

Center for Strategic and International Studies

TRANSCRIPT

Smart Women, Smart Power  
**“A Conversation with Ambassador Kristen Silverberg,  
President and COO of Business Roundtable”**

DATE

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FEATURING

**Ambassador Kristen Silverberg**  
*President and COO, Business Roundtable*

CSIS EXPERTS

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Kathleen  
McInnis:

I am Dr. Kathleen McInnis, Director of the Smart Women, Smart Power Initiative, and a Senior Fellow in the International Security Program here at the Center for Strategic and International Studies in Washington. We are thrilled you have been able to join us this afternoon for a conversation with Ambassador Kristen Silverberg, the Chief Operating Officer and President of the Business Roundtable and former Ambassador to the European Union.

This conversation is going to be fascinating as we dig into the many roles and intersections between the business community and the international affairs community. This is also your chance to ask questions. So if you want to click on the link in the event page, please drop a question in there and we'll try to make sure that we can answer them during the conversation. But before we get started, I want to thank our supporters at Citi who have had the vision to set up the Smart Women Smart Power Program here at the Center for Strategic and International Studies. And because of their work, because of their vision, we've been able to create this platform that supports and amplifies women leader's voices and helps us cultivate the next generation of women leaders in international affairs and national security. So I'm going to turn it over to the Executive Vice President of Citi's Global Government Affairs, Candi Wolff, for some opening remarks.

Ambassador  
Kristen  
Silverberg:

Excuse me. Thank you. And thank you all for joining us from all over the world. This afternoon, Citi's been supporting the Smart Women Smart Power Series for seven years now with a goal to bring women leaders in foreign policy and national security and in the business community to convene a dialogue to talk about what are the most pressing issues affecting our world. We proudly call ourselves the 'leading bank', and as we are present in more than a hundred countries, our global footprint gives us a front row view on the challenges and opportunities that exist in various political climates around the world. Today we are very lucky to have a woman who has proven to be a strong leader here in Washington and in representing America abroad. I'm lucky to call Kristen a former colleague and proud to call her a friend. And with that, I want to turn the conversation back over to Kathleen to get us started and to really explore many of these issues. Thank you again for joining us.

Kathleen  
McInnis:

Well, Ambassador Silverberg, we are just thrilled to have you here. And I want to highlight for the audience the unique experience and perspective you bring to the discourse on international affairs. You have served at senior levels of the United States government, particularly during the George W. Bush administration, and of course, now you're sitting at what is arguably the heart of the business

community in the United States at the Business Roundtable. So I'm very much looking forward to gleaning your insights on the intersection of international affairs and business interests and how you see these issues playing out. But to get us started, I'd love to learn more about you and your background. What inspired you to enter the world of international affairs?

Ambassador  
Kristen  
Silverberg:

Well, Kathleen, first, thanks for having me. I'm just thrilled to be here and so honored to be part of this program. There are a lot of things I think that drew me to foreign affairs, but without a question, 9/11 was a big inspiration. I was a staff in the White House Chief of Staff's office at the time. And I think for me, and for a lot of people my age, it was really a seminal moment in alerting us to the fact that we live in a dangerous rough world. For people my age, we didn't experience the harrowing parts of the Cold War. We weren't alive for the Cuban Missile Crisis. Don't have any memory of Vietnam. I remember the first Gulf War, obviously, but I didn't serve in the military, I didn't experience that with any personal risk. And so prior to 9/11, I think it was really possible to think that the world was a relatively peaceful place and that we didn't face any risks at home. And so I think it was big, it was an experience of sort of waking me up to the fact that we have adversaries in the world and that we needed a strategy to confront them. And also that we depend on our allies and we need a foreign policy that helps to nurture our alliances.

Kathleen  
McInnis:

And it's so true. One of the reasons that 9/11 was so jarring is because during the nineties there were these assumptions about globalization and order that things would be more stable. And I remember when I joined this field, I was thinking I'd be able to work myself out of a job. Security Studies wasn't going to be needed anymore. So yeah, that's fascinating.

Ambassador  
Kristen  
Silverberg:

And without a question, I mean that sense I think led us to let down our guards some, I mean, obviously, it's been widely documented how unprepared the U.S. government as a whole was for 9/11 in terms of intel failures or failures in terms of our security procedures. But I had a personal experience with that as a White House staffer. I remember how chaotic it was that day. My boss, Josh Bolten, was taken down to the bunker with the vice president. And really the bunker was this old facility that was built for riding out a nuclear attack. It really didn't have to do with the threat we were facing. There was lots of chaos in terms of what the White House staff was supposed to do. We were taken down to the White House mess and then evacuated. And I remember going another time we left the White House, it was sort of a ghost town outside and really eerie. We came back later that evening and then basically spent the next few months appreciating all of the gaps in our

system that had to be closed. And we made a lot of progress in those months and the years to follow setting up a new department and doing intel reform and creating new legal remedies. But we were really operating under the sense of collective shock. So it struck me at that time how important it is for the U.S. to face risks, to have a clear eyed vision about risks that are ahead and really confront them.

Kathleen  
McInnis: Of all the roles that you've served of which I mean that's, by the way, a fascinating front row seat into history that you had at that moment. And of all of the roles that you've had because you went on to do so much, what position do you look back on most fondly and why?

Ambassador  
Kristen  
Silverberg: I've loved a lot of my jobs, including the one I'm in now, but I really do think back on those White House jobs as a special privilege. It was in part because of 9/11, we really had a sense of common cause. There was a lot of mutual respect. I mean plenty of vigorous debates too, but lots of mutual respect including for the president and for his principals and character. And I had an experience with that as a very young staffer in the White House, I guess I was 30 and it was in the first few months of the administration, I didn't really know the President yet. And I came in early in the morning to edit a radio address and I made some edits and then went to go sit in a meeting in the Roosevelt Room. I was sitting on the back and the door between the Roosevelt Room and the Oval Office opened, which was sort of unusual.

And the President came in with the Staff Secretary right behind him, Harriet Miers. And he said he pulled up the original copy of the radio address and read it. And everybody in the room said, "Yep, that sounds great, Mr. President." And he looked over and said, "She doesn't think so." And I was standing. And so I had to defend my edit. And we went back and forth multiple times. I had to explain why I thought it was so important to--That he say this thing in a particular way and he finally said, "Okay, fine." And took my edit and it ended up really making our relationship. I mean, he appreciated that I told him exactly what I thought, that I didn't back down. And anyway, that was a great lesson in leadership and the importance of being a leader who can have somebody disagree.

Kathleen  
McInnis: And authenticity and being able to represent your views. That's fascinating. So as we mentioned earlier, you're now sitting at what is arguably the heart of the U.S. business community. How do you think your experience as an Ambassador and in other foreign policy roles has shaped your work or your approach to your work with the Business Roundtable?

Ambassador  
Kristen  
Silverberg:

I think my experiences in government really impressed on me how important the U.S. economy and U.S. economic leadership around the world is. I mean, a big part of why countries have ties with us over our competitors is because we're a strong U.S. economy. And I think one thing we're very focused at Business Roundtable on is the risk that some of, the fact that some of those ties are at risk. We're currently sitting out one of the most important trade agreements in the world, the CPTPP, which integrates eleven of the fastest growing economies in the Asia-Pacific. And that has big economic costs. It means that our products are more expensive to these fast-growing consumer markets, but it also means there's a big geopolitical risk because we've sent a signal to these countries in the region that we might be less committed to their future.

Kathleen  
McInnis:

And China's playing such an active role in that space and for us to have created that vacuum.

Ambassador  
Kristen  
Silverberg:

Yeah, no question.

Kathleen  
McInnis:

So that leads to my next question. One thing that appears increasingly urgent, at least from my vantage point at CSIS, is the need to build a shared vision of the intersections and tensions between business and national security interests. So I want to read a quote to you from the Secretary-General of NATO, Jens Stoltenberg, who-- he said at Davos, "The war in Ukraine demonstrates how economic relations with authoritarian regimes can create vulnerabilities--over reliance on the import of key commodities like energy, risks created by exporting advanced technologies like artificial intelligence, and weakened resilience caused by foreign control over critical infrastructure like 5G." So put slightly differently in a world where U.S. competitors like China often use economic coercion to achieve their objectives, how ought the U.S. strategy and business communities engage with each other to build a shared understanding of these strategic risks?

Ambassador  
Kristen  
Silverberg:

Yeah, I mean, I think he's right that trade with authoritarian governments does create real risk. It could be risk of a conflict like we saw with Russia. It could be risk of a trade war. There are issues, other kinds of political risk. I mean, one thing that a lot of companies are struggling with is China's Covid Zero strategy, which is shutting down manufacturing and creating challenges for supply chains and other things. And so I think one of the real challenges is to think about how we have alternatives. I think many, many companies would like to have more diverse, more resilient supply chains, but the reason that China plays the role that it does in global supply chains is because it invested

over many, many years in building these supply chain centers and hubs, and we're not going to have that overnight. And so the challenge I think for the U.S. is to make sure that companies have alternatives, that they can diversify their supply chains, but without creating a kind of sudden shock to the U.S. economy.

Kathleen  
McInnis: So in your view, so diversification of supply chains, what other things do you think business leaders wish that the foreign policy and strategic communities in Washington better understood?

Ambassador  
Kristen  
Silverberg: I think there could be a better understanding of the important role that U.S. companies-- that leading U.S. companies play in advancing our national security. That's obviously true of our defense companies, but it's true of our energy companies, of our manufacturing firms, of our banks and construction companies that compete for infrastructure projects around the world. It's true of our technology firms. Six of the top ten leading global investors in quantum computing are U.S.-BRT companies. And how those companies do, whether they succeed and can compete globally, is going to make a big difference in who leads on that critical technology. The same is true of every other-- of artificial intelligence, of advanced nuclear designs of climate technologies. And so I think it's really important that--I don't think there's a way to compete effectively with China without a really strong U.S. corporate sector that's supported by pro-growth, pro-competition policies here at home.

Kathleen  
McInnis: Also our companies touch people around the world in ways that our governments cannot or our military cannot. So the actual tangible impact that our businesses are having around the world is so profoundly important.

Ambassador  
Kristen  
Silverberg: Yeah, I think that's absolutely true too, that our companies participate in--They adhere to highest standards of corporate governance, they treat their people well, they follow rule of law. All of those things make them kind of important ambassadors for the vision that the U.S. has for the global economy as opposed to competing visions.

Kathleen  
McInnis: So when it comes to advancing American strategic competitiveness, what is your view on key areas or sectors we ought to be prioritizing in doing so? We talked a little bit about microchip production, supply chain resilience, artificial intelligence. Are there anything else from your perspective at the Business Roundtable-- key sectors that we're missing that need to be part of this conversation?

Ambassador  
Kristen  
Silverberg:

I think we're very focused on supply chain issues around semiconductors, around EV batteries, pharmaceutical ingredients, critical minerals is a focus. We are very supportive of Congress's action on the Chips and Science Act, which was the big federal investment in semiconductor manufacturing and research and development. I don't think that it'll always be that the thing we always have to do is a big federal investment. I think there's lots of other things that the U.S. government could do. One is to make it easier for private sector companies to invest. So for many decades, a company could immediately expense an R&D investment, and that expired this year. And so that's put us at a real disadvantage at a time with some competitors including the Chinese are really doubling down on supporting research and development. So we'd like to see Congress reimplement the previous rule.

Kathleen  
McInnis:

Are there anything else, any other things that you think the U.S. government ought to be doing to advance innovation?

Ambassador  
Kristen  
Silverberg:

No question. So there's lots of things like human capital is a core criteria in maintaining our innovation. And I think that's a matter of first making sure we have world-class workforce development system that we're training people for jobs with the skills they need to participate in advanced technologies and our current economy. But it's also making sure we have an immigration system that allows us to compete for the best and the brightest in the world. That's always been a big asset of the U.S. and that's really at risk. I think there are a lot of things like making sure that we keep our economy competitive broadly. That means a competitive tax system, competitive regulations that are pro-innovation. So today, if you're a company that's innovating around a consumer product, you have to comply with this patchwork of privacy laws. So we think Congress passing one strong national privacy law would be a great thing in unleashing innovation in that area.

Kathleen  
McInnis:

It's so funny how so many issues come down to just organizing and streamlining the authorities and just making things a little bit more clear and transparent for how to do business. Which I guess leads to my follow-up question, which is do you think that the U.S. government is properly structured and prepared to win at this thing we call "strategic competition"?

Ambassador  
Kristen  
Silverberg:

I think we have a lot of the components for successful competition. I think we do have a skilled advanced workforce and a strong economy. We have the world's leading financial sector and all of the advantages of having the world's reserve currency, we have natural resources. So we have this incredible environment, the world's largest producer of natural gas. So yes, I think we have and we have a robust private sector.

I mean, most important, we have an economic model that allows the private sector to really flourish and do the thing it does best, which is innovate. So I think we have all those things, but I think there are plenty of things we could do better. The things I mentioned around making sure we have a workforce system that's helping people get relevant skills, particularly in this rapidly changing economy, immigration reform, keeping our tax and regulatory system competitive. And the trade agenda, of course that we discussed earlier.

Kathleen  
McInnis:

It was once observed that politics stops at the water's edge, implying that domestic political debates and when we talk about foreign policy and our foreign policy is something that we have as a nation and that national security ought to transcend politics, in your view, and especially from your vantage point in the business community, how is today's arguably deeply divisive political environment impacting our national security?

Ambassador  
Kristen  
Silverberg:

I think it's perceived by our competitors to be a major weakness that we look really divided and distracted, easily distracted. And I think when you think about our domestic political debates, they're so narrow and so poultry compared to the debates we're really thinking about in terms of the future of the global system between the vision that we have in the U.S. and that we share with our allies about the global economy, political rights, all of those things and competing systems. So I hope we can get back to the point where we put our internal debates and context.

Kathleen  
McInnis:

And speaking of those challenges, what do you think Washington needs to do to prepare business leaders and the business community for what is arguably a bumpy and getting bumpier international strategic environment?

Ambassador  
Kristen  
Silverberg:

I think more just more communication between strategy makers and business is really important. That's what we do at BRT. We put CEOs in front of policymakers so that they can share their perspectives and really understand how members of Congress or Cabinet leaders are thinking about these things. But I think that's really important because as I said, the strength of the U.S. economy is going to be a critical component in our national security strategy. So I think that's an important conversation.

Kathleen  
McInnis:

I think you used the phrase "American competitiveness starts at home." And with this in mind, three years ago, the Business Roundtable issued a statement on the purpose of corporations, and it was resigned last month. And it states that companies must work for all of their shareholders, which is broadly defined, includes investors,

communities, and employees. A lot has happened in those three years though. We've had disruptions from Covid with the resignation wave, emergence of more hybrid work changes, and advances in family policy leave, and so on. So I'm wondering if you could share with us some examples of how these business leaders are thinking about how they're implementing this statement.

Ambassador  
Kristen  
Silverberg:

Yeah. Well, just as background, since its founding 50 years ago, this year BRT has periodically put out these 'principles of corporate governance' that outline their responsibilities of boards and what the purpose and responsibilities of a company are. And in the very early years, in the eighties and the early nineties, those statements talked about the importance of returning value to shareholders of being a good investment, but they also talked about taking care of the other stakeholders of your workers and customers and suppliers. In 1997 though, BRT took a different tack and said, "No, the principal purpose of a corporation is to make money for its shareholders." And that language really gave rise to an impression that companies had stopped caring about their workers and customers, that they really only cared about the market. So in 2019, as you said, we went through a process to look at that statement. We interviewed corporate governance experts, we talked to our members and basically came to the conclusion that it didn't accurately describe the way they were trying to run their companies. All of our CEOs said, "Yes, of course, I want to be profitable and return value to shareholders, but I need to also keep the trust and loyalty of my customers. I need to invest in my workers. I need to have a healthy relationship with my suppliers, including my small business suppliers." And anyway, so they put out this statement, and obviously that creates really tough choices. There are lots of times when a company is going to do something that's not in the short-term interest of the shareholders, but is really important for the long-term health of the company. And we saw that a lot during Covid. So companies that were paying their small business suppliers early as a way to keep the small businesses afloat during a difficult time or giving extra bonuses, extra flexibility to their workers to help them manage this tricky period, helping-- giving customers longer to pay for some products and all of those things, I think the CEOs would say, "Yeah, they might not have been in our short-term financial value, but they were really important to help keep us healthy over the long-term." And so that's what the purpose of our corporation statement is about.

Kathleen  
McInnis:

How do you see these moves and that statement impacting American competitiveness in the global marketplace?

Ambassador  
Kristen  
Silverberg: I think it only can make our companies more competitive that what we're really talking about is their long-term health. That one problem with the U.S. economy is that the pressures on companies to manage for the short-term, to look for short-term value. And one thing that we think companies need to do, and frankly that the U.S. as a whole needs to do is start thinking about the long-term. And so we think that managing, more importantly, our CEOs think that managing this way is going to really help them succeed over the long-term.

Kathleen  
McInnis: Yeah, getting through short-termism is a perennial challenge.

Ambassador  
Kristen  
Silverberg: Yes, yes. Everywhere. Yeah.

Kathleen  
McInnis: And especially with the news cycles being so rapid and events moving so quickly, it's hard to take that longer term approach. Building on this notion of stakeholder value and broadly defined, I'd like to turn the conversation to gender and gender equity, if I could. The Bill and Melinda Gates Foundation argues "that if current trends hold, we will not see meaningful gender equity until at least 2108." In your view, what things might businesses and government do to advance women in the workforce and in decision-making spaces?

Ambassador  
Kristen  
Silverberg: I think that certainly is true globally, that there are many places you and I both worked around some of them that are not making progress. I will say I'm very proud of the progress that U.S. companies are making in this. And at Business Roundtable, we really see that at the top. We are currently chaired by the first woman chair of BRT, Mary Barra, who is the CEO of GM. We have amazing women on our board, Jane Fraser of Citi, who helps to support this program, Roz Brewer of Walgreens, and many others. We have one member, Karen Lynch, who took over CVS, who made history. It's now the largest company in the Fortune 500 to be led by women. And I think today there are a lot of, we're in a tight labor market still, every company has incentive to make sure that everybody in their company is flourishing and thriving and to really, really invest in people have the skills and the work ethic to succeed. And so I think that's going to continue to help move them in the right direction.

Kathleen  
McInnis: We have some questions from our online audience. So one of the first ones is, what was it like working with trailblazing women during your tenure in the President George W. Bush administration, like Condoleezza Rice? What wisdom can you give from that experience to our viewers at home?

Ambassador  
Kristen  
Silverberg:

Well, President Bush was very surrounded by lots and lots of tough women. I mean, Dr. Rice, of course, but others as well. There was one point when I was in the White House, there are four policy councils in the White House doing economics, domestic policy, national security, and homeland security. And at one point of my tenure there, three of them were led by women, which was really incredible. And of course, strong women like Karen Hughes, Communications, and throughout. So anyway, I feel like I absorbed some just incredible lessons from all of them. And of course, I followed Dr. Rice to the State Department, which she moved over a second term. And I think there are just a lot of things, just their work ethic, discipline, all of them had incredible moral compasses. So I really, anyway, am so grateful I got to benefit from that.

Kathleen  
McInnis:

Another one from the audience. As a woman in business leadership, what advice do you have for women entering into these spaces?

Ambassador  
Kristen  
Silverberg:

Yeah, I mean, that's a great question. There were a lot of things that I did wrong in my career, but I will say one thing I did right is I always picked my bosses very thoughtfully, and I was always thinking about who's somebody who I would be happy to be associated with? So that's a big part of it. Who's somebody who's invested in my success, who really wants me to grow and improve and get better, who will give me honest feedback one way or the other who's comfortable with my personality--which is opinionated. So anyway, I think being really thoughtful about who you surround yourself with is a big piece of advice.

Kathleen  
McInnis:

It's so true. The bosses that you have are just so critical. Who's going to help push you forward. And one more. Do you find yourself using the degrees you've gained, for example, your law degree, or do you find yourself more using your experiential, on the job training as you've been navigating these different roles?

Ambassador  
Kristen  
Silverberg:

I think both. I think early on my law degree, even when I wasn't practicing law, was really helpful. I think the law degree gave, it gives you kind of a rigor in thinking and analysis that was really important. But the older I get, I think I rely more on my experience that it's more on--, I use more judgment, more instinct probably than I did when I was younger. So I think both.

Kathleen  
McInnis:

Well, and just to wrap up today, because getting close to the end of our conversation, it's flown by. We are Smart Women, Smart Power, and I'm wondering if you might share your views on the extent to which your

being a woman, in your view, has impacted the decisions that you've taken or the approaches that you've taken to the roles that you've had.

Ambassador  
Kristen  
Silverberg:

It's hard for me to say since I'm only- you know, yeah. I think, as I said, I worked for lots of bosses, including male bosses who were very comfortable with strong women. I never felt like I was disadvantaged by that. But when I was in the government jobs, I was both a woman and a young, very young woman. That, I think, stood out the most when I was in Brussels in the ambassadorial job. I had one young female counterpart from Georgia, but almost everybody else was a man in his fifties or sixties. And so I'm sure that made me work a little bit harder, probably be a little more diligent about proving myself, and that probably helped in the long run.

Kathleen  
McInnis:

Do you feel that being a woman in those positions, do you feel like you brought something different to the table relative to your male colleagues? And if not, why not?

Ambassador  
Kristen  
Silverberg:

I think, again, it's hard for me to tell whether it was being female or being young, but I think I might've been more comfortable asking a different set of questions or looking at things a little bit differently or not maybe being so stuck on the way that things had been done before. So I expect, but hard to say.

Kathleen  
McInnis:

Sure. Well, thank you so much for your time today and for this fascinating conversation on the intersection between business community, and international affairs. There's truly few people in the world who are as qualified to give us this perspective as you. So thank you so much for sharing your insights on all of these questions and your experience being a woman in this field. So thank you very much for joining us at home and have a great afternoon.

(END)