

CONVERSATIONS WITH MIKE MILKEN



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Mike Milken: Brent. Thank you for joining me today.

Brent McIntosh: Delighted to be here with you.

I think we should start by just thanking you for being willing to serve our country. What decision did you make to go from the private sector to work for the government?

The decision I made to come into the government happened shortly after the election. I was perfectly happy practicing law here in Washington, but during the global financial crisis I had seen a colleague of mine come over to the Treasury Department as the general counsel. I thought that that was a remarkable and laudable way to serve, so I decided that it would be a path that I would like to pursue. I had a discussion with Secretary [Steven] Mnuchin and ultimately became the general counsel at Treasury, which I did for two years. When my friend and predecessor, David Malpass, left the Undersecretary for International Affairs position here at Treasury to become the head of the World Bank, the Secretary asked me to take on the Undersecretary for International Affairs role. I've been doing that since last year.

I had a chance to visit with you in your position as the chief legal counsel. Then had a chance to visit with you in your position as Undersecretary for the Treasury for International Affairs. Then the COVID-19 crisis hit. Let's talk about your responsibilities before and how abruptly they changed in February.

Thanks Mike. They did change very abruptly. Prior to the COVID-19 outbreak, the role involved a great deal of foreign travel to various multilateral gatherings, whether it was the G7 or the G20 or the OECD (Organization for Economic Cooperation and

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Development). I feel like I'm the only Undersecretary for International Affairs who runs international affairs without leaving the country these days, because the COVID outbreak has very much taken over the work of governments around the world. It has changed both the substance and the day-to-day routine for all of us to focus on what is truly a world historical challenge.

To give you a sense of how quickly it changed: my team and I were in Japan and Singapore and there were only a handful of COVID cases in either place. In late February we had a meeting of the G20 finance ministers in Riyadh, and the

only delegation that could not attend because of the outbreak was the Chinese delegation, who sent local in-country officials instead of their normal delegation. Just a week after that, the first week of March, I hosted a meeting of the G7 finance minister deputies in Baltimore; for that meeting, the Italians could not come in person because of the outbreak there. By the following week that sort of travel was simply impossible. It wasn't something anyone could fathom.

We've moved to a set of meetings with our foreign counterparts, and I will say that despite the virtual nature of those, the collaboration has been truly productive, and in a way heartwarming, because of the way we've managed to come together internationally. We work on these issues to try to preserve as much as we can of the global economy and put it in a place where when we can reopen consistent with science, and we're able to do so in a way that is responsible and as quickly as possible resumes normal economic activity.

So Brent, if you can, why don't you give us a few specifics or areas of this cooperation that's occurred between countries?

The one that is probably most prominent recently, on which we worked a great deal, is that the poorest countries around the world have been lent money over the decades and have to pay debt service on that. In the past two months, the World Bank and the IMF – David Malpass and Kristalina Georgieva – suggested that it would be a good idea for those debt-service payments to be suspended so that poor countries could use the money for their health response and the economic response that comes with it. We in the United States thought that this was a terrific idea. We worked with our friends in the G7 – France, Italy, Germany and Canada plus Japan and the UK – to build support for this initiative and then went to the G20, which are the major economies including some emerging markets. We ultimately achieved consensus on that at the G20.

There've been a number of initiatives like that. We've worked to expand the tool kits that the international financial institutions, the IMF and the World Bank and other multilateral development banks, have to address the outbreak in poor countries. We are in routine communication with the leadership of both the IMF and the World Bank to ensure that they have the capacity and the ability and the pace to address this historical challenge. They are doing a wonderful job of that and they are doing it all from home teleworking. They're doing a fabulous job of getting money out the door to countries that need it.

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Our concern in some of the emerging or developing markets has been in a number of areas: access to food, food security in the future, healthcare, PPE and whether they have access to mask or gloves. Many of these countries may not having a strong infrastructure in terms of hospitals or public health access for a large percentage of their people. Some of these countries might have a hundred thousand people in the country for every doctor and where telemedicine could play a role.

If we compare the needs domestically, the focus of the Treasury's domestic initiatives, the various issues such as the CARES Act or Main Street that had been launched, how do these interact with your responsibilities as Undersecretary for International Affairs?

The CARES Act, a \$2 trillion package designed to support the U.S. economy, went from being an idea we were discussing in mid-March to being legislation signed by the president 10 days later. There were any number of programs in the CARES Act that needed groups of people who would execute on those programs. So we at Treasury, everyone, chipped in. I've been working intensely on the one designed to provide

support for workers who are employed by the airline and cargo air carrier industries. I've been doing that in conjunction with colleagues from across the Treasury department. It's been work that has been layered on to our usual responsibilities, in my case,

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international affairs. It's nights and weekends working hard to ensure that we are supporting American workers so that when we are able to safely reopen the economy consistent with the recommendations of the best science, we are in a place to do so with the minimal amount of harm to the economy. It's been a very intensive effort here at Treasury and across the federal government and I know the same

is going on in governments around the world because I've talked to counterparts in 50 some countries at this point and I've heard about their domestic efforts and they mirror our own. We've been sharing with them best practices on what we've done and learning from their ideas as well. So there's been real international collaboration even as to the domestic responses we've put in place.

What about your own interaction with your colleagues at the Treasury, and how have you balanced that with your family?

It's been a very different routine. I will say I have continued to come into the office here at Treasury, although very few people are coming in. Our building holds perhaps 2,000 people and there are probably 30 of us coming in on a routine basis because of meetings that need to be held in person, either because of classified information or the sensitivity of the discussions. Inside the building it does feel like there's substantially less activity. On the other hand, I know from talking to my colleagues and seeing their work product that they're producing as much or more than ever before, turning out extremely high-quality work from home and collaborating in creative ways across the Treasury and the federal government that they may not have anticipated or even imagined just months ago

My own family is fine. We have three children. They are distance learning and my wife has become their IT department. It's been a different kind of pacing than usual. The work has been intense and there are really no events other than work and heading home and going to sleep.

There's this famous quote that there are decades when very little happens and there are weeks where decades happen. Obviously, your position at the Treasury this year, decades have happened to deal with. As we look at economic and financial safety nets that have been in place, if you were to have a call to action to the financial community,

to the business community and private enterprise today, and even to our major foundations and philanthropists, what are the issues that you believe these communities could do to help you?

A great question and a place where the ingenuity that American enterprise brings to bear really can benefit the world. We need the sort of creative thinking about when we are able to reopen, what are the sort of economic measures and arrangements we can put in place to ensure we're doing so in a way that gets the recovery going as quickly as possible, that ensures that to the extent there are continued infections that we are managing the continued presence of the virus in a way that does not continue to have massive disruptions on our economy. There is an immense amount of creative thinking to be done around the solutions that we put in place that will look quite different from how we interacted previously, but nonetheless preserve the freedoms and the activities that we prize. And I do think in America, we don't look to the government alone to develop the solutions. We look to the creativity and ingenuity and vitality of the private sector, whether it's corporations or philanthropic organizations for many of those solutions.

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Most people don't think about what is working. Our power grid is working. The internet is working, the ability to communicate with one another, access to food, water and supply chains are working. The ability to have stuff delivered to your home and the ramping up of employment with hundreds of thousands of people added to the payrolls of companies like Kroger, Target, Walmart, and Amazon are working. For many people, the essential services are working. The government's immediate and effective response to supplement unemployment for those that need capital is working. So there are a number of things working.

The other thing that's working, I can tell you from personal experience over more than 50 years, is cooperation; cooperation between people in the biosciences, the healthcare industry is working. As you've outlined here, the private industry has stepped up. Some of the things that do concern us is when we see farmers plowing their crops under. When we see dairy farmers pouring milk down the drain. Many other countries in the world are very dependent on importing for food security. So it seems like there's a distribution problem in the terms of things on an international basis. Are there some things we can do as philanthropist or the private enterprise system can do to help you in this area?

The supplies chain issues that have arisen because of the COVID outbreak are substantial and difficult. We are very focused on addressing them. I speak routinely with counterparts in countries where we have major supply-chain relationships. I speak routinely with, for example, my Mexican counterparts. It's a very difficult challenge to make sure that those supply chains can function, but they are functioning, I think, better than people estimated they would early in the outbreak, in part because we've put in place many efforts to keep cargo flights moving, to put in place health measures necessary to keep the ports open, and to treat the workers in those supply chains as essential so that we can keep commerce more generally flowing through the supply chains even in the face of this challenge.

I'd like to end our conversation today with a simple question. What gives you reason to be hopeful about the future and about the interaction in the international community and in the U.S. as we return to an open, productive society?

I see people here in the United States, as well as our international counterparts, I see them working immensely hard in good faith to solve the problems that this virus has created. I see the creativity that goes into it and I see the thoughtfulness and the dedication and that makes me think that we are going to be able to pull this off in a way that leads to a recovery that gets people back into their daily lives and

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restores the economic relationships that are necessary to a thriving country. And when I see that, I'm truly heartened. These are difficult days, but it has really brought out the best in people. When you see people out cheering for the healthcare workers in the city of New York, nothing could be more heartwarming than that. It's exactly that spirit that has informed so much of the reaction to this virus. And that gives me hope that we are going to have a recovery that we can stand and admire decades from now.

Brent, thank you for joining us today, and I want to stress what you described in cheering for the healthcare workers in New York has occurred spontaneously around the country. Not just healthcare workers, but people working in a grocery store, firemen and policemen – cheering them on. I think this is one of the strong elements of the social capital of our country and I really appreciate you joining us today. Best of luck to you and good health to you and your co-workers and your family.

Thanks Mike to you as well. And thanks so much for having me on today. I very much appreciate it.