



The Economic Club of New York

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Michael R. Pompeo  
Secretary of State  
U.S. Department of State

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Webinar

Moderator: Marie-Josée Kravis,  
Chair Emerita, The Economic Club of New York  
Senior Fellow, The Hudson Institute

## Introduction

Chair Emerita, Marie-Josée Kravis: So good afternoon and welcome to the 548<sup>th</sup> meeting of The Economic Club of New York. I'm Marie-Josée Kravis, the Chair Emerita of The Economic Club of New York and a Senior Fellow at The Hudson Institute. Just reminding you that The Economic Club is one of the nation's leading nonpartisan forums for discussions of economic, social and political issues. And I think our mission is as important today as ever as we continue to bring people together as a catalyst for conversation and innovation.

I want to wish a special welcome to guests of our members and members of The Economic Clubs of Chicago and Washington, D.C. And in addition, we're happy to welcome members of The Economic Club of New York 2020 Class of Fellows as well as graduate students from the Columbia Business School.

Before we begin, I'd like to thank our healthcare workers and our frontline workers for all that they've done and they continue to do, particularly during these challenging times, to keep us healthy and safe. And I would add that we also proudly stand with all communities seeking inclusion, tolerance, and mutual understanding.

It's a real honor today to introduce our guest, Secretary of State Michael R. Pompeo.

Secretary Pompeo was sworn in as Secretary of State on April 26, 2018. He previously served as Director of the Central Intelligence Agency from January 2017 to April 2018.

Prior to joining the Trump administration, Secretary Pompeo was serving in his fourth term as congressman from Kansas, Kansas' 4<sup>th</sup> District. He served on the House Intelligence Committee as well as the Energy and Commerce Committee and the House Select Benghazi Committee.

Prior to his service in Congress, Secretary Pompeo founded Thayer Aerospace, where he served as CEO for more than a decade. And he later became President of Sentry International, an oilfield equipment manufacturing, distribution, and service company.

Secretary Pompeo graduated first in his class at the United States Military Academy at West Point in 1986 and he served as a cavalry officer patrolling the Iron Curtain before the fall of the Berlin Wall. He also served with the 2<sup>nd</sup> squadron, 7<sup>th</sup> Cavalry in the U.S. Army's Fourth Infantry Division. After leaving active duty, he graduated from Harvard Law School, having been an editor of the Harvard Law Review.

So the format today is a conversation, which I am fortunate to be moderating and it will end promptly at 3:30. I should say that this is on the record and there are members of the media in attendance today. And questions that were sent to the Club from members,

I will try to, they were shared with me, and I will try to incorporate as many as possible, but if you don't recognize your question, I ask you to bear with me because we have limited time.

Conversation with Michael R. Pompeo

CHAIR EMERITA MARIE-JOSÉ KRAVIS: So maybe we can delve immediately into the heat of the subject. Secretary Pompeo, in recent weeks it seems that tensions between the U.S. and China have heightened. You talked about Hong Kong as a rogue actor in its neighborhood and you also mentioned that China was provocative in its actions in the South China Sea. Last week there were sanctions that were imposed on several top Chinese officials over human rights in Xinjiang Province. You mentioned that you were considering banning some Chinese social media apps, TikTok for example. And last Friday the President said that the relationship with China was severely damaged and said that he wasn't giving much thought to Phase II talks. So I wonder if you might comment on the state of U.S.-China relations.

SECRETARY MICHAEL R. POMPEO: Sure. I'd be happy to. Thanks for having me here. Thanks for the kind introduction, Marie-José. Good afternoon to everyone on the call. I was looking, I saw that Dr. Kissinger is going to be with you in October. I'm glad I'm going before him. (Laughter) Thanks for having me here.

Look, General Secretary Xi has made a set of decisions that have been unilaterally aggressive. And what we're seeing is now four decades of diplomatic engagement and dialogue and all cost diplomacy failed to achieve the outcome that I think Dr. Kissinger hoped would be achieved when he went to China in the 1970s. We've watched unilateral aggression.

And you've described several of the fronts, right? You talked about intellectual property, you talked about technology here. Many on this call – I was a small businessman as you described – many on this call had their intellectual property stolen. American middle-class workers losing their jobs because good work done by American businesses to create real value destroyed by Chinese thievery.

We see what they've done. They've lied about what they're doing in the South China Sea. They promised during the previous administration they wouldn't militarize the South China Sea. They broke that promise, their promise. And so on Monday of this week we announced a change in U.S. policy with respect to the legal recognition of the boundaries and control inside the South China Sea to, frankly to support the Vietnamese, the Malaysians, the Indonesians, the Philippines, every country that has maritime claims that are legal and lawful and recognized under international law ought to be supported by the United States, we aim to do that.

And I could go through the other challenges that China presents, but if you step back for a moment and ask what President Trump is trying to achieve, he wants fairness and reciprocity and security for the American people. So you referenced trade earlier, all he has ever asked is that the trade relationships be reciprocal. The Chinese don't seem intent on doing that. All we ask with respect to how we engage diplomatically is that we engage diplomatically on the same terms. We want them to respect the rule of law.

We want them to participate in international institutions in a way that isn't like what they did with respect to the World Health Organization in China when the virus broke out in Wuhan where they attempted at all cost to cause the WHO not to act in a way that was consistent with its requirement. What we're asking from China and the Chinese Communist Party isn't difficult, but it's something that General Secretary Xi has demonstrated he is unwilling to do. And this administration is going to do all we can to push back against that to preserve American national security.

CHAIR EMERITA MARIE-JOSÉ KRAVIS: I find it very interesting because there have been many commentators who have suggested that you should be launching all of these efforts but in collaboration with our allies. And I guess it was about ten days ago at the German Marshall Fund Brussels Forum, you announced in conjunction with the VP of the EU, Josep Borrell, a US-EU dialogue on China. Is that because the

Europeans are becoming closer to the U.S. view? Or do you think that you have allies there that you can bring forth that can cooperate with us in pursuing these issues?

SECRETARY MICHAEL R. POMPEO: So it's an important question. You know I've been Secretary of State for coming on two and a half years now, it's been sport from the foreign policy establishment to talk about how this administration has been go-it-alone and we don't collaborate with anyone. I could go through the list of places we've built out enormous coalitions, whether that was North Korea or Venezuela, many, many issues. We're leading in the response to Covid-19. We've spent far more money than any other nation in trying to help people in Central Asia, people in difficult parts of Africa respond to this in an intellectual way and in an intelligent way and in an effective way.

On this particular file, I think the tide has turned. I think the work that we have done to demonstrate to the world the threat that the Chinese Communist Party poses to them, it's not about lobbying, it's not about them saying, well, we'll do that because the Americans are doing it.

I'll give you an example from the last 48 hours. The United Kingdom changed its policy with respect to its 5G technology. It didn't do so because America browbeat them. It did so because it conducted a thorough analysis based on a set of information, some of which we certainly were helpful as part of the Five Eyes coalition to collect and

disseminate. They looked at that and said for the British people we don't want their private information. Facial recognition issues, data issues, we don't want that traveling across untrusted vendors. We don't want the Chinese Communist Party to have that data in their hands. And on behalf of the United Kingdom people, the Prime Minister of the United Kingdom made a really good national security decision.

I'll give you another example, India. We've been working closely with the Indians across a broad spectrum of the full range of international partnership with them to assist them in making sure they had all the information they needed to make a good decision. They made the decision that they were going to pull 50 or so Chinese applications off the systems that were operating inside of India. They didn't do that because the United States told them to. They did it because they could see the threat to the Indian people from the Chinese Communist Party.

I think we are watching the world unite to come to understand the threat from the Chinese Communist Party. I think you see it in how American businesspeople like you that are on this telephone conference with me. I think we're watching American businesses understand the political risk of operating in places like Hong Kong. And they're seeing that their supply chains are potentially being poisoned by the human rights violations. Literally the stain of the century in human rights violations is taking place in Western China today. I think American businesses are seeing this is not a



place that we are comfortable with and I'm watching as they're making different decisions about how to allocate capital inside of their businesses and inside of their supply chains as well.

This is all a response to the Chinese Communist Party and I think so long as the Chinese Communist Party continues to engage in the activities that it's been undertaking now for an awfully long time, you'll see them confronted in ways that they have not been confronted before, not only by the United States but by freedom-loving democracies all across the world.

CHAIR EMERITA MARIE-JOSÉ KRAVIS: You mentioned Hong Kong and, of course, the world has watched in astonishment what has happened in Hong Kong. What would happen if they extended that kind of, let's say aggressiveness towards Taiwan?

SECRETARY MICHAEL R. POMPEO: Well, you know, we're in the realm of the hypothetical but I will describe how we think about our policy there. So there are a set of commitments that the United States has made, a set of communiqués, central understanding. We have the Taiwan Relations Act. All those are things that are requirements, things we've agreed to do, and we'll continue to live up to those. This administration has taken seriously its commitment to provide Taiwan with the tools that it needs for its own security. We saw yesterday, I believe it was, the Chinese threatened

to sanction a major American defense manufacturer because they were so outrageous in agreeing to sell weapon systems to Taiwan that the United States signed off on. This administration has taken seriously its responsibilities to both China and Taiwan and will continue to do so.

There are different situations. The common theme is a Chinese Communist Party that is engaged in activity that I think no one, ten or fifteen or twenty years ago would have anticipated they were willing to do. And for the first time, there's an administration that is prepared to respond. I get it. When I ran two small businesses – you can go online and google it – I had an operation in Shanghai. It was tiny, it was small. We were a small business. It is so different today. The conditions on the ground are so different today inside of China that I think you're going to see commercial enterprises reevaluate their political risk, not only in Hong Kong, but in Mainland China as well.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So you mentioned working with India. You've also worked with Brazil, with Israel on some of these issues relating to China. Why these countries?

SECRETARY MICHAEL R. POMPEO: These are nations that share our understanding at the core. They have their own different traditions and their own different cultures, but in the end, these are nations that have a shared understanding of what democracies

can do, the good that one can do for people in terms not only of security but prosperity and the well-being of every human being inside of their countries. So whether it's Japan and Australia and South Korea, or Australia or India, or Israel or Brazil, these are countries that are significant economies in the world with true national security capabilities who have a shared understanding of how nations ought to participate on the global stage and want the Chinese Communist Party to understand the expectation that they'll participate with the same rules and reciprocity.

CHAIR EMERITA MARIE-JOSÉÉ KRAVIS: So, Mr. Secretary, you announced this morning that you were off to Europe next week. Is China at the top of the agenda or what are the other issues?

SECRETARY MICHAEL R. POMPEO: Many issues. I'll be stopping first in the United Kingdom and then on to Denmark. There will be a number of issues but certainly China will be amongst them and an important one in each of those two places.

CHAIR EMERITA MARIE-JOSÉÉ KRAVIS: You mentioned Denmark. You're opening a consulate in Greenland.

SECRETARY MICHAEL R. POMPEO: We are. It's been too long, and it's taken us too long. So we'll have a consulate up and running. We announced it, we'll have it fully

staffed, fully operational there before too terribly long. And it's important, the issues in the Arctic Region are important. They're related to the challenges that China is presenting, the militarization of the Arctic that China and Russia are presenting. And we think it's important that the United States, as an Arctic nation, is active and engaged and we think putting that facility there will help us do that.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So we're not going to buy Greenland. So on Monday you met or discussed with, not met but you had a conversation with Russia's Foreign Minister, Sergey Lavrov, about allegations that they had been providing bounties to the Taliban to attack U.S. soldiers in Afghanistan. Could you tell us more about that?

SECRETARY MICHAEL R. POMPEO: Sure. I've talked to the Russians about Afghanistan for three and a half years now. The first as CIA Director and now as Secretary of State. A long history between Afghanistan and Russia, not all of it good for Russia. It had a bad outcome there when the Mujahideen was successful at forcing them to leave. And now we've been working with them on the peace and reconciliation process as well. And every time we've understood that the Russians have used proxies around the world and there was some risk, they would use proxies in Afghanistan for nefarious purposes. And we've done everything we can to make sure we had the intelligence collection, collected appropriately, that we have responded to those threats

of outside actors, whether it was the Iranians, the Russians, the Pakistanis, or other outside non-state actors who were funding and underwriting the Taliban putting Americans at risk.

So, yes, when I talked to Foreign Minister Lavrov on Monday, I reminded him of his obligation. He privately, just as he did publicly, denied that they had engaged in this activity. I'll address just one more moment on this. The story that's been reported doesn't reflect accurately on what has transpired. I believe the administration handled this in a way that is completely appropriate. The information that we had got to all the right people to keep our soldiers, sailors, airmen safe. They were put on notice of the various risks that were presented, not only by Russia but by others.

So our force posture was right and we continue to make sure and we monitor and reflect the risks that come from anyone who might want to underwrite the risk to Afghanistan. The President has made clear the objective that he set out for his Secretary of State and we continue to work towards getting the commencement of the intra-Afghan negotiations so we can begin to reduce American risks to our young boys and girls who are stationed in Afghanistan today.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And moving, you mentioned Iran. Iran has, I guess, admitted that it's building missile cities and that it has a space vehicle program. And we know that they've also provided support to the Venezuelan government. The

embargo ends in October. What do you think will happen this fall with regard to Iran sanctions and the embargo?

SECRETARY MICHAEL R. POMPEO: So I'll mention only one more thing as a predicate to the answer to that question. There was a news story yesterday about an arrangement between China and Iran that was at least being contemplated. I think that's very telling about what will happen on October 19 when the current embargo for Iran, that prevents Iran from both purchasing most weapon systems and acting as an arms dealer. It would be tragic. This was one of the central failings of the JCPOA. That was but a roughly five-year hiatus had Iran been the world's largest state sponsor of terror and one of its largest sellers of arms to bad actors around the world.

We will work with the U.N. Security Council to ensure that the arms embargo is extended and I'm confident that we'll get that outcome. I believe we have all the tools that we need. I hope we can solve it diplomatically. I hope we can convince the P5 that it's the right thing to do to extend this arms embargo, to make it an indefinite arms embargo until the Islamic Republic of Iran changes its ways.

But in the event we can't convince them, I'm confident that we have a legal basis and a path forward so that we can – as President Obama reminded us – unilaterally reimpose all of those sanctions. We don't need approval of anyone. I can find you 15 quotes from

Secretary Kerry, from Wendy Sherman, from Barack Obama, that reminded the American people that the United States had the unilateral right to reimpose all of those sanctions if we were unhappy with the behavior of the Islamic Republic of Iran. I can assure you this administration is not pleased by Iran's behavior and we're going to ensure that this arms embargo doesn't expire in October.

CHAIR EMERITA MARIE-JOSÉ KRAVIS: Could you elaborate a little bit more on Iran's role in countries such as Venezuela for example? I don't think people understand that very well.

SECRETARY MICHAEL R. POMPEO: Yeah, they're trying to sell them gasoline. They're trying to move resource to them. It's difficult, two heavily sanctioned nations so it's hard for them to move money around the world and we're making it as difficult as possible for them to violate those sanctions. We're trying to enforce those sanctions with as much efficacy as we can. We don't always succeed. But I'm confident that we will continue to raise the costs for those two to do business together and reduce the risk that they will come to each other's salvation.

CHAIR EMERITA MARIE-JOSÉ KRAVIS: And moving to another – speaking of sanctions – another country, North Korea, we really are going around the world. Things seem to have been quiet with regard to North Korea and the U.S. recently. Will the

dialogue commence again? Or what do you anticipate will happen with regard to a relationship with North Korea?

SECRETARY MICHAEL R. POMPEO: So there's more discussion than is publicly noticed. We continue to work on the problems. In June of 2018 in Singapore, Chairman Kim and President Trump met and they laid down a broad set of objectives that were agreed to. Not only denuclearization of the Korean Peninsula with a fully verified mechanism to ensure that that had taken place, but also prosperity for the North Korean people, a security situation for both North and South Korea that was satisfactory to each of them as well. We continue to try to work with the North Koreans to achieve that. I'm hopeful that we'll be able to have a senior discussion before too long and hopefully advance the ball in that respect.

There's been all this talk about will there be a summit before the U.S. elections in November. It's now July. I think that's unlikely. But in the event that it was appropriate, we thought we could make material progress and the best way to do that was to put President Trump with Chairman Kim to do it. I'm confident that the North Koreans and President Trump would find that in our best interest.

CHAIR EMERITA MARIE-JOSEÉ KRAVIS: So moving back to the United States, there are two issues that have foreign policy dimensions that seem to be the center of the



debate today. There's the pandemic and there's the issue of race relations. So with regard to the pandemic, what do you see? Do you see another institution or organization or format process to replace the WHO in terms of sharing of information, sharing of data, sharing of research?

SECRETARY MICHAEL R. POMPEO: Marie-Josée, you'll remember the last time the WHO failed with respect to a pandemic, we set up PEPFAR. And the United States achieved an enormously good set of outcomes and continues to spend American treasure working on HIV-AIDS. And Deborah Birx is now working on Covid-19, but she personally had an enormous role in helping us make real progress against that particular pandemic and working on eliminating it throughout Africa. We expect we can do the same thing here.

President Trump has made clear our decision to leave the WHO was simply because it wasn't a science-based institution and because it had become politicized. It wasn't about saving money. Indeed I expect that we will spend more money on Covid-19 outside of WHO than we would have spent were we inside. I hope we can build a coalition out that will go work on this. We'll find distribution channels when the blessed day comes that a vaccine has been identified. There's been a great deal of work on that. I'm sure some of that work will take place inside the WHO. The United States is going to focus its resources in ways that we think we can actually deliver effective

outcomes.

CHAIR EMERITA MARIE-JOSÉÉ KRAVIS: Why is it, I think people ask that, you know, we're, the United States is the major funder of most of those international organizations and yet our influence in terms of their management and the governance doesn't reflect our financial support. Why is that? Do we just give up on the soft power?

SECRETARY MICHAEL R. POMPEO: In some cases it does. I think there are institutions where we, in fact, have the influence that's appropriate given the resources that we're provided, but there are some that don't. The United States has taken that on under the Trump administration. I'll give you a wonderful example.

We were about to have a Chinese candidate become the Head of the World Intellectual Property Organization, an incredibly important institution that most people on this call probably don't even know exists. It makes some significant decisions about how intellectual property is managed all across the world. The United States State Department said that's nonsense. We're going to go work it. We built out a coalition and we ultimately had a candidate, a Singaporean candidate named Daren Tang, who was successful at being elected.

We built out a coalition. We worked with the Indians, the South Koreans. We worked

with the Europeans to say we want the rule of law. So we were able to exert American soft power – to your point – to get the right outcome. We work hard on it and the Trump administration is completely prepared to say if it's the case that we can't get that, that for whatever reason the processes are misaligned and so there is nefarious activity taking place that is inconsistent with American interests in a multilateral organization, and it's no longer executing the mission it was designed for or if that mission needs to be updated, an updated mission, if it's not working, we're just going to get out.

We're not going to spend taxpayer money to make ourselves feel good about attending meetings in Vienna or in Geneva. We're going to spend American taxpayer resources in a way that delivers the intended set of outcomes. So we left a U.N. organization that was fraudulently claiming to have anything at all to do with human rights. We now decided that we're going to leave the World Health Organization. It's not that we find joy in leaving these organizations. It's that we feel we have a duty to ensure that if we're spending American taxpayer resources, we're getting the desired outcomes that are in America's best interest.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: On the other topic, the topic of racial issues, of course it's often mentioned that diversity of the State Department is perhaps not adequate. I notice that a lot of those numbers don't include the local State Department employees that you have all over the world. And I'm wondering if you might explain

what that situation actually is.

SECRETARY MICHAEL R. POMPEO: Sure. I'm happy to talk about that. I'm happy to put this issue in a larger context as well. So we have a couple of different groups of employees. We have our foreign service officers, numbering some 12,800 or 12,900. We have another group of about a similar size that are civil servants. All these are U.S. direct hire employees. And then we have a significant number, 45,000 or 50,000 people that we hire to help us in different places around the world who are employees that come from the local population in and around our consulates and our embassies.

With respect to diversity, yes, the data that you see is always about our foreign service officers mostly, sometimes about our civil servants. I would concede that there's always work to do. We need to have diversity from the right number of women and from African Americans and Hispanics. We also need diverse people that don't live on the Acela corridor. I joke. We announced a trip to Iowa and everybody thinks there's some nefarious objective, that somehow the foreign policy establishment can't figure out that a Secretary of State might want to go some place but Boston or New York or Washington. It's stunning.

When I go to Boston, no one asks the question. When I travel to Kansas or New Mexico, they say, why on earth would you go there? I think that's pretty telling. Literally,

I was on a call this morning and got asked, why are you going to Iowa? Why are you headed to Idaho? Why are you headed to Colorado? Yes, the world exists beyond the 495 Beltway, I can assure everyone on this call.

We need to do that right. We need to do it well. We need to have the most trained and talented workforce. We need language skills that are incredibly diverse. We don't have enough Mandarin speakers here. Today at the State Department there's an awful lot of work to do. And, Marie-Josée, if you'll give me just one more second, on this very issue, tomorrow I'll be in Philadelphia. I'm going to speak at the National Constitution Center.

And I will be giving some remarks that relate to the State Department's Commission on Unalienable Rights that I set up now some year ago chaired by Professor Mary Ann Glendon. And they've done a thorough review of how the State Department ought to think about human rights. Human rights, the 22<sup>nd</sup> Century Human Rights Project is in a real crisis. You hear nations talk about human rights in ways that are, you hear the Chinese Communist Party talk about human rights. You hear the Iranians talk about human rights. This is unmoored and ungrounded. And I wanted to go re-ground it in the American tradition.

And so when this report is unveiled tomorrow, you'll see that. We've gone back, we've gone back to our Declaration of Independence where they talk deeply about foreign

policy and its connection to these unalienable rights. And we'll talk about our Constitution and how it defines the way we ought to think about this. And we talk about the Universal Declaration of Human Rights from the mid-20th century. And what the commission did is it took those ideas, those central ideas, and helped provide a foundation from which I hope our diplomats can go around the world and on a solid footing talk about the American tradition of unalienable rights, why they matter, why they make nations better, and will ground our foreign policy on human rights in a way that frankly it has not been for far too long.

I think this is deeply related to what you see going on in America today. This is a central understanding of our founding and how it's connected to the protection of human rights for every human being simply because they are each created in the image of God. I think that's important. And if we get that right, I think American foreign policy will have another tool to use as we go around the world trying to do good things for all people.

CHAIR EMERITA MARIE-JOSÉ KRAVIS: Many thanks, Mr. Secretary. On this message of hope, I thank you for sharing your valuable time with us today and wish you good luck in all of your endeavors. It was very informative and I'm sure deeply appreciated by our members. Thank you so much.

And just a note to our members, I'm pleased to report that we will continue our program

through the summer months. And next up we have Bobby Kotick, the Chief Executive Officer of Activision on July 20, and David Solomon, the Chairman and CEO of Goldman Sachs on July 22. So as the calendar continues to grow, please be sure to monitor our website and also, we will communicate with you by email. Thank you again for joining us today and stay well everyone. Bye bye.