

General Petraeus, Former 4 Star General and Former Head of the CIA, Gives His Assessment on the War in Ukraine, Relations with China and Other Key Geopolitical Developments (Part One)

Simon Brewer

In our last episode of December, the historian Simon Sebag Montefiore described our guest today as the ultimate soldier scholar. He's been compared to Ulysses S. Grant, George Marshall and Dwight Eisenhower as one of the great military leaders of American history. As commander in Afghanistan, Osama bin Laden targeted both him and President Obama as later discovered communications revealed that bin Laden said of him; he is the man of the hour and killing him would alter the war's path. After the army, he went to run the CIA and today is Partner at KKR and Chairman of the KKR Global Institute, and has been referred to as the greatest president the US has never had. So you will understand why it is such a great privilege to welcome today to the Money Maze Podcast, General David Petraeus. David, welcome.

David Petraeus

Thanks, Simon. Great to be with you.

Simon Brewer

I have to say, as a matter of protocol, how would you like to be called? Should I address you as General or David?

David Petraeus

You can call me whatever you want.

Simon Brewer

Well, first of all, a huge thanks for taking the time to have this conversation. It seems particularly timely to review the landscape nearly a year on from the conflict in Ukraine. We're very fortunate that the Money Maze Podcast is listened to and watched in over 100 countries. And though most of our guests are senior figures drawn from the world of finance and business, we're thrilled when we have experts help us understand why there are geopolitical shifts and their potential consequences. And I hope that in addition to Russia and Ukraine, we'll have

a chance to discuss NATO, China and its competing philosophy, Iran, threats to democracy, cybersecurity, and maybe a few other things. So let's go straight to Ukraine. Can we start with your take on the situation right now?

David Petraeus

Well, I think what's most important is that over the course of the last 10 or 11 months, the Ukrainian armed forces have seized the strategic initiative from the Russians. It began of course with the unprovoked brutal invasion by Russian forces. They clearly vastly underestimated the Ukrainian forces, underestimated their president, underestimated their people, because all of Ukraine has mobilised. President Zelensky has provided Churchillian strategic leadership. Keep in mind that a strategic leader has to perform four tasks well. He has to get the big ideas, the overall strategy right, he has to communicate all of that effectively through the breadth and depth of the organisation, in this case, the country and all the other countries of the world. He has to oversee the implementation of the big ideas as to drive the execution of the strategy, and then he has to sit down and determine how the big ideas need to be refined, how to modify the strategy to do it again and again and again. He's done this absolutely brilliantly. But of course, all of the Ukrainians have responded magnificently. They see this as their war of independence. And that's how they're approaching it. So you have total mobilisation on the Ukrainian side whereas you do not have that, obviously, on the Russian side. And on the Russian side, Vladimir Putin has performed miserably as a strategic leader. He got the big ideas wrong. His communications have been horrible, just grievance-laden, endless screeds about this and that, which are completely unconvincing, if you will, unconvincing. The execution has been abysmal, and they obviously haven't adjusted all that effectively. Yes, there is a partial mobilisation. Yes, there are various steps. Yes, he's finally put one person in charge instead of six or seven different advances they consolidated and so forth, but by and large, still very much shooting behind the target and still failing as a strategic leader. We have seen the Ukrainians much, of course, to Putin's surprise, who he thought he would topple the government, take Kyiv in a few days and go home to a victory parade. Instead, of course, the Ukrainians held them off around Kyiv. It was so painful, so costly for the Russians. They withdrew. So the Ukrainians won the battle of the capital of Ukraine of Kyiv. They also forced the same action around two other northern cities in Ukraine, Sumy and Chernihiv. They ultimately around the second largest city in the east, held them off there as well. And then launched a very, very impressive counter-offensive in the east, pushing down along the border between Ukraine and Russia, and then forced the Russians, essentially, to withdraw from the one provincial capital, oblast capital, that they had seized in the south in the Battle of Kharkiv and took that back as well. The lines have been static, really now for several months. The Russians have entangled themselves in a city called Bakhmut, taking enormous losses trying to capture it. It's a geo-strategically, if you will, at a tactical or operational level, important place. A number of lines of communications come through it through

mines and so forth, but they haven't been able to take it. And the sense is that the Ukrainians are doing what they have done far better than the Russians, which is for starters, recruit, train, equip, and then organise forces so that they can carry on further offensive operations. And again, they've done that so vastly better than Russia has that a country one-third the size of Russia has a larger and more capable army on the battlefield in Ukraine than does Russia. The question really is can the offensive that they've already said they will undertake sometime in the spring, perhaps the early spring, can that make the kind of progress that could ultimately force the Russians to begin to crumble and maybe even collapse? Noting that, of course, the Ukrainians again are fighting for their homeland. They can look over their shoulder or in front of them and see what it is they're fighting for and the people they're seeking to defend and whose independence they're trying to preserve. The Russians obviously don't have that same motivation. The training and equipping process for the newly mobilised recruits is really quite poor, to put it mildly. The Russians have taken staggering losses, just incredible. Again, depending on whose counts you rely on, they've taken at least six and maybe as much as eight or nine times the casualties in the first 10 or 11 months than they took in nearly 10 years in Afghanistan, from which of course they ultimately had to withdraw when the USSR was still with us. The question really, I think, that we have to ask, and I constantly am asking myself, is what will it take to get Vladimir Putin to recognise that this war is unsustainable both on the battlefield? He seems unconcerned by casualties, frankly. Again, some estimates are as high as 100,000 lost compared with over 13,000 in Afghanistan over a course of over nine years, but also on the home front, where the economic-financial and personal sanctions on Russia and his inner circle and export controls are continually tightened. The US Deputy Treasury Secretary is the one who oversees this. They just keep squeezing harder on all this, trying to avoid situations in which countries can circumvent various sanctions and export controls. Over 1200 US and other Western companies have either left Russia, many not to come back, or drawn down what they're doing. And certainly, Russia is sent from Central Casting when it comes to resisting sanctions, because they have. They're one of the top three gas, oil and coal producers in the world. The world still needs that to fuel the economy. They also have a variety of strategic minerals, agricultural goods, and so forth. So they're about as well suited to withstand these kinds of sanctions as any country could be. But it is nonetheless starting to really impinge on the economy. And maybe they weren't down 10% in GDP over the past year, it might have been more like 5% or so. That is still very, very substantial and I think it will bite more and more and more over time. So again, the question is, number one, will the Russians at some point crumble? I've been in battles where the enemy ultimately did crumble, did collapse. We tried to rewind the tape and say, what did we do? How do we create the same conditions that brought that about? It's very, very intangible. It's psychological as much as it is physical. If it will, when might that happen? What would the conditions have to be? And then when does Putin finally recognise that this is unsustainable, both in Ukraine and home in Russia? What we need to do,

obviously together, US, UK and all the other countries of NATO and the West, is provide everything absolutely possible to Ukraine to hasten that moment when he has to make that very tough decision. Then and only then could you have the kind of negotiations that could result in a resolution which both countries need, by the way. I don't think either country wants to have a new frozen conflict as the term was after the Russians seized Crimea in 2014 and then supported the separatists and also provided Russian forces to take part of the country in the southeastern part of Ukraine in so-called Donbas. If it's just frozen, that means that Russia is still under the economic, financial, personal sanctions and export controls. And on Ukraine's side, they still might be getting pounded by the rockets, missiles, and Iranian-provided drones. Both of them need that to stop. And then on the Ukrainian side, there's going to need to be a Marshall-like plan to help them rebuild their country after the terrible damage that Russia has done to it. And there will need to be an ironclad security guarantee, whether it's from the US and a coalition of the willing or NATO itself, hard to say which one might be the most likely. But those conditions, those elements will be what will make the negotiated resolution both possible and necessary.

Simon Brewer

That's terrific. I just want to take one step back before we talk about that conversation that is going to take place at some stage. I think it was Stalin who famously observed that in the Soviet Union, it takes more courage to retreat than to advance. Now, this isn't a Russian war of independence, but you've had lots of insight into Russian military capabilities for a long time. Have you been surprised by how poorly as a force they've been both led and been able to react?

David Petraeus

Well, not entirely. And I try modestly to note that prior to the invasion, actually, in the week prior to the invasion, in an interview with *The Atlantic*, a magazine here in the US, I said that Russia would not take Kyiv, much less ever control it, which was a bit contrary to what even most governments and other pundits were saying. And in part, it's because I've watched the Ukrainian forces develop since 2014. I've been to the frontlines in Donbas, I've been out in Kharkiv. I've been in Kyiv talking with their military leaders, the heads of their military industries, the leaders and so forth. The last time was shortly after President Zelensky was elected. So it was pre-COVID to be sure, but still, they had made enormous advances. The US, UK and other NATO countries had really put their shoulder to the wheel. Intelligence agencies were helping National Security Agency on the cyber side. And so they were dramatically improved, really just orders of magnitude better than they were in 2014. Then, of course, you have the beginning of this massive quantity of arms and ammunitions beginning actually with the UK, the first one on the ground with the NLAW, I think it was the anti-tank guided missiles, followed by the huge number

of javelins from the US, then also the shoulder-launched guided anti air defence missiles and so forth. Those helped enormously in those early battles. And then we've always known that the Russians don't have a non-commissioned officer corps, that their logistic is once they leave a railhead, they're very, very good on the rail, much better than we are, frankly, because they control it when they want to. They have entire units that just exist to facilitate this, using their rail system through a vast country. But once they come off the rail, they have perhaps one-quarter or one-fifth of the logistics infrastructure, the organisational structure that we have that enables us to be expeditionary, to move and continue to supply. They just don't have that. Where I was surprised was just the sheer ineptitude of the campaign design taking on all these different offensives simultaneously, sort of a main effort but not really. And then actually, what did surprise me because if I'd had months in the field with units as a commander as they did, they were having manoeuvres in Belarus and in Russia on the borders of Ukraine for many months prior to the invasion. I mean, I would have loved to have had that. Yes, when I was a division commander, two-star commander, before the invasion of Iraq, we did have a fairly intensive workup. But once we got to Kuwait, it was a pretty brisk pace. And we were consumed an awful lot with just sheer logistics issues and preparation of the force in that regard, rather than big manoeuvres and so forth in which you could fine-tune combined arms operations. And the Russians turned out to be abysmal. They have still never demonstrated the ability to combine the effects of tanks supported by infantry who keep the shoulder-launched anti-tank guided missiles off them, supported by air defence, keep any kind of enemy aircraft off them, mortars and artillery, so indirect fire and keep it very close to you in the front, but safely, obviously, which is an art form in and of itself, engineers to reduce obstacles along with explosive ordnance disposal, EW, electronic warfare to jam the enemy's networks. Your networks keeping up with you, your logistics right up there, aero medevac and all the rest of this, they have just not demonstrated that whatsoever. And that's what a truly professional military does. In that regard, again, just because they had so many months out their training, I was a bit stunned that they weren't better, simple things like road movement tables. How do you have a 40 or 50-mile traffic jam to begin your war? Well, it's because you haven't planned well and then your execution was even worse. So in that sense, yes. I guess I did think there would be certain areas where just the sheer overwhelming size at the beginning before we really began ramping up, before we started providing now way over 130 howitzers, for example, 155-millimetre heavy, a million rounds of 155-millimetre howitzer ammunition. These are staggering numbers, the High Mobility Artillery Rocket System with, again, thousands of those rockets, and then the precision munitions for those that allow around, you know, on the dinner table that accurate at 80 kilometres from one of these HIMARS systems and then the Excalibur precision munition for the artillery as well about half that range, all of this. And then just as I mentioned earlier, the extraordinarily impressive mobilisation of the entire country in Ukraine, the biggest of the big ideas beyond, 'I don't want a ride. I want ammunition. I'm

staying right here in Kyiv and my family is staying with me,' was of course, we're all going to mobilise and all men in Ukraine are going to stay. Yes, if women and children have to leave because of the situation, that's understandable. But full able-bodied males are going to pitch in, and they did. And that's the biggest of the big ideas. We are all in this together. This is our war of independence and we intend to win. And then the recruiting, training, equipping, organising, and they're really doing real training. As you know, the UK, it's publicly known, his training units, not just individual soldiers. The US is doing the same. It's publicly known that we helped them wargame the offensive in the east at the war game training centre in Germany, the same one at which wargamed the invasion of Iraq. And there's more of that going on. Now we're training them on the more advanced anti-ballistic missile system, the Patriot, and other air defence systems. So this takes time. The latest contribution by our different nations of infantry fighting vehicles will be very important. They will take some time to get the Ukrainians but you know, the Ukrainians have demonstrated an affinity, a seriousness of purpose about the training that is absolutely unparalleled in my experience of trying to help other countries train their forces, and I've done that with a number of different ones over the years. They won't take coffee breaks. They rush through their meals. They want to get back to the training. They don't want to stop at 6:00 PM or something like that. They want to come back and continue because they want to go back to the fight. They want to defend their country and they want to bring this war to an end.

Simon Brewer

But if one takes a slightly darker view for a second, I think I've read you say that even a tactical nuclear situation wouldn't reverse Russia's inextricable position.

David Petraeus

You're correct? You've done your homework. Because a tactical nuclear weapon, as horrific as it may be and as crossing that threshold as significant as that is, has a tactical effect. Now it can be depending on the yield, in other words, the explosive power of the particular munition that is selected, the particular nuclear device, that can be very substantial. But it's not going to reverse this stark situation that faces Russia that they have lost the strategic initiative. And I don't think there's anything they can do to reverse the fact that Ukraine is out-mobilising them. Yes, they have a population that's several times that of Ukraine, but when they did the last partial mobilisation, more Russian men left the country than reported to the recruiting station. So this partial mobilisation, this conscription, is not going well. They're running out of equipment to provide to these soldiers, they're not training them well at all. They're basically throwing them into combat. And predictably, they are cannon fodder when it comes to the skill that is required for this. That doesn't mean again, that those numbers

don't matter. Cannon fodder can hold you up, especially in urban settings where if you get dug in, it's very difficult to get them out. But that doesn't give you confidence that they can remedy the situation that has been so troubling for them, which is the inability to generate combined arms effects. And so the way they achieved additional ground after these early failures, noting that they did seize ground down in the south and they did eventually take Mariupol, a key port city on the Sea of Azov and so forth. But what eventually they've done is they just run into the Ukrainians, they stop, and then they just hammer with artillery, mortars, other forms of indirect fire, or occasionally, some close air support although that has been abysmal as well. They've never achieved air superiority, much less the kind of air supremacy that we have enjoyed really for a number of decades. And they just hammer away and they do what they did in the Battle of Grozny, as you'll recall. They essentially destroyed the city to save it. They did the same thing when it came to the Battle of Aleppo. That's not the way that you proceed effectively and efficiently and impressively. And by the way, even if you take that location, what you've done is destroyed it. It's not of as much use to you, to put it mildly, as it would have been if the infrastructure hadn't all been collapsed.

Simon Brewer

So when we had General Carter nearly a year ago, he of course observed that nearly all wars end in a conversation and you've obviously hinted at that. Can we just get your feeling as to what a compromise agreement might look like? Presumably, there's no concession to the pre-March '22 boundaries.

David Petraeus

Well, again, this is a sensitive topic. I must confess, I'm reluctant to get into that because a country that's fighting for its life, fighting for its independence, fighting for its survival, and even to hint that there might be some kind of territorial concessions seems just untoward. But at the end of the day, that might be a feature. Again, it depends where are the lines when Vladimir Putin realises to his horror, that this is unsustainable? And as I mentioned, the condition that will be necessary is that, that he, Vladimir Putin, recognises he just can't keep going on this way. And again, there can be various factors on the home front and including ultimately, perhaps, at some point pressures to topple him or to challenge him or what have you, as dangerous as that is of course, to those who might consider that. As you know, there's a bit of an epidemic of I think the term is 'window cancer' or something like that of people falling out windows who think the wrong thoughts about him. But again, that I think has to be the realisation that allows negotiations to go on. And then on the other side, there may have to be a realisation that we can put Crimea at risk. We definitely should help them do that because there are important air and naval and other bases and logistical lines of communication going through there. But again,

what about it? Keep in mind that President Zelensky, prior to the invasion, had put forward the idea that Ukraine would be neutral, there would be no Western forces on it, it would give up on the aspiration to be part of NATO, which was in their constitution, as I recall, and there would be some kind of we rent Crimea to you for a ruble a decade or something like that. So there was some willingness at that point in time. Now, whether that is still possible in the domestic politics of the country 95% of whose citizens want to see all of Ukraine liberated or not, we'll have to see. But again, I think that may be a component because again, on the Ukrainian side, the desire, the need, the imperative, the desperate need for a Marshall Plan and a security guarantee. And in that regard, I, again, may be a little bit ahead of some others but we were always very sensitive, we don't want to arouse Putin's ire. Hey, that didn't work out. And I'm sorry this time, Vladimir Putin, but you don't get a vote on this anymore. Whether it's the US and UK or others or all of NATO, and that could be slightly challenging given Hungary and Turkey and some others, which, of course, are holding up the accession of Finland and Sweden, but they'll get into NATO. This will happen at some point in time after sufficient concessions. Ukraine might be a bit more challenging in that regard. So again, we'll have to see where we are at that point in time. These dynamics obviously are constantly changing. But that's what I think. And so General Sir Nick and my old partner from Afghanistan and great comrade, who commanded more American forces, by the way, in combat than any other British commander prior. We total them up and yes, Montgomery had a lot under him, but I'm sorry to break it to the Montgomery clan, Nick had more, until we split that command in half. You may recall, it was Kandahar and Helmand and some others. It was so big that we had to divide it in two. But again, he's exactly right as he typically is on these issues.

Simon Brewer

So big picture question. What are we learning about war in this century? Is tomorrow's war a juxtaposition of old or new or something else?

David Petraeus

Well, it depends. It depends where it is. And in fact, your countryman, Andrew Roberts, actually now Lord Roberts of Belgravia, he and I are working on a book. We're just finishing it titled 'Conflict', and it's the evolution of warfare from 1945 to Ukraine, and then what will the future of warfare look like. I think the way to describe Ukraine is that it has glimpses of the future, but only glimpses, and by and large, it has fought the way we prepared to fight the Cold War if it had ever turned hot back in, say, the mid-1980s, when I was a major on the inner German border there with a brigade operations officer of two M1A2 tank battalions and two M2A2 Bradley infantry fighting battalions as well. And it's that kind of war, really. Most of the hardware is roughly of that

vintage. You do see glimpses of the future, however. And in that regard, you see the advent of drones, but these are very modest drones. These are not the frontline Reaper or even Predator. They're not long-range. I don't believe many of them are being flown with satellites to extend that range. It's largely line-of-sight communications, and the capabilities again, are fairly modest, whether it's the surveillance or the actual strike capabilities. Though think of the drones which are being used also, of course, as foreign observers for artillery and rockets, very precise ones, and then think also just the environment in which everyone has a smartphone and their social media. So the open-source intelligence, as it's termed, the visibility is unparalleled, and it's completely unprecedented. But now put it into a scenario where you just don't shoot 80 kilometres precisely, you can shoot many thousands of miles, and by the way, at hypersonic speeds. Think of these swarms of drones, but they're really, really capable swarms of drones, maybe they're even stealth technology, and again, can be controlled over vastly greater distances and have vastly greater dwell time. And now you start to put together something that is really a bit scary. If you apply the old adage from the Cold War days that we used to all recite if you will. It was, 'If it can be seen, it can be hit.' So you always had to conceal and camouflage and make sure they can't see you. If it can be hit, it can be killed. The truth is back in the Cold War, we didn't have drones, we didn't have all that great capability that we now have when it comes to intelligence, surveillance, reconnaissance. It's not remotely in the precision of the ammunition that started to emerge in the Gulf War. All of a sudden, you have the sort of video war and all the rest of that but even then, the vast majority of the ammunition were dumb, not smart. Fast forward to today's day and age, put yourself in an Indo-Pacific theatre, which of course is much more maritime and air and if it can be seen, it can be hit, if it can be hit, it can be killed. The implications of that are very profound and it drives you to recognising that we must transform our militaries from very large, exquisite, incredibly capable heavily manned platforms, aircraft carriers, but even F-35s, main battle tanks, whatever, because if they can be seen, they can be hit and if they can be hit, they can be killed to vastly greater numbers of very small, still very capable, largely unmanned, remotely piloted or even algorithmically piloted, where at some point in time, the human in the loop becomes the human who designed the algorithm and maybe pushes a button that says, 'Okay machine, you can actually carry out the algorithm, I'm now out of the equation. Because if I stay in the loop, you're going to lose to the other machine, because that human won't be in the loop.' This is a profoundly different world. And then think of adding to that all that will be going on in cyberspace, a whole new battlefield domain, where there's war going on every day but where the intensity would be vastly greater trying to disrupt the networks that tie together all these sensors and shooters and algorithmically piloted systems and swarms and so forth and stealth. And the speed at which they will travel, when you get into the world of hypersonics, is a little bit terrifying as well. But to come back to Ukraine, I think this just gives glimpses and what you have to do is say, 'Gosh, if they can do it at 80-kilometres, imagine what

happens if you can do it again at thousands of kilometres,' and we can. It's just that Ukraine, nor Russia, really. Russia has some of these capabilities, but relatively modest numbers and relatively modest capabilities when it comes to the intelligence surveillance reconnaissance component compared to what it could be if you have the two great powers of the world employing the systems that are really now coming into our arsenal. The resilience that that implies is needed as well, by the way.

Simon Brewer

So that has been a fascinating and illuminating review of the Ukraine situation. And because the conversation is now going to tack east to China and to Iran, and then to examine cybercrime, the weaponisation of the dollar, and how businesses need to rethink their own supply lines, we're going to pause here and resume in Part Two.

All content on the Money Maze Podcast is for your general information and use only and is not intended to address your particular requirements. In particular, the content does not constitute any form of advice, recommendation, representation, endorsement or arrangement and is not intended to be relied upon by users in making any specific investment or other decisions. Guests and presenters may have positions in any of the investments discussed.