

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 Two)

Simon Brewer

We're going to jump back into this compelling conversation with General David Petraeus. In Part One, he explained the current position in Ukraine and the woeful execution both strategically and tactically under Putin's leadership and what might follow. In this second part, we're going to discuss China, Iran, cybercrime, the weaponisation of the dollar, and how businesses rethink their own supply lines and more. Well, before we travel east in a minute, let's just pause on NATO, if I may. I think the US has in aggregate, financially, and material, provided essentially two-thirds relative to Europe's one-third. How would you like to see NATO evolve?

David Petraeus

Well, I think endless numbers of presidents, secretaries of defence, military commanders in the US have hoped that NATO countries in Europe in particular would do what to some degree is being done now. Germany, which was not even at 1.5% of GDP being spent on defence all of a sudden rockets to 2% and even has \$110 billion equivalent for readiness, and also for the first time ever, provides lethal equipment to another country, etc. So you're seeing real dramatic change. But at the end of the day still, as you noted, in fact, it's even more than you noted, because the US doesn't just spend more than all of its 29 NATO allies put together right now, soon to be 31. It spends more than two points, three or four-ish times as much. That is a vast gulf. And yes, our economy is vastly greater. But again, there should be even more defence spending by Europe, by NATO countries. A number of them, France in particular puts forward the notion that we should be determining our own defence priorities and capabilities. Okay, yeah. Let's see it. Do it. But don't reorganise what you have now and create a new headquarters to oversee them. How many additional battalions of either infantry, cyberspace, you name it, whatever it is? But it means new capabilities, not just new concepts or theories. Now, again, to be fair, I don't think NATO unity has been what it is now since the end of the Cold War. I was also at one point in time the speechwriter for the Supreme Allied Commander Europe. I remember how it was during the Intermediate Nuclear Force agreement period and the unity was just extraordinary. The Wall came down, the USSR collapsed, dissolved, Warsaw Pact fell apart, a number of those countries started moving into NATO eventually. But NATO was in search for a reason to live, if you will, and no one has done more to make NATO great again than Vladimir Putin ironically, even though he was setting out to make Russia great again, and of course, pushing Finland and

Sweden into seeking accession to NATO is very, very important. Geo-strategically, the Baltic becomes a NATO lake now, etc. And when you look at the Arctic and so forth, which is a new battlefield of the future if you will, or at least a field of competition in the future, very, very significant action. So what he's done to reunify NATO, to give it this reason to live, a real serious mission, has been extraordinary. But we would like to see more done nonetheless.

Simon Brewer

So I think you've nicely encapsulated the Euro situation, the wider European situation, but let's talk about China. It's been described by as a chronic challenge, others would say asserting its own view of its rightful place in history. How do you think the competing political philosophies can co-exist?

David Petraeus

What there has to be is essentially an agreement on here's where we're going to work together, here's where we're going to compete. Here are the, if you will, the rules the road so that the competition doesn't turn into conflict, and recognising that that would be completely unthinkable really. It has to be unthinkable in our efforts to ensure deterrence, keeping in mind that deterrence is a function of two elements. It's a potential adversary's perception of your capabilities on the one hand, and we have to transform those as I mentioned earlier to make sure that they are credible, and then your willingness to employ them on the other hand. There can be no doubt about that. And so we have to keep that in mind all the time. I do believe that the current US administration is doing that even though I very much disagreed on the decision to withdraw from Afghanistan and then the execution of that decision, which I felt had global repercussions as do many other leaders around the world. I remember in fact, one time when we had the red line that wasn't a red line as it turned out in Syria, the prime minister of a very important country in Southeast Asia said, 'You know, General, that stuff reverberates out here.' And when it comes to this very important component of the potential adversary's perception of your will, that calls that will into to question. Now, for better or for worse, the response led by the US, very impressive, to the Russian invasion in Ukraine, I think has pushed that into the rearview mirror and shown that US leadership is not only absolutely vital and necessary but it can actually be deployed in a very impressive manner. But we have to recognise there are different ideologies or different approaches to governance, economics, social activity, and so forth. But what we've got to do is make sure that what is termed a severe competition by the US National Security Adviser Jake Sullivan, who's an understated guy and a brilliant guy, severe competition cannot turn into conflict and we have to ensure that despite the different objectives of the two sides when it comes to certain issues in particular.

Simon Brewer

Might there be a possibility that in thinking about this new bipolar world that will sort of reemerge but with China on the other side from the US and NATO, that Xi Jinping maybe is overestimating his own invincibility and layering on top of that extraordinary- you'll be very familiar with it, but the World Economic Forum, I think, has essentially the Chinese population going from 1.3 billion to not much more than 600 million by the end of the century. It's a shrunken state. How do you think about that?

David Petraeus

Well, China faces a number of challenges. The question I think a lot of us are asking, keep in mind that I'm the chairman of a global institute for one of the world's biggest investment firms. We've raised the biggest funds in history of any firm specifically for Asia, I think now two or three consecutive times. So we are very keenly focused on issues out in Asia, including in China. And the question I think is can President Xi and his inner circle but especially he, because he is now an unprecedented third-term president, perhaps more terms, perhaps president for life. And, of course actually, the really important position is the party leader because that's what he was reelected to do and then goes with that as the chairman of the military commission. Actually, it's not until a few months from now I think that they'll gather and actually reelect him as the president of the country. But the important question is, is China a learning organisation? Because at least from an outside perspective, one can ask, was zero-COVID a wise domestic policy? Well, they've actually thrown it over. And of course, there's enormous repercussions. I mean the deaths of which they are very proud that there were very, very small numbers. But the price of that policy in the absence of an mRNA vaccine and very high rates of vaccination with the elderly in particular, in the absence of that, it was predictable that the death rate would skyrocket, and it will, and I think it ultimately will surpass that of the United States, which is lost well over a million US citizens to COVID. They reversed that, and again, I think, the right decision, albeit if you will, a very, very difficult one, given how much that was embraced and how unyielding the approach was to zero-COVID. If you look at some of the other activities from an outside perspective, keep in mind that that's not the perspective. There's this different and it has to do with party dynamics and if you will, domestic politics there. Is Wolf warrior diplomacy a constructive, positive approach for them? Well, perhaps domestically, it's caused the EU to show the investment agreement. It's caused a number of other countries to respond to that as well. Is beating up Indian soldiers on the Line of Actual Control, killing them actually, is that productive to the very important relationship with a country that's going to pass China, if it hasn't already, when it comes to the largest population in the world and one that's growing very rapidly? Economic coercion against countries like Australia because they asked to

investigate the origins of a pandemic that was killing at that time hundreds of hundreds of people around the world, now millions. The physical intimidation on the high seas, does this help the average Chinese citizen? The question is, can they come to the realization that perhaps it might not be? Noting again, there are other dynamics which drove China to these policies and to their implementation. But if such a significant policy as zero-COVID can be reversed, could there be a reversal of some of these others and then could it be sufficiently sincere that we could all just have a more at least constructive, at least somewhat more mutually beneficial relationship, even as there is again a continuation in some respects of severe competition and domestic practices, if you will, when it comes to surveillance state and other issues that are at odds very much from what we believe is the right course.

Simon Brewer

So let's turn to another country who couldn't be further away from Western values, and that's Iran. We had Sebag Montefiore, as I said, who described them as this evil regime. Major General Mick Ryan, who you'll know as commander of Australian Defence College, described it recently as a repulsive regime. And yet rather extraordinarily, at least here in the UK, bodies like the BBC are remarkably calm and uncritical of this regime that is carrying out untold horrors and where there may or may not be the beginnings of another revolution. What's the long-term game plan from the west vis-à-vis Iran?

David Petraeus

Well, that's a very tricky issue, because for the US, UK, other Western powers to actively be involved almost hands the regime the stick with which to beat us or at least to beat their people. Because then they will say you are just puppets for the Americans, the Brits are acting at their direction with their assistance and so forth. So I think that that is the challenge that all Western nations face when it comes to determining how can we help those who are protesting against this repulsive, murderous regime, keeping in mind that hundreds of our soldiers were killed in Iraq from these explosively formed penetrators that were provided by the Revolutionary Guards Quds Force of Iran to the Shia militias of Iraq before we defeated them in the Battle of Basra in Sadr City and so forth in 2008. Keeping in mind that, of course, what they're trying to do in Iraq and also in Syria is to achieve what they achieved in Lebanon, to Lebanonise Iraq if you will. So in other words, to have control of very powerful militias on the street. So you have street muscle and then you have control of a sufficient block in the parliament that you can veto anything that you don't like, as they have achieved in Beirut. And that's very, very worrisome. Again, what they're doing to their people is just so far beyond the pale. I'm hard-pressed to say that you're going to see the regime overthrown anytime soon, even though there are some very, very impressive

scholars, Karim Sadjadpour is one in the US who has said this regime is going to go down. And he is a very thoughtful, informed, incisive individual on the issue of Iran. He's finally starting to get convinced that this regime is not going to survive. The problem is, of course, is it short-term, mid-term, long-term? Eventually, all regimes and all people ultimately will die. But the question is, how soon? I have been a tiny bit sceptical because what you have are people who are on the side of the demonstrators unarmed, largely unorganised. That's one of their strengths is that there's no key leadership that can be decapitated and end the regime the way it happened in the past where they put this individual in jail or house arrest and the movement withers on the vine. And they're not necessarily keen to die. They are taking enormous risks. Some of them are being killed, but they're not out just to purely be martyrs in this cause. They're up against a regime that has massive forces. Just the Basij militia alone has over 2 million dogs basically, who can do everything with pipes on the street to weapons, who are very organised, highly equipped, and are willing to kill. So the question is when might these regime forces, the Basij militia, the Revolutionary Guards Corps Quds Force, army, navy, air force, marine, which of course is in addition to the normal regular army, navy, air force, marines, and the other elements of the inner circle, when might they step back, as did the Egyptian army when Mubarak ended up in front of the bus, and say, 'We're not going to kill our own people and we're just no longer going to be party to this.' And say, the oil workers go on strike as they did back in the final days of the Shah. This kind of indicator is just not there yet. It's not impossible that it could emerge. But the regime is so substantial. It's not a case where if the Supreme Leader goes down, they can all step back and retain their positions under the next leader the way the Egyptian army did with Mubarak. They might go down as well. So that's the problem here. And as I said, the challenge for the US and Western countries is how can you support them, perhaps covertly clandestinely without being exposed? How meaningful can that be, actually? Because you can't do it overtly without playing into their hands and making this into a struggle of the West versus Iran, which provides a rallying cry for the regime, almost a lifeline for the regime?

Simon Brewer

Well, that's very clear. I'd like to ask a couple of financial-related questions. In the war against Ukraine, the US authorities decided essentially to weaponise the dollar, froze Russian assets, which was perhaps unexpected by the Russians, which of course, will have had other regimes thinking about dollar assets. Doesn't that actually undercut what former French President Giscard d'Estaing described as the 'exorbitant privilege' that the US enjoyed courtesy of the dollar? Doesn't undermine the dollar over the medium to long term? Because other competing blokes feel less inclined to have as much in dollars because they've seen what can happen.

David Petraeus

Well, having taught economics back in the day, as well as international relations and some other subjects, but especially as an economics professor, I learned you can never go wrong by saying it depends. And it does depend. In this case, it depends on are there any alternatives that truly are as attractive, as stable, as dependable. And the answer to that I think is not really. So you might see a tactical shift a little bit more in, I don't know, the euro, the pound, whatever, even maybe a tiny bit in the renminbi or something like that. But there's no sign I don't think of true displacement of the dollar as the currency through which much of trade is done. What's ironic of course is that other countries, some adversaries, and even corrupt individuals, all rush to get their assets into the dollar because you actually have rule of law, transparency, and all the other qualities that give you confidence that you can actually invest in it or in commodities, whatever, securities, assets, equities, you name it, real estate in that dollar and it's going to turn out better than it would in other currencies. And so the irony is that Russia thinking that it was going to sanction proof itself stashed \$600 billion around the world, including \$200 billion in China, and then every country froze those, including China, by the way. China for all of the declarations of partnership without limits that were made prior to the opening ceremony of the Beijing Olympics as you'll recall, at the beginning of the last year, even China has not unfrozen their reserves, has not violated export controls in any meaningful way that we're aware of, and really has not been a partnership without limits. There have been limits even as they are very happy to exploit the moment and get yet further advantageous deals on natural gas or oil or what have you from Russia at Russia's moment of weakness.

Simon Brewer

So as a former economic student, I have now taken some notes from a former economics Professor. Thank you. I want to just go back to cybercrime. You just alluded to it in an earlier conversation. I was chatting to Rob Rooney. He's a friend of the show and the former Chief Executive of Morgan Stanley in Europe. And he said essentially, 'Do you believe that the major players are acting in a similar way to mutually assured destruction in the Cold War because they have the capability to shut down the enemy's critical infrastructure and financial systems but won't press the button?'

David Petraeus

That's the theory. Again, I think it's a theory to which the major powers in a sense should describe whether or not it is true if you will. I think that we have certain capabilities. I know we have certain capabilities. I think we have others. We don't know until we actually try it. This is not candidly quite as precise as, say, an intercontinental ballistic missile with a nuclear warhead on it, the yield of which we know and the target of

which we know and if it goes through, we can literally predict the casualties, the collateral damage, and all the rest of that. Cyber is much more ephemeral. In fact, one of the challenges that we have is we have declared that there is a new battlefield domain, cyberspace. So you had ground then you had sea and you had air, there's the subsea, part of the maritime, and then there's outer space is yet another new domain. And cyberspace has been added. But how do you deal with cyberspace? This is not quite a geographic combatant command the way that Central Command was when I commanded the greater Middle East. It's just there. How do you grasp this? How do you conceptualise it? So that's their area of responsibility. How do you even draw lines? How do you divide authorities? Who's the main effort? Are they the supported command or the supporting command? These are very esoteric, very sort of philosophical, except that this is what you have to come to grips with when you are conducting operations. Again, we know there are certain capabilities because we've actually used them. We've also prevented the enemy from using others. The reality is we do fear certain actions, certain capabilities. They fear certain actions and capabilities. And it does have somewhat of a deterrent effect I believe, but no one would really know until they try it out. By the way, let me point out that there was a huge fear that Russia would completely shut down Ukraine, would completely disable their telecommunications or access to the internet, their communications ability. They threw everything at Ukraine and it didn't succeed. Yes, there were disruptions. Yes, there were various issues. But Ukraine had gotten better in cyberspace and cybersecurity, cyber resilience, as well. And there's an open source. Microsoft actually put out a study. It was actually introduced by Brad Smith, the President. It's available on the internet that lays out the magnitude of what Russia did. It was very, very substantial and it didn't work. Now, it was a close-run affair in certain respects. Civilian industry, particularly Microsoft because it's so ubiquitous in certain areas, played a massive role in this. But the fact is that Ukraine got much better. The US finally has gotten much better. Your National Cyber Security Centre was way ahead of ours. It was a model for what eventually has been built, Cybersecurity and Infrastructure Security Agency, CISA. We're still building capacity and capability and additional authorities and appropriations and so forth, but it's getting better here finally. It took us too long to make cyber command a full-fledged combatant command, too long to have CISA brought into existence and built up. But that has happened. And by the way, again, we learned a lot. I visited the centre headquarters in London and was hugely impressed. But all of that now does change the dynamics, and of course, there's a constant if you will, cat and mouse between offence and defence in cyberspace. And of course, the offensive actor only has to succeed once. It's a little bit like counterinsurgency. The insurgent only has to penetrate one place. You have to protect everything. And that's true in cyberspace as well. I think the reality is that we now recognise that every individual entity that has something that's really important has to have a designed, comprehensive, integrated, managed cybersecurity solution based on zero-trust principles. Zero-trust meaning that with one single password, you can't have free

rein of the entire system. It has to be compartmented and you have to constantly update this. The management piece of this is very, very substantial. By the way, this takes about roughly 85 discrete capabilities if you will, applications. I'm on the board of the largest pure-play cybersecurity services firm in the world, Optiv, which KKR owns. And we also have a number of other investments and many, many other cybersecurity firm capabilities. So this is very, very complex stuff. And then it has to be augmented by the really, really big idea, which is sharing real-time of information about threats and mitigation measures. And that's where we still are not where we need to be. That's where frankly, Congress in the US has been reluctant for understandable reasons to compel companies to immediately alert say CISA or some other organisation. It takes hours, sometimes days. You've got to operate at machine speed, not at telephone or individual alert speed, and that's something we're working on. That's a huge conceptual issue because there are fiduciary issues in here as well. It can have effects on stock prices, etc. So that's something that we still have to resolve. Again, to be fair, the UK is ahead of us in this. The scale is more manageable. The authorities of a parliamentary system can be a bit more easy to manage and so forth, and pass off to the cybersecurity centre there, which also has an advantage that we can't replicate, which is about half the people are from GCHQ, your version of NSA. For us, NSA is outward-looking, it's a foreign intelligence agency, not a domestic spying agency. And so there are limits to how much NSA can do in that regard as well. And that's a big advantage for your cybersecurity centre.

Simon Brewer

When we think about business risk and interruption, you chair the KKR Global Institute. You're on the board of KKR. What is it that clients and businesses with whom you interact most want to ask you and where you think you can most help them?

David Petraeus

It starts actually, with just really imparting a recognition of the biggest of the big ideas about geopolitics. And that is that just in the time that I've been at KKR, which is approaching 10 years now, we've gone from an era of benign globalisation in which economics determined geopolitics and geopolitical risk was something you did when you invested in a country the first time and didn't have an office there. The first time we went into Vietnam or to the Philippines, the former Yugoslavia, Mexico, Chile, Colombia, Africa, you name it. And we evolved from that to a world of renewed great power rivalries where geopolitics now determines what's possible economically and in terms of investment and trade. It's circumscribed. It constrains the context in which all of this takes place. Just for starters, that is a massively big idea. If you can come to grips with that, then you start to get into the more microelements. And now you get into how do you apply that to specific relationships, specific

regions, specific countries, and ultimately, to specific industries, and then ultimately, specific investment opportunities. And then there's a host of legal issues here, especially from a US perspective. The entities lists in which you cannot invest, dual-use technology areas that you can't get into, concerns about data and data flows, concerns about the surveillance state activities. Will that contribute? All of this, and these are growing. When you have the United States that puts the kinds of restrictions on the export of advanced microchips, the fabrication machines, the plants and so forth that are used to make them and the intellectual property that underpins all of it, which happens to be US, even though the most advanced are made of course in Taiwan and Korea with machines made in Netherlands and Germany but all based on USIP, that is a very, very substantial restriction. And if that grows a bit more- I think our sense is that there will be additional restrictions, but it will be higher fences around fewer items rather than many, many items surrounded by the less high fences. So now you can understand what we as investors, we own about 120 companies around the world, which in many cases own other companies. And then we have an R&D investment and well over 100 additional. Now you get a sense of what they have to grapple with, how transformed the environment in which we're all operating together has been over the last decade, and what the implications of that are for specific investments in specific companies, specific industrial areas, specific countries, specific regions.

Simon Brewer

That's very helpful. We actually had Philip Freise of KKR, who runs the PE activities in Europe on the show a few months ago, and that was very insightful.

David Petraeus

Brilliant guy. So see, again, for his perspective, overseeing the private equity investments in Europe, really in EMEA because it's also Middle East and Africa. But from his perspective, many of the investments that we did in the past and say the advanced Western European countries didn't really worry about geopolitics that much. They certainly do now because they have exposure not just to Russia and Ukraine but also to China and also to a number of other countries, where in an era of benign globalisation, you weren't worried. In an era of renewed great power rivalries, you have to be very worried. And actually just note that after 2014, we examined our European portfolio to what is our exposure to Russia and Ukraine, because we've never invested directly in companies in Russia and Ukraine. But we have very substantial customers and actually numbers of workers, thousands in each country, especially those that are working remotely in the IT sector given the skills in cyber and so forth in both those countries. And then we revisited that back in 2020 when it started to appear that it might be possible that Russia would do what it has done, and then put in place mitigating measures. 'Okay, you

want to stay in Kharkiv,' second largest city in Ukraine right next to the border in eastern Ukraine with Russia, 'Well, okay. And you're reluctant to move, I got it. But at least pack your car with everything but your toothbrush. The minute something happens, take the toothbrush, get in the car and drive to a location that you've already arranged, that someone can't snatch out from underneath you and from which you can continue to do your job, ideally, if that is possible.' So again, there was quite a flurry, needless to say, both within Russia and in Ukraine when it came to helping these individuals who are part of companies that we own or in which we are invested. But those contingency plans very much paid off.

Simon Brewer

Got it. Well, that was our business continuity planning that I think in the early days, many of us wondered where the money was being well spent. And recent events have absolutely shown that to be essential.

David Petraeus

But of course, until it does, people think, 'Gosh, can we cut this cost? I mean, really, do we actually need to?' But of course, that has ultimately proved itself very valuable. By the way, has stockpiling of supplies and raw materials and components when it comes to various manufacturing endeavours in which we used to practice just-in-time logistics. Just in time logistics no longer works in an era of pandemics, in an area when entire regions of the biggest manufacturing country in the world are shut down, in an area of disruption of shipping and various other supply chain elements. Unfortunately, we've gone from just-in-time logistics to just-in-case logistics again, which means that you're back in the business of warehouses and iron mountains and lots of the various elements that are required for an individual manufacturing company to do what it does. And we've learned that you can't put all of your manufacturing and assembly in one location. Because if it's shut down, then you're in big trouble. So you're also now seeing diversification of those when it comes to, for example, East Asia. You're seeing the migration in some cases from China, to Vietnam, to India to other Southeast Asian countries, Philippines and so forth, none of which obviously has the capacity of China right now. But India in particular is building it. And then you also see the impact of the rising labour costs in China over the years as well. And then you see the rise of the robots, which means that you can actually bring something back to the United States to do that task without people. So labour costs aren't as big an issue as they were, and you can reshore or at least friendshore if you go to say Mexico or Canada. These dynamics also are part and parcel of what we examine, in that case, together with our global macroeconomics analysis team and our environmental governance issues team as well.

Simon Brewer

Very important advice for people working in conditions that are becoming more challenging. Now, I'm going to move to some closing questions. I've heard your dog bark. I know that somebody's impatient for me to get off this call, but I'm not quite going to let you go. But questions which we always ask. If you could have dinner with one or two people unrelated to you alive or dead, who would they be?

David Petraeus

It's interesting, I was asked this question by the New York Times of all things about five years ago. And I said I'd like to sit down with General Ulysses S. Grant. When it comes to the United States, in a lot of ways, he's the Wellington of the US. He is the only US Army General to have performed brilliantly at all three levels of war. So the tactical level, which is sort of multiple brigades say division command. This would be 10,000 people. Then operational level, multiple divisions. He's promoted. Now he's got multiple divisions underneath him for the Battle of Vicksburg, one of the greatest operational manoeuvre, high-risk battles in history, not just US history, but all history of warfare. Magnificent! His trusted Lieutenant Sherman writes a letter and puts it in the official file. This is his closest comrade. And it says essentially, I want it officially known that I think this is too high risk. And yet he pulls it off and he takes Vicksburg which severs the Confederacy and it opens the Mississippi River to the Union. Then Lincoln recognises his brilliance, he brings him east through Chattanooga, the Battle Above The Clouds, which is also brilliant at the operational level. And then he's made the overall commanding general of the Union forces. He designs for the first time a comprehensive strategic approach, which in essence, makes him the man who saved the Union, because that strategy won the victories that enabled Lincoln's re-election. A lot of people just think that it was axiomatic that Lincoln would be re-elected in 1864. It was not at all. The North was very concerned about the continuation of the war, the massive casualties, the lack of progress. There were draft riots in New York City, there were splinters between clubs in New York City. This is when the Union League Club broke out of the Union Club which refused to expel Robert E. Lee from its membership in the Union League Club to support the war effort while others were opposing it. So again, he could have lost and the individual who would have beat him, McClellan, twice had the overall command and failed ironically, and yet the possibility was there that he could defeat Lincoln and he would sue for peace and just let the South go, and we would not have the Union that we have today. So it is accurate, as the title of one of the books by Professor Brands which says 'The Man Who Saved The Union'. And so in a sense, therefore truly unique. I just happened to be reading 'Grant Takes Command', a classic work by Bruce Catton during the surge in Iraq, and I found it hugely inspirational. The sheer determination in the face of all of the challenges. I don't want to equate Iraq to the US Civil War. But for the commander, there were a lot of similarities. You have tough casualties, you got Congress breathing down your neck, you got the White House asking, 'Hey, when are we going to win the war?' You got journalists all over

you, more than a few critical voices, host nation partners that are imperfect. Very, very challenging. And his approach, his genius to see a battle or an entire strategy unfold in time and space and then convey directions to his subordinate leaders, his physical courage, and again, just this indomitable will, truly extraordinary, captured maybe best by his worst battle, which is Shiloh. They did prevail. They owned the field and the Confederate leader was killed, but they were almost driven back into the Tennessee River on the first day. They were surprised. Sherman is there literally sort of clinging to the bank as Grant is getting reinforcements by ship brought down the river to enable them to attack the next day. He's standing under a tree, all of the available shelters being used as makeshift field hospitals. He can hear the cry of those whose limbs are being hacked off by the surgeons. There's others who are still out on the battlefield wounded, crying out to be recovered. Sherman comes out of the dark and he says, 'Well, Grant, we had the devil's own day today, didn't we?' And Grant takes a stub of a cigar out of his mouth and says, 'Yep, lick them tomorrow though.' This just captures the kind of sheer determination that is required of a commander. So what makes a great battlefield commander doesn't necessarily imply greatness as a strategic leader. Again, if you look at Grant those four tasks, that remember when we started of get the big ideas right, get the strategy right, communicate it effectively, oversee the implementation and determine how to refine them to do it again and again and again, Grant was flawless at that while in uniform. Yes, there were some shortcomings. Yes, there were issues with alcohol to which Lincoln responded, 'Find out what he drinks, give it to the other generals. At least he fights.' And yes, in his presidency, there were corruption issues and some other misplaced trust. But as the man who saved the union, that's someone I wanted to sit down with. Now, the irony would be that he was famously a man of few words and you had to coax them out of him over time. That's the answer that I would want to give you on that one. This somewhat shameless but for your listeners, your viewers, I was a fellow at Harvard for six years, non-resident part-time kind of thing. I've always had various academic things going on since leaving government. And this one, we built a website on strategic leadership that describes these four tasks, goes into detail about the subtasks. You might actually put a link to it. If you go into the belfercenter.org, Harvard's Belfer Center, Graham Allison the great professor was the head of it at the time, and then Google Petraeus on strategic leadership, it'll pop up. And if you can't find it, let me know and I'll shoot you the link, but it lays it out. And I found this to be a very, very valuable intellectual construct in trying to perform those tasks discreetly. It's not just in uniform, it's very much in the business community. You have a wonderful case in there. I recounted Netflix with Reed Hastings, who I think is one of the great strategic leaders of our time, up there with the Jeff Bezos and Jack Mas and others. And then also the case of Kodak, where they had 2000 patents in digital photography but failed in that fourth chance to make the new big idea digital rather than film and they've never been the same company that they were.

Simon Brewer

That's very interesting. It's a slide that I use sometimes about the greatest consumer goods company not to exist today because of missteps. Two final questions and one which I'm going to put in the reverse order following from what you just said. Are there any circumstances that could tempt you to enter into US politics?

David Petraeus

Not politics. I stopped voting when I was promoted to two stars, I guess inspired by the actions of General George C. Marshall, the architect of victory as he's sometimes described during World War Two, the most trusted military figure in the eyes of Franklin Delano Roosevelt and I think Churchill as well, frankly. And it's certainly a good step because there were periods where there was a suspicion that I was going to run for president. I was quote 'a celebrity general'. That's not a term of endearment in the White House. But nonetheless, they kept calling on me and I have clung to that. I firmly believe that the military, not only while in uniform obviously should stay out of politics, nonpartisan, not bipartisan, but nonpartisan. But even in retirement, I think it's very unhelpful to those who are still in uniform for retired generals to be on stage promoting a particular candidate. Now, that doesn't mean that we shouldn't have views on policies. But those policies should be divorced from party politics and from individual political figures and should be rather the result of a reasoned, hopefully objective, rational approach that you then try to communicate, doing so in as constructive and respectful a manner as is possible. You've heard that. I think this administration has done a very impressive job with respect to their response to the unprovoked brutal Russian invasion of Ukraine, and frankly also in crafting a comprehensive integrated whole of governments, as on the end all of our allies and partners together in responding to the challenge of China and to the US and Western relationship with China, while also noting that I believed when the policy was announced that we would withdraw first the decision by the previous administration on the agreement with the Taliban and then to implement it by this administration, that we would come to regret that decision and that the outcome would be tragic, heartbreaking as it has been, I think, disastrous. But that's not party politics. Again, I've not yet even begun to register to vote, much less actually vote or support or contribute to additional. And I do advise candidates and those who are in government of either party. And frankly, at a time when there is a degree of partisanship on Capitol Hill, especially in our lower house, I think it's actually helpful if you are not identified with one or the other parties because each party can actually seek your advice without being concerned that they're getting the view of one or the other party. So no, I couldn't be tempted to enter politics in that regard.

Simon Brewer

Very clear. That's a great place, I think, for me to let you go. I'm going do to two more things. I'd like a shout-out to Jonny Gray who was of course commanding the Argylls in Iraq, and it's courtesy of him. He's a Partner now at Ankura the advisory firm. It's courtesy of him that I've had the chance to talk to you today. So thank you, Jonny,

David Petraeus

My appreciation once again to him for what he did back in the day.

Simon Brewer

Great. Secondly, this is a little family promo. My wife runs a podcast called Bandwidth Conversations. She interviews rockstars of life, and she has just interviewed Damian Lewis, who you remember was 'Band of Brothers' and 'Homeland', and it's absolutely cracking. I have to say, I know my place in the family now. She spends an hour and a half with him and they have really interesting conversations. So there'll be competition between the best Brewer family podcast in January.

David Petraeus

As that song used to say, 'It must be cold there in my shadow.'

Simon Brewer

I know my place. Interestingly, I know Andrew Roberts so the fact that you are writing this book together perhaps means that we can do something in the future when the book is out.

David Petraeus

Andrew is absolutely brilliant, incredibly productive. Unbelievable, actually, and also delightful.

Simon Brewer

Yes. So two pieces of advice. We always take some advice from the show. My goodness me, I've written down quite a lot of points. One particular one, I love the way you express this when people worry about barriers because of the bipolar world. You said, 'Higher fences around fewer items.' I thought that was very nicely expressed.

David Petraeus

Again, that is, in essence, how we characterise what the administration is doing when it comes to essentially export controls. And that's a very important concept. Because again, given the magnitude, the significance of export controls on the most advanced chips, in other words, this is where smaller is better, the most advanced IP and the most advanced manufacturing fabrication plant equipment. If that were to spread everywhere, of course, you would see massive decoupling between the US and China. That, we don't think is the case. And keep in mind, by the way, we didn't mention these ideas that we are in a Cold War or entering the Cold War or whatever. Well, again, we are in a severe competition to use the term of our national security adviser without question, but the Cold War has implications that just aren't found here. The contextual circumstances of the Cold War where the US and the West had very little trade, commerce, economic exchange with the USSR and even the Warsaw Pact. And so that as a metaphor or an example, it falls apart on that. Although I understand what people are trying to convey when using it. But again, there should be an asterisk at the end of Cold War noting that we and China are each other's top three trading partners. It's only because of the North American Free Trade Act Part Two, US-Mexico-Canada Agreement now, that this united North American economy that we have Canada and Mexico as our top two trading partners, but China's right behind. Occasionally actually nips up above one of those others. You cannot decouple. There is selective decoupling. That's the big idea here, not complete decoupling

Simon Brewer

For people who are interested in cyber, you said Microsoft's Brad Smith has actually published a report on the Russian cyber activities in Ukraine, and we'll put that as a link on the show notes. So although I could have gone on for much, much longer, General David Petraeus, I can only say thank you so much. I think our listeners are going to just be thrilled to have the chance to hear your perspectives on so many things. So thank you so much.

David Petraeus

It's been a pleasure to be with you, Simon. Thank you.

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