought to be a trustee and then you can do something about it." And I say, "All right, I'll do that." So I got appointed or elected or whatever it was and then immediately they formed the Endowment Payout Working Group with me as the chairman and I had a committee which I was given which included Paul Gray, who was then the Provost, and George Breslauer. Breslauer was head of Letters and Sciences and McQuade and a few alumni. And I said, "It's my committee. I get to pick some folks." So I said, "I want Richard Goldman," who was a good friend of mine. And he and I sort of saw philanthropy through the same lens. I said, "I get to have one ally in this venture."

So we started out at the very beginning. Up until then they would review the payout, the strategic thing or whatever, every two or three years. At the very beginning we said, "Look, we're going to do something. We're going to do a deep dive on this because we want it to have a long shelf life. I don't want to do this again ever." So we really took a deep dive and very intense. Up until then, every two or three years they do a big study and say the payout ought to be 5 percent or 4 percent or 4.8 or something and it ought to be twelve quarters or sixteen quarters. So the first question I said is, "Can we agree that the end product is that the payout shall be blank percent of blank quarters? Can we agree?" And I'm not saying that's the right answer but that sentence with two blanks in it and then we'll debate the two blanks, the two numbers. Because there are other ways to do it. I mean we looked at like 168 different endowments to figure this out. So okay. Now that's our mandate. So we went round and round. Finally I said, "Well, what if we, instead of have a number, we have a range?" And I forget what the range was. Five percent plus or minus fifty basis points. But I can't remember what it was. And then the blah-blah committee can pick a number in the range. Okay. Big revolutionary thought.

The other thing we did, which was kind of fun—at that time I think it was either twelve trailing quarters or sixteen. I can't remember. Probably sixteen. And the way it had been done—

05-00:08:13

Meeker:

I'm sorry. The trailing quarters. Are you referring to an average that you're looking at or—

05-00:08:18

Miller:

No, you're taking the endowment assets over sixteen trailing quarters and then calculating a payoff off of that.

05-00:08:26

Meeker:

Okay. So you're not taking the assets of the endowment for the most recent quarter? You're trying to get a longer timeline?

05-00:08:32

Miller:

You're keeping track because you want to take out cyclical variability. What you introduce to it is secular lag but that's a different—but so the problem used to be to get to sixteen quarters of data, then there was a big lag before you could tell the departments what the check's going to be. So I said, "Well, what if we did this? What if we took fourteen quarters data and assumed no change for the next two quarters and gave them an estimate?" We ran, on the back of an envelope, okay, we've got fourteen quarters data. Let's assume up ten, up ten, down ten, down ten. The variability on the final number was 3 percent. So I said, "Well, we can tell them with 97 percent accuracy what the number is six months ahead of time." What's not to like about that? So we did that. I think they still do it that way. I'm afraid to ask because if they don't I don't want to debate it again.

05-00:09:36

Meeker:

What do you do when there's extreme variability, like 2008, 2009?

05-00:09:42

Miller:

Well, it's only one data point out of sixteen. It doesn't make a huge difference. You know, and the fact of the matter is now we're in the eleventh year of the price of everything's going up. We have a generation of people that have never seen the price of something go down. Now, you know, someday it will and how the hell are they going to react? I don't know.

05-00:10:07

Meeker:

One of the innovations you introduced was for the annual payout rather than come up with a—you came up with a formula by which you arrive at the annual payout but the formula was flexible in that there was a—

05-00:10:20

Miller:

It was a range rather than a number.

05-00:10:23

Meeker:

Yeah, like a hundred-basis point range or something.

05-00:10:25

Miller:

Yeah, it was something like that. Five plus or minus fifty basis points I think. Something like that. Yeah.

05-00:10:32

Meeker:

And that was an acceptable innovation. I mean people accepted—

05-00:10:37

Miller:

Yeah. Yeah, we did. Yeah, yeah. Now, since then they've changed that range a little bit. It's kind of been trending down and I forget what the range is now but it's trended down a little bit over the—yeah.

05-00:10:52

Meeker:

You said that you brought on Richard Goldman, who had a similar approach to philanthropy as you or saw philanthropy through a particular lens I think is the word you used. Can you tell me more about what that lens was?

05-00:11:08

Miller:

Do it now. Do it now.

05-00:11:11

Meeker:

Do it now?

05-00:11:12

Miller:

Die broke.

05-00:11:13

Meeker:

What's that?

05-00:11:13

Miller:

Die broke. Give it away. Do it now. The premise was that the rate of return on the campus's business in a social sense is—I don't know what it is, fifteen, twenty percent. Some number. And the rate of return on the endowment, if you're lucky, is seven or eight. So isn't it better to put the money in the business that returns fifteen rather than seven. And that's not a very long debate. So he and I had it all figured out. We're just going to make the payout 8 percent. Well, we found out—because we didn't know much. We didn't understand that an endowment is forever and you can't invade principal. So that kind of calmed us down a bit. And then also everybody thinks the endowment is a big bucket of money. Actually, the endowment today I think is 2300 buckets. You know, there's a band bucket and there's a golf team bucket. There's all these buckets. Now, one of the places people don't understand, they'll say, "Well, the endowment in aggregate covers, I don't know, 5 percent of the university budget or 6 percent," or something. Yeah, but that's irrelevant. For the Miller Scholars it's 100 percent of the budget. For the Oxfam chair it's 100 percent of the budget.

05-00:12:36

Meeker:

For the Oral History Center it's 20 percent now.

05-00:12:38

Miller:

Yeah. But it varies so you can't just say, well, it's 6 percent and what the hell difference does it make? It's very important. The other thing, and it's kind of hit the wall lately, I've been on a committee now about eighteen, nineteen years. People say, "Oh, the payout last year was forty-eight million" or whatever it was and this year, "you know, it should be—you know, we'd like to raise the number." And every year I have to say it's totally irrelevant because the number of buckets goes up each year so the aggregate payout can go up but what I call the check goes down. So I said, "Why don't we take an account that's had no new money and look at its check." The band scholars check or the Oxfam chair check. And my point is that's the starting point for the debate. I've argued I don't want the check to go down. To hell with the

aggregate. I don't care about it. But I don't want the Oxfam chair check to go down. Then you do the whole math backwards, and if that requires a payout of 4.21 percent then that's where I start the debate. Doesn't mean where you end up but it's where you start. Now, this year, for the first time since I've been around, the check is going to go down. That's 2300 people. Yeah. I'm very uncomfortable with that.

05-00:14:21

Meeker:

What's the rationale for allowing the percentage payout to go down?

05-00:14:28

Miller:

Well, the rate of return's been going down. You've got some charges against the endowment that total, gosh, I don't know, must be close to 150 basis points of various things that come out of there, including BEIMCO's expenses and a thing that university relations kind of charges to cover development. I always thought that should be a line item expense but nobody agrees with me.

05-00:15:02

Meeker:

Can you explain more? I'm still a little unclear about these additional charges. Where are they coming from?

05-00:15:09

Miller:

Well, they come out of the endowment. That's where they come from. The BEMCO expenses I think are in there. And then there's a charge for—I forget what it's called but it's basically for development.

05-00:15:28

Meeker:

And these are payments, I assume, that are by the endowment?

05-00:15:23

Miller:

Yeah.

05-00:15:34

Meeker:

Yeah. How many people are on the Foundation board?

05-00:15:41

Miller:

Ah, let's see. Well, you've got the ex officios, like the bunch of deans and the library and all that. I think of the civilians it's got to be fifty or sixty. It's big.

05-00:15:55

Meeker:

Wow, that's big.

05-00:15:57

Miller:

I mean, I could get the directory and we could count them up but it's a big number.

05-00:16:05

Meeker:

Where are you in terms of majority opinions? Are you an outlier or are you opinion leader on the board? Where do you feel like you sit?

05-00:16:17

Miller:

I don't know if I fit at all. I don't need to have a dog in every fight. I mean some people do. And they become what I call Muzak. They're just yapping all the time so you just ignore them. My theory of being on boards or committees is you're effective inverse to how much you speak. I feel very strongly about that. So I rarely speak and when I do I speak softly and briefly. So most of the time you say, "Okay, fine, it's okay with me." And then once in a while there will be something where I get wound up. But very rarely.

05-00:17:03

Meeker:

Can you think of the last time that you got wound up about something that made you particularly feel like you needed to enter your voice or kind of raise it?

05-00:17:14

Miller:

Been a long time. Occasionally on the payout. But no. No, it's been a long time. I just kind of go with the flow.

05-00:17:27

Meeker:

I wanted to follow-up on the payout. You had said that you favor, even with big endowment payouts, seven, maybe even eight percent, that is half of what the earnings would be?

05-00:17:42

Miller:

No, the social rate of return. What's the social—

05-00:17:45

Meeker:

That's a great question. I don't know what the—I don't know.

05-00:17:49

Miller:

Well, to society. If you put a kid through Berkeley there must be some benefit to society. What if we did research and cured cancer. There's some economic benefit to that. We can calculate it. Not to the third decimal but we ought to say, "Okay, we've saved umpty-ump million lives," or whatever the hell it is and it's some kind of number. Number in a broad sense.

05-00:18:17

Meeker:

So maybe the social utility of holding so much capital in inaccessible accounts or in immediately inaccessible accounts is opportunity loss.

05-00:18:32

Miller:

Yeah, I think so. I think so. Now, unfortunately, the law says that an endowment's forever and you can't go paying out 8 percent if you're earning five. Well, Richard and I didn't know that. We learned it. We learned pretty quick. But we don't want to do things that are illegal or naughty but aside from that I like the payout to be as high as we can make it because I think the things we do damn well better have a higher rate of return than six or seven percent in a societal sense.

05-00:19:16

Meeker:

So I know that you're not an endowment guy. Do you have conversation—

05-00:19:20

Miller:

No, I'm an endowment guy but I think the endowment is there for the use of the university. A lot of people get confused. There are people that would have the payout zero because they want to build the endowment. You say, "Well, why the hell would you do that?" The university isn't there to create an endowment. The endowment is there to support the university. A lot of people don't quite understand that.

05-00:19:43

Meeker:

But also when you do your own philanthropy you're not donating to endowments. Typically you're donating to—

05-00:19:49

Miller:

I do ten-year term endowment. Ten or twenty. I would never do an endowment. I have a simple approach. I say, okay, if you give money to the university you can have what I call overnight. Here's money, spend it today. Or here's money to last forever. And I said there ought to be a maturity in between. Is there anything the university does that's a ten-year problem or a twenty-year problem? Is everything we do infinity? I think that's just nuts. Now people say George Miller is against endowments. George Miller is for variable maturities. I think we ought to be able to address something and say we're going to give this a twenty-year shot and at the end of eighteen years we can say, "Okay, somebody else will extend it another twenty." But the idea we can sit here and say we want to work on this problem forever I think is just preposterous.

05-00:20:44

Meeker:

Well, that's a great segue then. Can you tell me about some of these programs that you established or contributed to that were more of these mid to short-term calendar payouts?

05-00:21:01

Miller:

Well, the first one was the Miller Scholars which was set up roughly twenty-five years ago. This is for third-year transfers out of the community colleges and this was extremely controversial when we set it up. I said, "Well, if it's extremely controversial we better not do it forever. We'll do a ten-year term endowment," which meant at that time, if you put up a dollar in an endowment it would pay out a nickel. If you put it in a twenty-year term endowment it would pay out a dime. If you did a ten-year term endowment you'd pay out fifteen cents roughly. So the money's all gone in ten years. So we set this thing up. We're bringing in ten juniors a year. If we go there tomorrow there's twenty students and then in about year seven we said, "You know, this thing's working pretty well." We said, "We're going to extend the maturity. We'll fund years eleven through fifteen." And so now it's funded until I'm 100 years old, which is seventeen years from now. So it'll have had a forty-year run. And then if somebody says, you know, at the end of that

somebody says, "Well, that's a great idea," then somebody else can extend it. Or they may say, "Well, that was great but now we've got to move on." I don't have any pride in it. I mean, if it's worth doing, do it. If it's not, quit.

05-00:22:28

Meeker: Why was it controversial?

05-00:22:33

Miller: The Miller Scholars? Well, number one, some of what we'll call the old blue, "You mean somebody's going to come to Cal for two years and get a Berkeley degree?" I said, "Yeah." They're still pissed off. So what? They wanted to draw it up so to be a Miller Scholar you had to commit to go to graduate school. I said, "You know when I committed to go to graduate school? About three months before I applied, after I had graduated from the University of Pennsylvania. If I couldn't figure it out, why the hell should I expect some twenty-eight-year-old from Chico to fig—" Number three I said, "It's racially blind. I want poor folks. I don't give a shit what color they are." And this is twenty-five years ago. Yeah. I said, "Well, then we're not doing it. It's my way or the highway. How long you want to talk about it?"

05-00:23:30

Meeker: So the controversy was that it wasn't just for students of color or something?

05-00:23:34

Miller: Yeah. I didn't care what color they were. I don't care anymore.

05-00:23:41

Meeker: Right. What were the qualifications? How did a student qualify for becoming a Miller Scholar?

05-00:23:48

Miller: Well, a typical Miller Scholar is some kid from Chico, that went to Chico State for two years, ran out of money and been driving a truck for eight years and decides to go back to college and applies to Cal and he gets in. Now he's in. He, she in. And applies to be a Miller Scholar. A lot of them are first generation in their family to go to college but I don't have great passion on that one either. I think that gets overplayed. And they apply and we get maybe 140 applications for ten chairs, some number like that. It's a pretty fine screen. Now, we've done a lot of reach out into the community colleges to promote this program because what you want to do is somebody's going to go to Chico State or Hayward or whatever and you want them to be thinking about it coming in there so they can kind of get some of their coursework lined up ahead of time rather than spend two years and then say, "Oh, Jesus, I should have taken this instead of that." So you try to get them kind of on the right flight path way ahead of time.

05-00:25:23

Meeker:

And the way in which they apply for it, there's usually like a menu of options that are sent to students and they would apply for something if they qualified for it?

05-00:25:31

Miller:

Yeah, I guess. I don't get involved in that. I don't want to do that.

05-00:25:36

Meeker:

Well, what about the selection process? Are you involved in that?

05-00:25:37

Miller:

No. I said, "I can't interview anybody younger than my daughter. I just can't do it." No, I just don't want to do it. I just had lunch Monday or Tuesday with the new woman that's going to run the program. Jennifer Bradford ran it for a long time. And then I did the same thing for the band. I've got twenty students in the band. Same deal. I set it up for ten years and said, "Yeah, it seems to work okay." So that goes until I'm a hundred, as well.

05-00:26:14

Meeker:

For the band students you're paying for their tuition or the cost associated with being in the band?

05-00:26:22

Miller:

They get a check, they do whatever they want.

05-00:26:26

Meeker:

Okay. And that's the same for the Miller Scholars program, too?

05-00:26:31

Miller:

Yeah, yeah. It's a little different. The Miller Scholars we just raised the ante from four thousand a semester to five. They get two thousand for the summer in between to do a research project. The band is a straight \$10,000 two-year deal. I think those are the numbers. Pretty close.

05-00:26:50

Meeker:

I guess maybe backup around the Miller Scholars. Sounds like you don't have a lot of personal interactions with the recipients of the award. Or have you?

05-00:27:03

Miller:

No. I said selection. I have a fair amount. Once they're there I go over and see them a couple of times a year. They tell me their stories and I tell them why the hell I do this and what I expect out of them. So by the time they graduate they've had several doses of my bullshit. One of the highlights, we have it coming up the day after the Anne Halsted thing is we have orientation. The ten new scholars will be there and then the ten returning seniors will be there and the seniors will present their research project. And it's one of the most fulfilling satisfying experiences we have on campus. I call it like being a Tesla. I'm on all these committees, the finance committee and all these committees. You know, you've been doing it for twenty years; it gets pretty

damn boring after a while. So you get kind of worn out. And then you go and you listen to the Miller Scholars or you listen to the band scholars and it's like getting your Tesla recharged. I come out of those band things, I'm all whipped up, I'm ready to go. I can make it through another finance committee year. So it's very, very invigorating. It's quite something.

05-00:28:28

Meeker:

When you speak to the Miller Scholars what do you tell them? What do you say you expect of them? Yeah.

05-00:28:37

Miller:

Well, what I expect of them, which I tell them at the end, is work your ass off, graduate, make the world better. It's not some really cosmic thing. I tell them that it's tough. You're going to have days that are horrible, which I still have from time-to-time. When you're really having a horrible day ask yourself what percent of the people on the planet would trade places with you. Or, as I put it, I was having a bad week here last year. A big storm blew down two trees out in front of our home that I'd been nurturing for fifteen years and I'm really down in the dumps. And I turn on the news and they're interviewing a guy that's just come out of Syria that's lost his family, his home, and all his possessions. He's got the shirt on his back. I said, "I'd like to tell that guy what a tough day I'm having." So I just watch the news once in a while and say, "Miller, get over it." I tell them the same thing. I said, "You know, there's a lot of people that will trade places with you." And they get it. I tell them about if you do well in life, send the ladder back down. They write me letters. The parents come. They get it.

05-00:30:05

Meeker:

What got you interested in the Cal band?

05-00:30:09

Miller:

Well, I'd had season tickets to the football for probably, I don't know, thirty, forty years. So you go to football, you see the band. And then probably twenty-five years ago they used to have a thing on campus maybe two, three times a year. Come over and get a tour of the library or come over and go to some museum. They had one to go over and learn about the band. So I went. It's probably thirty years ago. I went over and I sat there. There were maybe ten of us. And they explained the history of the band and explained how the band was student run. And that just fascinated me. I just thought, "Man, I am loving this." So I got kind of interested and I knew Bob Briggs, who was director or whatever a long time. And then I'm on a committee, something or other, Friends of the Band to raise money for the band. And the idea was to raise—I think it was \$300,000, maybe it was \$400,000 to endow the tubas. I thought, "What the hell's that mean? That's a lot of money." So I went to Briggs. I said, "I don't understand this endowing the tuba deal. What's wrong?" And Bond Club or something I'd go to, the Cal band would be there for a Big Game and the tubas looked like they bought him at Goodwill and drug him across the bridge. And I said, "What's a tuba cost?" And he said,

"Fifty-five hundred dollars." I said, "Gees, that's a lot of money. Eight of them, that's \$44,000." I said, "Is it possible that we could refurbish some and then buy some?" He says, "Oh, yeah." I said, "Well, why don't you figure that out." So it worked out you could either buy five or refurbish five and buy three or the other way around. Anyway, so I said, "Well, I'll do that." So I just wrote him a check. Now we don't have to raise three hundred or whatever, four hundred thousand dollars. It's a lot easier to write a check for forty grand than raise four hundred grand. So that was the start of it. And I said, "That's a pretty good idea." And I'm a big fan of the tubas and I've got my tuba hat that they all wear.

05-00:32:32

Meeker:

Tuba players, they don't own their own instruments typically, I guess.

05-00:32:35

Miller:

No, no. So I go over and I know all of them. I know them and all that stuff. And once in a while there's some event and they'll all come and surround me and play and that's pretty funny.

05-00:32:48

Meeker:

Do you have a favorite song that—

05-00:32:49

Miller:

No, I'm not that smart. So then fast forward. So that was the tubas and that's still there. And then after the Miller Scholars started up and were running Maryellen Hamel was a friend of mine. She was the queen of undergraduate student aid. So I would go see her and I said, "Geez, there's scholarships for golf and basketball and football. Are there scholarships for the band?" She says, "No." I said, "Well, that's just nuts. Let's get Calonico over here and talk about this." So we talked about it and we kind of figured this deal out and Calonico's sitting there. He says, "Oh, it would be so great to have a scholarship for the band for recruiting." You know, well, we had twenty of them. Hell. I'm not going to think about just one. So we set it up. It's kind of a complicated thing because they're two-year grants. So it works out there's five in each class. There's twenty of them over there. So that went. We kept freshening it up and then for his retirement last year, yeah, last year, I tried it up until I'm a hundred and changed the name. It's been the George Miller Band Scholars. Now it's the Calonico Band Scholars. I wanted to change the name ten years ago but he wouldn't do it. I said, "Well, listen, well, then I'm not writing a check. That's how it's going to work." Actually he calls them the Calonico Miller Scholars until I'm dead. And I said, "Well, that's fine." So I got twenty of them over there.

05-00:34:31

Meeker:

Calonico is the director of the band?

05-00:34:33

Miller:

He was. He just retired. He was director of the band for twenty-five years. He's a good friend. Very good friend. And I was actually on the selection

committee for his successor. I use the word successor, not replacement. I pick those words very carefully. I'm on there with like five members of the music department and me. I thought, "Well, this is pretty funny." So yeah. And the new guy I like and I think we're just fine now. But like Briggs was director for, Jesus, I don't know, twenty-five, thirty years. So the new guy, he's the third director in like fifty-five years. Long tenure.

05-00:35:12

Meeker: Is Briggs still around?

05-00:35:14

Miller: No, he died, I don't know, five, six, seven years ago.

05-00:35:20

Meeker: Okay. Is it a pretty rare thing for a university band to have endowments or scholarships for their students?

05-00:35:31

Miller: No, it's pretty common. I mean in a lot of universities they get scholarships. They get preference on admission. They get preference for class. They might get credit for being in the band. At Cal they don't get anything. They don't get anything. So the new guy, he just got his PhD from the University of Georgia and so we're having the interview. And I said, "Well, gee, the Cal band's pretty big. It's 240. Can you deal with that big a band?" He said, "The Red Coats are 450." Now, at Georgia there were eleven paid assistant directors. At Cal he's got him and the students. Students run it, which I think is rare if not unique. I think that's a good deal. I think there's some departments over there that maybe the students ought to run as near as I can figure out.

05-00:36:37

Meeker: [laughter] You might be right.

05-00:36:41

Miller: I'm pretty sure I'm right.

05-00:36:42

Meeker: Well, in addition to supporting the band you have supported some sports teams.

05-00:36:49

Miller: Women's basketball.

05-00:36:50

Meeker: Women's basketball.

05-00:36:51

Miller: Yeah. We just lost our coach yesterday.

05-00:36:52

Meeker: Oh, okay. What's the story behind that?

- 05-00:36:56
Miller: She's going to go work for the Cleveland Cavaliers.
- 05-00:37:00
Meeker: Oh, no kidding?
- 05-00:37:01
Miller: And the assistant coach left about four months ago. So this year four of the five starters graduated and the coach and assistant coach will be new. So going to be a tough year.
- 05-00:37:16
Meeker: Yeah. Well, it's about rebuilding then, huh?
- 05-00:37:18
Miller: Yeah.
- 05-00:37:20
Meeker: Do you attend women's basketball games?
- 05-00:37:22
Miller: I have season tickets ringside on the fifty-yard line. I am right there next to the PAC-12 broadcast lady. Right down there.
- 05-00:37:30
Meeker: How many games do you usually go to?
- 05-00:37:32
Miller: Well, they play sixteen home games. I go to all of them. Virtually all of them. Yeah. Pretty much. Yeah.
- 05-00:37:41
Meeker: How did you get interested in women's basketball?
- 05-00:37:45
Miller: I don't know. A long time ago, maybe ten, fifteen years ago, on a lark we went to the Cal-Stanford game and I thought it's a whole different game than men. It's a team sport. And so I had season tickets kind of up in row eighty or something and then when they put those ringside seats in, which I financed through a fund I set up over there, which is another whole deal via loan. So I said, "Well, I'll sit down there. I can do that." We're right down on—you know, right there. Right on the fifty-yard line. Yeah, I love it. By the end of the season I feel like they've been in my living room for a year. Then we go, they have an annual dinner at the end of the season. It's the players, their families, the coaches, and maybe ten civilians or twenty civilians. It's pretty funny. You stand there with a bunch of six-foot-four women in five-inch heels, spend your whole night talking like this [looking up]. Kind of funny. But yeah. Kristine Anigwe in five-inch heels is six-nine. Yeah. I just think it's a team sport and I like it. Yeah.

05-00:39:02

Meeker:

What kind of support do you provide the team with? Was the reorganization of the ring side seats or the courtside seats, was that the main area of contribution?

05-00:39:18

Miller:

When John Wilton was around I set up a fund. It's the Trustees Development Fund or some damn thing. And we put up money for things that have got to be a carefully defined thing that will either raise revenue or lower cost. And the first thing we did is we put up \$335,000 to buy back the naming rights, you know, the Bank of this and this or that. Packaged the rights and then put them back up for sale. So that brought in eighty-nine million dollars, which is a pretty good return on \$335,000. The project here was a million dollars to put in those two rows of seats and then behind it used to be a rat's nest of offices. We put in a student's study center there which is very highly used. And so the million dollars gets paid back over, I think, four or five years and it's a rotating fund. So yeah.

05-00:40:34

Meeker:

Let's see. What else do I have here?

05-00:40:37

Miller:

When you've got a fund like this you can kind of clear through a lot of the bureaucratic bullshit, where you say, "Well, I'll write a check and we'll do it. Are there any questions?"

05-00:40:45

Meeker:

I choke a little bit when you say that because I'm working with one organization right now. They want to give us \$40,000 to do some more oral histories and it ain't that easy. What is your experience with the university bureaucracy and actually getting them to the point that they're willing to accept the funds and use the funds for the stated purpose? Have you had problems with that? Because I certainly have.

05-00:41:18

Miller:

Have I had problems? Yeah. But I prevail.

05-00:41:25

Meeker:

How do you prevail? What's your strategy?

05-00:41:27

Miller:

But now it's getting harder. Well, it's getting harder. I mean, the university librarian, Tom Leonard, is a good friend of mine. He was there fourteen years. Now, when I went on the board Peter Lyman was there and then we had the librarian du jour. I mean every board meeting would be—but I have a fourteen-year relationship with him. He's gone. Okay, I've got to start over. I have a twenty-five-year relationship with the band. He's gone. I had a long relationship with the College of Natural Resources. He's gone. I had a long relationship with the business school. They're gone. My political capital has been pretty depleted. John Wilton's gone. I mean, I could go over, would sit

down with John Wilton and we'd say, "Well, we'll do this." Well, he's not there anymore. So I don't do much anymore. I'm kind of done. It's a long time.

05-00:42:21

Meeker: Who is John Wilton?

05-00:42:22

Miller: He was vice chancellor for finance. He left. And Bob Lalanne was a good friend of mine. He was the real estate guy. At age eighty-three I can't start a lot of new deals. I just don't have the time. I don't have the energy. It's just too much work.

05-00:42:42

Meeker: So the secret to getting a creative new deal going at Berkeley was a personal connection to somebody, maybe a long gestation period of that relationship.

05-00:42:54

Miller: Yes. Also, with what you perceive to be a good idea. I mean you just can't be some crackpot deal. And a willingness to write a check and tenacity. And yeah. But everything ain't the Alamo. You can't just go over there every week with some new half-assed idea. I mean, if you could show up once a year and say, "You know, I think we ought to do this," you know, probably work.

05-00:43:26

Meeker: Are there some other of these more creative ideas that I'm missing here? Maybe some ideas that you worked with Wilton on?

05-00:43:38

Miller: Well, that was a pretty big one. That was five million dollars leveraged with a twenty million dollar line of credit. Now, when he left—

05-00:43:45

Meeker: I'm sorry, which one? What deal are you talking about?

05-00:43:45

Miller: The John Wilton Miller Trustee Development Fund or whatever the hell it was called.

05-00:43:53

Meeker: Oh, for the basketball seats.

05-00:43:57

Miller: Yeah. Well, we've got another one we're doing. We're starting a course on cellular biology and statistics or some damn thing, I can't remember. But the people I worked with are all gone. Well, I can't do it myself so that's dead. That's done. That's not going to happen anymore.

05-00:44:12

Meeker: You haven't done a whole lot of work with academic departments.

05-00:44:16

Miller: Well, I have two endowed chairs at CNR.

05-00:44:21

Meeker: Okay. College of Natural Resources.

05-00:44:24

Miller: Yeah. The Oxfam Chair of Sustainable Development and the Thomas J. Graff Chair of Water Policy and Economics.

05-00:44:38

Meeker: Okay. In memory of your pal Tom Graff.

05-00:44:41

Miller: Yeah. My mentor, hero and friend. Yeah, yeah. There are no George Miller chairs. Actually, I gave Sunding a footstool with a plaque. It's the George Miller Footstool that sits in front of the Thomas Graff Chair. But yeah, yeah. I did some stuff with the business school when Laura Tyson was there. Other academic departments—I gave a lot of money to the library, which I thought they handled extremely poorly and so I said I'm done.

05-00:45:15

Meeker: Can you tell me about that?

05-00:45:17

Miller: No. It just was so poorly—one of the things I have argued at Berkeley for twenty years, they do all this courtship of potential investors and then my impression is when the check clears the relationship ends. I said when the check clears the relationship begins. I've been saying that for twenty years. I don't think they get it to this day. So I said, "Well, fine." Now, I had a wonderful relationship with Harold Campbell, head of the Miller Scholars. I had a wonderful relationship with Calonico and the band. Laura Tyson, that one was good. Most of the others have been pretty dismal experiences.

05-00:46:10

Meeker: Well, I would be remiss to not mention your support of the Oral History Center and a whole series of George Miller-sponsored interviews. How did you find out about the work of what at the time was the Regional Oral History Office and what inspired you to sponsor an interview? Maybe Tom Graff was the first one?

05-00:46:34

Miller: He was the first one. I don't remember what started it. Charles Faulhaber's a good friend of mine, going back a long time, probably twenty-five, thirty years. And he probably told me about it, I guess. I don't know. But then Tom Graff I just thought, "This ought to be—" Well, I think the way it happened, I got invited over for the unveiling of an oral history of Barry Nelson and I was on the board of Save the Bay at that time. And I went to that. And that was probably my introduction to oral histories. And then somewhere along the line I read an oral history of somebody else who has been in the water business

and I thought, "Jesus, Tom Graff. If you got these other guys, he's the founding father." So I said, "Well, why don't we do this?" So that was where it started.

05-00:47:47

Meeker: And it's been a great series since then so thank you.

05-00:47:51

Miller: Well, Warren Hinckle. That took five years. He's my best friend for eighteen, nineteen. That was a tough one.

05-00:47:56

Meeker: It's certainly in the top five longest interviews we've ever done.

05-00:48:01

Miller: Oh, it was unbelievable. That thing's 789 pages. Yeah. Yeah. And then after we did the Graff one I said, well, my deal is I've got some pretty interesting friends who I think have achieved some pretty amazing things whose stories ought be known. If not remembered, at least known. So one by one. And the idea is I kind of throw them up to you guys and if you can say, "Well, that's not worth doing," I say, "Okay, fine. I'm not offended. Doesn't bother me." And if you say, "Yeah. We'd like to do that," I say, "Okay. We'll do it."

05-00:48:55

Meeker: Well, it's fortunate you've got some interesting friends because I don't think we've had to say no to any of them.

05-00:49:01

Miller: I really feel blessed in that regard. And it's a very eclectic bunch. You'll notice there's no investment people in there. I spent thirty-five years in that business. I don't think any of them are worthy of an oral history.

05-00:49:20

Meeker: This is maybe a question. But your method of finding friends, is it just that you stay involved in life and get out? Is that how it happens?

05-00:49:40

Miller: Yeah, I guess. And, you know, Warren Hinckle will say, "Geez, you ought to have lunch with this Briscoe guy and you'll have fun." I said, "Okay, I'll do that." And then Hinckle says, "And if I don't show up, you go ahead." So Briscoe and I would have lunch and a few cocktails and Briscoe's one of my very best friends to this day.

05-00:50:01

Meeker: Well, the Briscoe is a good segue actually to Sam's but let me hold that on pause for a second. I feel like you've probably got a ton more to say about the Berkeley Foundation but I don't want to bore you to death either.

05-00:50:20

Miller: I don't think I've got much more to say about the Foundation.

05-00:50:22

Meeker: Well, you've worked on a bunch of committees for the Foundation and eventually the finance committee.

05-00:50:23

Miller: Well, I did the endowment. The endowment was the big one. I'm on the finance committee and I rant and rave there from time-to-time. But I go and I kind of sit there. We approve the minutes and stuff. But I don't get very wound up about it. Now, before I could just go to the head of CNR. To me the big value of the Foundation was meeting different deans, that I say, "I really like that guy," and I'd really glob onto him. That's how I met Paul Ludden, who was the dean of CNR a long time ago. And then I would kind of do that. Or when the crew coach was the interim athletic director through there. And I would pursue those. But with the passage of time I'm not going to make any new twenty-year friendships. That's just the way it is. That's fine. You reach a point in life you've got to kind of move on. My interest in the Foundation has diminished considerably. I mean after nineteen years. Most people leave after six or seven years, whatever the hell the number is. I've been there a long time. SPUR is what I'm all whipped up about now. I have a lot more interest in what's going on at SPUR than the Foundation because urban planning's a new thing to me. So yeah.

05-00:52:11

Meeker: Can you tell me about the endowment campaign? What role you played on it.

05-00:52:21

Miller: Not much. They said, "Will you be vice chair?" I said, "What do I have to do?" And, "Well, you've got to be on the executive committee." I said, "Fine, I'll do that." I don't remember doing much. I was vice-chair toward the very end of that, maybe the last twelve months. And that went on for, what, six, seven eight years, I guess. I don't know.

05-00:52:39

Meeker: Well, usually a big part of the campaign is what the goals are and then how the organization is going to meet those goals. Those, it sounds like, had already been well-established by the time you joined the board.

05-00:52:55

Miller: Yeah, yeah. No, I didn't do much.

05-00:52:59

Meeker: It's kind of an honorary position or—

05-00:53:01

Miller: I guess.

05-00:53:04

Meeker: Okay. Well, before we turn our gaze away from UC Berkeley there are two points that we should address and those are two notorious plaques in the faculty club. Can you tell me what those are and how they came to be?

05-00:53:27

Miller:

Well, yes. Charles Faulhaber is a good friend of mine. He has a great sense of humor, as do I, I think. And they were trying to raise some money because they had to bring the bathrooms up to ADA compliance. He and I are at some library board lunch or something. I don't know. We're at something. So I just wrote him a check and handed it to him. And then as an afterthought I said, "Now, the quid quo pro is I want a urinal with my name on it." He said, "Fine. Fine." So in the faculty club bar there's a George A. Miller urinal. So I went home and told my wife and she says, "Oh, what the hell about me?" So I called Charles, said, "My wife wants a stall in the ladies room." Said, "I'll write—" He said fine. So there's the Janet McKinley WC or something to that, I think.

Now, the other plaque that's over there, if you're walking up from the faculty club back door up to the football stadium, there's a little redwood grove and there's a bench there and on that bench it says "the chairman" and "the coach." They said, "We've never done a bench." He's the former baseball coach. And he and I get tuckered out and we have to rest. So I said, "Well, I want a bench." And they said, "We've never had a bench with anybody's name on it." I said, "Never had a name on it? You've got the coach and me. This is it." So that's up there. So yeah. I get a big kick out of that.

05-00:54:59

Meeker:

The urinal. Have there been any further requests from other people who thought that was a pretty good idea and they wanted their name on their favorite urinal of the campus?

05-00:55:12

Miller:

I don't know. I don't know. I suggested when they were building the football thing that they use that as one of the naming opportunities. And I brought that up and they just blew me off like they always do. I said, "Okay, fine. I don't care. Do whatever the hell you want."

05-00:55:27

Meeker:

Well, you had mentioned Briscoe and somebody that sounds like it was introduced to you by Warren Hinckle.

05-00:55:34

Miller:

Yeah.

05-00:55:35

Meeker:

And Briscoe is a partner here at Sam's Can you tell me about how your ownership/partnership came together for this historic institution?

05-00:55:46

Miller:

Yeah. Well, I've been coming here since 1965. That's fifty-some years ago. And then when I graduated from my day job I'm down here pretty regularly for the last twenty-five years. A lot. And, as I said, I bought the place one gin at a time. And I've known all the series of owners going back fifty years. So

Briscoe and I have lunch or dinner pretty regularly. Or beverages. So maybe six or seven years ago Briscoe says—Phil Lyons owned it before. He says, "If Phil wanted out, would you be interested in buying the place?" I said, "Oh, sure. Why not? It sounds like a good idea." So fast forward, call it a year, and I'm in Santa Barbara and I get an email or phone call from Briscoe. He says, "The time is now. Phil just locked the door." This would be five years ago next month. And he wants to sell it. He's got an offer. I think it was like some guy who was going to put a pizza joint in. So Briscoe and I and Peter Quartaroli, who runs the joint, got on the phone and said, "Okay, Phil wants, whatever it was, \$500,000." We do this and that. And I said, "That's fine, that's fine. That's okay. Can we get together next week?" So then the following week we met in Briscoe's office. It was Phil Lyon's son, Briscoe, Miller, Peter Quartaroli and Marty Coyne.

05-00:57:34

Meeker:

And who?

05-00:57:35

Miller:

Marty Coyne. He's a serial restaurateur. Good guy. So he says, "Okay." So I said to the folks, I said, "Look guys, if you want a return on your money this is probably not for you. If you want a return of it, maybe. Maybe. Then we're in." So I said, "How much money—"

05-00:57:57

Meeker:

I'm sorry. If you want a return on your money it's not for you. But if you want—

05-00:58:01

Miller:

Oh, you might. You've got a chance.

05-00:58:04

Meeker:

Return of it?

05-00:58:05

Miller:

Yeah. You're not going to make any money. It's a terrible business. It's been losing money for decades. So I said, "What do you need to seal the deal?" He says the amount. I said, "Fine. Here's a check. Go do it." So fine, that was it. That got us going. And then Peter's out scrounging, trying to make up the rest. So Briscoe and I and Mark Buell put up a good part of the money and then Briscoe wanted a broader ownership base for reasons that make no sense to me but I said that's fine. So then he got a bunch of his lawyer friends in for fairly token amounts and we opened maybe six months later, five months later. So I'm sitting up there. We opened on Monday and it's Tuesday and Peter says, "Oh, I got to go over, meet with these guys and they're just terrible people. I've been over there three times and they just browbeat me." And I said, "How much money are you trying to raise? Left." He said a hundred thousand dollars.

05-00:59:12

Meeker: For what?

05-00:59:15

Miller: Well, we had to refurbish all the—and it cost a lot of money to bring this place up. So I just wrote him a check and said, "You're no longer in the financing business. Cancel the appointment. Now we're going to run a goddamn restaurant." So that's how we did it.

05-00:59:33

Meeker: The impression you get when walking in this place is it hasn't changed a whole lot—

05-00:59:38

Miller: It hasn't.

05-00:59:40

Meeker: —over the last fifty years.

05-00:59:41

Miller: No. Well, the thing that's changed is it doesn't reek of tobacco. I mean the hardest thing to do was to get rid of the tobacco. They had to replace these [drapery]. These have probably been here for a hundred years. And the wood, you couldn't sand it. You had to rub it with—and to just get rid of the smell of tobacco. That was a big—we had a new floor, rebuild the kitchen and a bunch of stuff. But yeah. The light fixtures are different. They have dimmers on. Now, nobody can come in and say we ruined it. They might come in and say, "Gee, I didn't see that." But you had to have a pretty fine eye. Now, my wife notices the absence of tobacco. A lot more women come in here now than used to. And groups of women, which is good. They're half the population so why the hell not.

05-01:00:30

Meeker: When you first started coming here was it almost entirely men?

05-01:00:33

Miller: Oh, yeah. I wouldn't say almost. Yeah. They were probably 98 percent. Yeah. That was back in the heydays of the investment business. We went to work at 6:00 in the morning and we'd go to lunch at 1:00 and lunch could last until three, four, five, six, seven, eight o'clock. And I would sit in this room with Ritchie Kane on Friday and have a lot of cocktails. It wasn't a three martini lunch. It was three martinis and then lunch, which would be a couple bottles of wine but we worked hard.

05-01:01:09

Meeker: One of the distinguishing architectural features is this room with the booths in it which are removable. Are these originals as far as you know or have they been—

- 05-01:01:22
Miller: They've been here for fifty years.
- 05-01:01:23
Meeker: Yeah. So they haven't replaced these?
- 05-01:01:26
Miller: No, haven't replaced anything.
- 05-01:01:29
Meeker: I think that maybe over lunch, and I don't know if this is for tape or not, but you had mentioned that back in the old days there were strange noises that sometimes came from these booths during those lunches.
- 05-01:01:43
Miller: Oh, yeah. The two rendezvous spots in the financial district were the booths at Sam's Grill or the little private rooms at the Wells Fargo place where the safe deposit boxes are right up the street here a block, where you can go in and get your safe deposit box and go in the nice little plush room and close the door and review your safe deposit box with your whatever.
- 05-01:02:14
Meeker: So rendezvous between who?
- 05-01:02:17
Miller: Well, dirty old men and their secretaries, I guess. I don't know.
- 05-01:02:22
Meeker: [laughter] Okay. That's good.
- 05-01:02:25
Miller: I don't think they were their nieces.
- 05-01:02:26
Meeker: Yeah. But times have changed.
- 05-01:02:31
Miller: I think so. Yeah. Yeah. Herb Caen would write about this. I mean everybody knew it.
- 05-01:02:39
Meeker: Okay. So the menu. How has that changed over the years? Have key items stayed the same or has there been innovation?
- 05-01:02:49
Miller: Oh, yeah. The rex sole, the sand dabs, the Petrale sole. We used to do a daily menu with five new specials every day and you'd say, "Wait a minute. So now we don't do a daily menu. The menu runs maybe for a week and the specials are really quite special." But things go away. The linguini—I called it linguini fruiti went away. Things come and go and once in a while something will go and I'll say, "Well, gee, why'd we do—?" "Well, nobody else besides you buys

this." Okay, that's fair enough. But yeah. You want to keep it relevant, this and that. Yeah. So yeah. But it's a seafood joint.

05-01:03:41

Meeker: Has the bar changed at all over the years?

05-01:03:45

Miller: Well, I'm the gin steward. We changed the well gin. We changed the well bourbon. No. Somebody comes in and says—you know, they're a big shot—"What's your signature drink?" one guy will say, "Water," the other guy will say, "A shot of whiskey and a draft beer." It's not a Cosmo or some goddamn eight ingredient thing. We don't do that.

05-01:04:09

Meeker: What did you change the well gin from and to?

05-01:04:12

Miller: Seagram's to Burnetts.

05-01:04:15

Meeker: Burnetts. Okay. And the whiskey?

05-01:04:19

Miller: I think it was Four Roses and now its Evan Williams.

05-01:04:22

Meeker: Okay. What kind of gin drinks do you like? What's your go to?

05-01:04:30

Miller: I only have drinks that have two ingredients and one's ice. And the other's either gin or bourbon. I don't do mixed drinks.

05-01:04:38

Meeker: What's your go to gin?

05-01:04:40

Miller: The well gin. That's what I want to have, is a good well gin. Yeah. I drink the well gin.

05-01:04:45

Meeker: All right. So you don't go for any of the newfangled sort of boutique distillery—

05-01:04:50

Miller: No, I don't need that. No.

05-01:04:50

Meeker: —kind of thing?

05-01:04:51

Miller: I know the name. No. I'm not that kind of guy. I'm a well gin guy.

- 05-01:04:59
Meeker: The few times that I've had lunch with you here there's always an interesting and accomplished cast of characters coming through the restaurant.
- 05-01:05:10
Miller: Oh, yeah.
- 05-01:05:11
Meeker: It's a bit like a club.
- 05-01:05:13
Miller: Yeah. Or a family. Yeah. Very much. Yeah. Lot of times I station myself at the end of the bar. There's a barstool there just for me and I will park myself there, sit there for a few hours. Yeah, yeah. Now Judge Newsome doesn't come in anymore. Jim Halligan doesn't come in anymore. John Burton doesn't come in very much. Willie Brown's in here four or five days a week. Well, yeah. Briscoe's in every day. I'm in four or five days a week. Yeah, yeah.
- 05-01:05:51
Meeker: You've got a famous phrase you use about this place that I'd like you to get on the record which has to do with it being your own club.
- 05-01:06:02
Miller: Well, no. I say this is the closest thing to a family I've ever had. I come in here, it takes me fifteen minutes to get from the door to my barstool because I've got to talk to all the folks and see what the hell's going on. Yeah. Yeah.
- 05-01:06:19
Meeker: But you also mentioned the Bohemian Club as an alternative.
- 05-01:06:22
Miller: Oh, well, oh, yeah. People say, "How's it going?" And I say, "Well, on a good day I have 450 satisfied customers and I've got forty or fifty employees that love working here and my loss is less than the dues at the Bohemian Club and I'd rather own Sam's Grill than belong to the Bohemian Club," which really pisses a lot of people off. But I don't care. Doesn't matter to me.
- 05-01:06:50
Meeker: Well, good. It's a great place. It's like maintaining something. It's almost like a preservation activity.
- 05-01:07:03
Miller: Yeah, I'm very proud of this. I'm very proud. Yeah. I did this and I did the Jackson brewery where I lived, which had I not written a check would have been a parking lot. Yeah. Yeah. I'm feeling very good about this.
- 05-01:07:16
Meeker: Well, and Sam's has expanded, too. Can you tell me about that?

05-01:07:20

Miller:

Well, the patio out here in the alley or the what do you call it used to—we'd have a couple tables out there and you could eat out there. And now we've got a folding floor that comes out and a thing that comes over and heaters. I mean it's really fancy, Sam's Patio. There's a bar out there. We have events there. Like Briscoe will do one of his book deals. And you book the thing for—I think we can put forty people out there. The restaurant seats a hundred, give or take. So that's a big deal. Very successful. And then we opened Sam's Tavern next door, which is a sports bar. Totally different venue. So the patio, the demographic is probably thirty years younger than in here, forty years younger. I mean it's a whole different deal. And it's probably at least half women, where in here maybe it's twenty, twenty-five percent women. And a lot of people, the young folks will start out there with a drink and then they'll say, "Well, gee, what's this deal?" They may stay for dinner. So it kind of feeds back and forth. But it's a great place for events and in the Tavern we're still tweaking the menu, changing it all the time, and the hours. I think the hours have kind of stabilized now. We're open seven days a week, breakfast from 9:00 to 11:00. I don't know who the hell eats breakfast at 9:00 to 11:00 during the week but so be it. So yeah. Yeah.

05-01:08:59

Meeker:

What do you hope becomes of this place? Or do you care?

05-01:09:05

Miller:

You're damn right I care. I mean I put a shitload of money in it and time. I want a place to eat and drink until I'm dead. Now, I'm eighty-three. That's not exactly a shoot the moon deal. Yeah. And I hope somebody else will keep it going. I think they will. But no. I don't have any grandiose—keeping things the way they are in a changing world. I mean sometimes things shouldn't be kept the way they are. They're not worth having. But I think if we can just keep it the way it is we're just fine. And we don't have to have ten thousand customers a day. It's just fine the way it is. You diddle around with the menu a little bit here and there. Yeah.

05-01:10:02

Meeker:

You've got kind of a book manuscript, if you will, *Screeds to Power*?

05-01:10:08

Miller:

I don't know what that refers to.

05-01:10:10

Meeker:

Oh, really? Maybe this is something that Briscoe referred to about your aphorisms and your little essays.

05-01:10:24

Miller:

I got what are called "gamos," the one-liners. I've got a whole bunch of those. I've got thirty-five different shirts and another ten on the way. But no. No, they're just one-liners. [See Appendix D for a list of Miller's 'gamos']

05-01:10:34

Meeker: Well, I think when we produce the final transcript we should put in your one-liners as an appendix.

05-01:10:42

Miller: There are some pretty good ones.

05-01:10:47

Meeker: Would you want to recall a couple of your go to "gamos"?

05-01:10:51

Miller: Well, the first one dates back to 1961. "Don't confuse a bull market with brains," which lives on to this day. I mean that's very widely quoted throughout the world. That's a good one. "Best choice, wrong options." People rush to judgment. They think ABC and then they pick B, whatever, and they should have thought a little longer and they might have come up with D, E, and F and maybe E's the best thing. So they make the right choice but wrong options. "Treat San Francisco like you might stay." "Mother Nature bats last." "The other guy might be right." "Everything ain't the Alamo." "No solution then it's not a problem." "Life remembers better than it lives."

05-01:11:45

Meeker: Can you explain that one for me?

05-01:11:48

Miller: So I lived through the sixties, seventies, eighties and nineties. I'd get into the eighties and people would talk about, "Oh, back in the sixties," and this and that. And I'd say, "I was there. I don't remember it being that great. You may have great memories of it but I was there." And I just think a lot of things remember—our memories kind of leave out the hard part. My entire career at Fireman's Fund American Express was fourteen or fifteen years and the market was 10 percent lower at the end than the beginning. Now, you spend fifteen years in the investment business and it's a net loss. There's a lot of bad times along the way. It was horrible. You have a two-year bear market and the market goes down 60 percent that's tough day-by-day-by-day. People have all these great memories. And I said, "Well, I was there with you. I don't remember saying how much goddamn fun we're having." Some of those river trips you think, "Man, I want to get the hell out of here. I'm not liking this. I'm cold and wet and all beat up." You think, "Oh, wasn't that great when we went down the Middle Fork?" Well, I don't know if it was or not. But it's all right.

[side conversation deleted]

05-01:13:28

Meeker: Yeah. I think we can wrap-up in general. Do you have any final thoughts or do you want to leave it at what you just said?

05-01:13:37

Miller: Well, I did a thing for Capital and they asked me what was I most grateful for in my investment career. I said I did it for thirty-five years and I never had to

make a moral or ethical compromise, which in the investment business is a big deal. And they said what were you proudest of? And I said I never asked for anything. And I've never asked for anything in my life ever of anybody. That's pretty good and I'm pretty proud of that. And people will say, "Well, you read a lot of books. What book have you read that made the biggest impact on your life?" And it was a book by Calvin Trillin, his autobiography. Had one sentence. "My father—" his father had ran a dry goods store in Kansas City. "My father had an excellent sense of enoughness." A sense of enough. That sentence changed my outlook on life and I read that book, I don't know, twenty-five years ago. It became kind of my mantra on everything. How much money do you need? Do I need anything? Enough. That's my favorite word. So that book changed my life.

05-01:14:54

Meeker: Well, enough already.

05-01:14:55

Miller: Yeah.

05-01:14:55

Meeker: Thank you, George.

05-01:14:58

Miller: All right, my friend. Carry on.

[End of Interview]

Appendix A: Prospectus for "The Index Fund of America, Inc."

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

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PRELIMINARY PROSPECTUS DATED FEBRUARY 22, 1974

700,000 SHARES
THE INDEX FUND OF AMERICA, INC.
 COMMON STOCK
 (\$1 Par Value)

AMERICAN EXPRESS

INVESTMENT MANAGER: AMERICAN EXPRESS ASSET MANAGEMENT COMPANY

The offering price during the initial public offering is \$100 per share. There is no sales charge.
 The minimum initial purchase is \$1,000,000 (10,000 shares).

The Index Fund of America, Inc. (the "Fund") is a newly formed, open-end diversified management investment company. The Fund will seek long-term capital appreciation and income through investment in a portfolio of common stocks closely approximating the composition of the Standard and Poor's 500 Composite Stock Price Index.

Net investment income will be distributed to shareholders in the form of quarterly dividends. Net realized capital gains, if any, will be distributed annually. Dividends and distributions will be paid in the form of additional shares at net asset value unless the shareholder has previously requested cash payments.

The Fund is managed by American Express Asset Management Company ("AESETCO"). AESETCO is a wholly-owned subsidiary of American Express Investment Management Company ("AEIMCO"), which is owned by American Express Company. See "The Investment Manager". If the Fund's average net assets are \$100,000,000 or less, AESETCO will receive monthly compensation at an annual rate equal to 0.4% of the Fund's average net assets or \$250,000, whichever is less. If the Fund's average net assets exceed \$100,000,000, AESETCO's monthly compensation will be computed at an annual rate equal to 0.25% of the Fund's average net assets. The Fund estimates that for an assumed initial portfolio of \$70,000,000 its expenses, excluding brokerage commissions, taxes, and interest, for its first full year of operation commencing January 1, 1975, will not exceed 0.5% of the Fund's average net assets.

During the initial public offering, shares of the Fund may be purchased through the Dealer Manager and Soliciting Dealers, who will be compensated by AESETCO. After the initial public offering, the Fund will be closed for sale of additional shares (but not for redemptions) for a period not exceeding 90 days. After reopening, it is expected that Fund shares will be available either through the Dealer Manager, Soliciting Dealers or AEIMCO. The offering price after the initial public offering will be the net asset value per share and the minimum purchase by a new shareholder will be \$1,000,000.

A shareholder may redeem his shares at net asset value less a redemption fee payable to the Fund equal to 1% of the amount paid in cash and 0.35% of the amount paid in portfolio securities of the Fund. In addition, a shareholder will be obligated to pay AESETCO a redemption fee equal to 0.5% of the amount paid with respect to any shares held for less than 12 months. The Fund may cause a portion of its outstanding shares to be redeemed at net asset value in order to prevent the Fund from becoming a personal holding company. See "Redemption of Shares".

The address of the Fund is 550 Laurel Street, P.O. Box 7583, San Francisco, California 94120, and its telephone number is (415) 929-3700.

Please retain this Prospectus for future reference.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE
 SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION
 PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
 ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Dealer Manager is:
BLYTH EASTMAN DILLON & Co.
 INCORPORATED

The date of this Prospectus is March . . ., 1974.

Cover page of the prospectus for "The Index Fund of America, Inc."

Appendix B: Letter to the editor of *The Wall Street Journal*



Letter to the editor of *The Wall Street Journal* by George Miller from September 18, 2011 in which Miller corrects John Bogle's claim of being the first to conceive of an index fund. Miller points out that he and his colleagues at American Express Asset Management Co. proposed to list the Index Fund of America two years prior to Bogle's effort.

Appendix C: John Bogle's response to George Miller

John C. Bogle September 26, 2011

Dear George,

I enjoyed reading your rejoinder (I guess!) to my WSJ op-ed piece. I'm not sure that our views are "far different." Indeed I've written forthrightly about the origins of the index idea for more than a decade, as you'll see from pages 1-2-3 of my attached history (c. 1997). (As you know from our earlier correspondence, I never heard of your filing until you wrote me in 2002.)

Whether your \$1,000,000 minimum purchase and your goal of "loosely approximating the S&P

~2~

John C. Bogle

Index are relevant to this debate, I'm not so sure. The one thing we can both be sure of is that our First Index Investment Trust (the SEC cleared the name) was and is the first fund to actually exist and operate as such.

I'm happy to donate to the Museum of Financial History a copy of our actual offering prospectus, and to have it repose by your "red herring" (an interesting formulation) prospectus.

Best, always, Jack

John Bogle's rejoinder to Miller's 2011 *Wall Street Journal* letter. Bogle wrote, "I enjoyed reading your rejoinder (I guess!) to my *WSJ* op-ed piece. I'm not sure that our views are 'far different.' Indeed I've written forthrightly about the origins of the index idea for more than a decade, as you'll see from page 1-2-3 of my attached history (c. 1997). (As you know from our earlier correspondence, I never heard of your filing until you wrote me in 2002.) Whether your \$1,000,000 minimum purchase and your goal of 'loosely approximating the S&P Index are relevant to this debate, I'm not sure. The one thing we can both be sure of is that our 'First Index Investment Trust' (the SEC cleared the name) was and is the first fund to actually exist and operate as such. I'm happy to donate to the Museum of Financial History a copy of our actual offering prospectus, and to have it repose by your 'red herring' ('an interesting formulation') prospectus. Best, always, Jack"

Appendix D: George Miller's "Gamos"

Don't Confuse a Bull Market With Brains

Mother Nature Bats Last

The Other Guy Might Be Right

Which Way Would You Rather Be Wrong?

No Solution? Then it is Not a Problem

Everything Ain't the Alamo

Turn the Dial, Don't Flip the Switch

Stocks Up. Taxes down. Works for Me.

ENOUGH: My Most Favorite Word

Time is Like Money

You Only Get to Spend it Once

Evolution

A Two Way Street?

The Sahara is Not a Drought

This is Not a Crisis

San Francisco

They Love Innovation They Hate Change

Being the Smartest Guy in the Room

Is Not the Same As Knowing Everything

Life Remembers Better Than it Lives

I Don't Forget Anything

I Remember Things That Never Happened

The Perfect is the Enemy of the Good

Life is Played Between the 20's

Walking on Water and Skating on Thin Ice

The Difference is a Matter of Degree

This is a Question, Not a Point Of View

Never Make the Right Choice Among the Wrong Options

San Francisco:

They Love Philanthropy

They Hate People With Money

I am Entitled

That Doesn't Make Me Responsible