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General David H. Petraeus  
U.S. Army - Retired  
Partner and Chair, KKR Global Institute

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In-Person/Hybrid Event

Moderator: Marie-Josée Kravis  
Chair, Museum of Modern Art  
ECNY, Chair Emerita

## Introduction

President Barbara Van Allen

Good afternoon and welcome to the 735<sup>th</sup> meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club. The Economic Club of New York is known as the nation's leading nonpartisan forum for discussions on economic, social, and political issues. And we've had more than 1,000 prominent guest speakers appear before the Club over the last century, and of course, that strong tradition of excellence continues up to today.

I want to start, by the way, recognizing my counterpart for The Economic Club of Chicago. David, if you could just wave your hand. It's a treat to have him join us. He's comparing notes around the different clubs, and I look forward to getting his synopsis of what that all looks like. We have a good strong relationship, as you all know, with reciprocal tickets for each other's events. So if you're a member of The Economic Club of New York, you can attend the Washington Economic Club events as well as the Chicago. So just keep that in mind.

I'd like to also extend a warm welcome to students from Mercy University and the Gabelli School of Business at Fordham who are joining us virtually today as well as members of our largest-ever Class of Fellows – a select group of diverse, rising, next-

gen business thought leaders. As a reminder, applications for the 2024 Fellows Program are now available on the Club's website, and applications are rolling in.

It is my honor today to welcome back our guest of honor, General David Petraeus.

David is a Partner at KKR and Chair of the KKR Global Institute, which he established in 2013. He's also a member of the boards of directors of Optiv and OneStream, a Strategic Advisor for Sempra and Advanced Navigation, a personal venture investor, and an academic.

Prior to joining KKR, he served over 37 years in the United States military, culminating his career with six consecutive commands as a general officer, five of which were in combat, including command of the Surge in Iraq, command of U.S. Central Command, and command of coalition forces in Afghanistan. Following retirement from the military and after Senate confirmation by a vote of 94-0, he served as Director of the Central Intelligence Agency during a period of significant achievements in the global war on terror, the establishment of important Agency digital initiatives, and substantial investments in the Agency's most important asset, its human capital.

David graduated with distinction from the U.S. Military Academy and is the only person in Army history to be the top graduate of both the demanding U.S. Army Ranger School and the U.S. Army's year-long Command and General Staff College. He also earned a

Ph.D. in international relations and academics from Princeton University. Currently, he's a Visiting Fellow and Lecturer at Yale University's Jackson Institute, Co-Chair of the Global Advisory Council of the Woodrow Wilson Center for International Scholars, Senior Vice President of the Royal United Services Institute, and a member of the Trilateral Commission, the Council on Foreign Relations, the Aspen Strategy Group, as well as a member of the boards of the Atlantic Council, the Institute for the Study of War, and over a dozen veterans service organizations.

He's earned numerous awards, honors, and decorations, including four Defense Distinguished Service Medals, the Bronze Star Medal for Valor, two NATO Meritorious Service Medals, the Combat Action Badge, the Ranger Tab, and the Master Parachutist and Air Assault Badges. Wow! Yeah, that's right.

Today, as part of the Club's Author Series, we are here to discuss his latest book, *Conflict: The Evolution of Warfare from 1945 to Ukraine*, so this couldn't be more timely. The format today will be a conversation in which we're honored to have former ECNY Chair, Marie-Josée Kravis, Chair of the Museum of Modern Art, as our moderator. As a reminder, this conversation is on the record, and we do have media both online and in the room. Without further ado, if you all will join me in welcoming the General and Marie-Josée to the stage.

Conversation with General David H. Petraeus

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Thank you, Barbara. And thank you everyone for being here. I hope you all had a lovely Thanksgiving. And Dave, I'm not going to go through your career because we'd be here all afternoon, but your book, which is one of your latest achievements, and I know many here have read the book. I certainly have and enjoyed it tremendously.

And I'd like to really jump into the issues, and I think one of the themes of the book is the importance of big ideas. Getting the big ideas right, communicating them effectively and, of course, implementing them. And could you just talk to us more about that. It's something, of course, that appears in military strategy that is, as you say, central, but it's also a business strategy in everything else we do.

GENERAL DAVID H. PETRAEUS: Very much so. It's really about strategic leadership. But, first of all, thanks for the very kind, overly long introduction. Thanks also for leaving off the part about how Vladimir Putin beat me out for *Time* Person of the Year. It's humiliating to be his runner-up, but I was very heartened when he sanctioned me two years ago. That was turnabout.

The biggest theme in the book is about the importance of strategic leadership. The truth

is that's true in the business world as well. It's even in the nonprofit world. It doesn't matter where you are. It's always all about getting the big ideas right. But for strategic leadership, this is leadership at the very, very top, the civilian senior leaders, say, the President of the United States, the battlefield commander, they have to perform the four tasks of the strategic leader effectively or the outcome is very much in doubt and unlikely to be successful.

You have to understand the context of the predicted conflict. You have to understand the nature of the war. We did not in Vietnam until 1968.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: As you pointed out in your dissertation.

GENERAL DAVID H. PETRAEUS: Exactly, we had that too, yes. And, you know, the enemy forces, the friendly forces, the human terrain, the geographic terrain, all this. And then craft the right strategy, get the big ideas right. You then have to communicate the big ideas effectively through the breadth and depth of the organization to all who have a stake in the outcome of the conflict. You then have to oversee the implementation of the big ideas.

That's what we normally think of as leadership, by the way. That's the example the leader provides, the inspiration. It's attracting great people, keeping them, developing

them, allowing others to move on if they're not measuring up. It's how the leader spends his or her time, your battle rhythm as we termed it. Schedule is crucial. This is how you drive a campaign plan. Meetings, endless meetings with individuals responsible for various components of it. Going out, seeing it for yourself twice a week during the Surge in Iraq or in Afghanistan.

At a minimum, we would go out right after the morning update and link up with the unit and then go on patrol with the unit. I said I'm not here to get PowerPointed. You can have a couple of slides on the hood of a Humvee that just show us the context, but then we're going on patrol, Under Body Armor, Kevlar and everything else, to see it for ourselves, to talk to the host nation leaders, to the counterpart military, security services and all the rest. And then a crucial element as well is the metrics. They have to be right. The body count in Vietnam was the wrong metric and it turned out to be increasingly undermined by lack of integrity as well.

And then the fourth task, we have to sit down and do it formally. You have to determine how you need to refine the big ideas and do it again and again. So on my battle rhythm, once a week, the strategic planners had an hour to politely, respectfully confront me and to require me to make decisions to alter some fashion of the big ideas. And then we had several other actions, enforcing mechanisms, as we termed them.

One that was particularly important was the colonels that headed the different Lessons Learned Teams. This is the Army, the Marines, the Special Operations, Counterinsurgency Center, Asymmetric Warfare Group. They would all come in, in a structured process, and they'd lay out lessons they believed needed to be learned, but were not learned until they were incorporated in the big ideas, communicated, and actually implemented. And you just keep doing that process.

It works in the business world as well. Think about how Kodak, the leader in film, photography, and services, had over 2,000 patents on digital photography. They failed to perform the fourth task of a strategic leader and change the big idea to digital photography early enough and they've never been the same. They've tried to find new big ideas, but it has proven to be more difficult than imagined.

And then, you know, think of, Netflix is a great example of a company I can very quickly go through because Reed Hastings is I think one of the great strategic leaders of our time, right up there with Jack Ma and Jeff Bezos and so on. But, you know, the first big idea is he sees we can put movies in the hands of customers without brick and mortar so we'll undercut Blockbuster, undersell them. A great big idea. It works. Blockbuster eventually goes out of business. There's one left in Big Bend, Oregon that refuses to let its Blockbuster die. It's become a tourist attraction for all those that want to show their kids how we used to do it back in the day. But otherwise, as a viable engine, the

Blockbuster is gone.

But a couple of years after, you know, down to task number four here, well, other people are putting movies in the hands of customers without brick and mortar. So what do we do now? Reed Hastings, he recognizes that the context has changed. The strategic landscape, broadband speeds are now fast enough that you can actually download movies. So that's the new big idea. They worked through that.

The third big idea is we're going to make our own content. That's the breakout moment, \$100 million, House of Cards, all these other series and so forth that have become iconic. And then the fourth big idea. He decides we're going to make major motion pictures. And they go out and they buy, not one but two major movie studios. And they do that so well. Talk about a great metric. They get more Academy Award nominations than any other major motion picture studio, I think three or four years ago. I did have an issue, you know, with Brad Pitt playing General McChrystal. He just didn't capture...a very close friend of mine. I have known him for years and so forth. Besides, I could not, you know, couldn't fathom why Brad Pitt didn't hold out to play me. But you get the idea.

And again, the critical, the biggest of the big ideas from the book, frankly, is about the central importance of strategic leadership, and again it's true in the business world, whatever. Everyone else, by the way, every other leader in the ranks performs these

four tasks, but they do it within the confines, the constraints, the intent of the strategic leader who makes the fundamental decisions about the big ideas. And in the case of say, successive leaders, in Vietnam, including General Westmoreland, instead of crafting a comprehensive civil military counterinsurgency campaign, they fought a big war with the wrong metric. Even though the South Vietnamese, when we first went to Vietnam, after the demise of the French, by the way, think of a bad big idea, that didn't work out real well.

But they wanted help to combat what was the security threat at that time with the newly partitioned North and South Vietnam, which was the challenge of insurgence and guerillas in their hamlets and villages. We said no, we're just fresh from World War II and Korea. What you need are big divisions to fight. We know that North is going to come South across the demilitarized zone. They were about 15 or 20 years too early in that assessment. So again, this component is absolutely critical. And if you don't get it right, the enterprise is doomed.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So what's the big idea in Ukraine? And have we, do we understand that well?

GENERAL DAVID H. PETRAEUS: You know, there's big ideas for Ukraine. There's big ideas for us relative to Ukraine, NATO, and so forth. Volodymr Zelenskyy has done

really impressive strategic leadership compared with Putin. The problem is it's not over. But think about the original big idea. It's I don't want a ride, I want ammunition. Even though we're encouraging him to leave Kyiv and go to the West, because we think Kyiv is going to get overrun. Then he says, I'm not leaving Kyiv. My family is not leaving Kyiv. We're going to fight to the death for Kyiv. Then it's we're going to mobilize the entire country. No males leave Ukraine, etc. etc.

Then, think of the communication skills. Of course, the guy was an actor. I mean he's a brilliant communicator. But not only does he communicate effectively to his own people in his nightly addresses that he gives, but to the U.K. Parliament, the U.S. Congress, the first wartime commander-in-chief to address both houses of our commerce since World War II and Churchill, which is interesting because my co-author of course, Andrew Roberts, wrote the best single volume biography of Churchill.

And then the example that he provides, the overseeing of the implementation, I mean he changes from a suit into an ODA uniform basically, and he's never been out of it since. They've done a very, very effective job of providing, again leadership at the front, if you will. In contrast to Putin who is at the end of a very long marble table, here's Zelenskyy in Bakhmut and Zaporizhzhia and these other battlefield areas. And again, has done quite an effective job, I think, in overseeing the implementation, how he spends his time and the metrics they use and the rest of that.

And then, of course, they refine the big ideas from time to time and done that over and over again. The problem is that it's not over. The big idea for us, I believe, should be to do everything humanly possible to help Ukraine to prevail. Ideally, to liberate all of its territory. That's the end goal. That's what the Ukrainians are determined to achieve. But ultimately to convince Putin that the war is not sustainable, either on the battlefield, by what we provide in terms of security assistance and also keeping them going in economic, financial, and humanitarian assistance terms. Noting, by the way, the Europeans have now provided more security systems pledges than we have and they've long since already been doing more in financial, economic, and humanitarian assistance.

But then also the effort to communicate to Putin, this is unsustainable on the home front as well with the financial, economic, and personal sanctions imposed. We're leading the way on that. Of course, our Deputy Secretary of the Treasury, Wally Adeyemo, is the point person for that for the U.S. around the world. And then also on export controls and enforcing the sanctions now is the big focus. In fact, I talked with him about this the other day. And again, I think this is about right versus wrong, the unprovoked brutal invasion of a neighbor by Russia led by a leader who is fed by a grievance-filled vision of history, revanchist and revisionist objectives, etc.

And it doesn't end here. If he was successful, if he had been successful, Moldova was

next and perhaps then Lithuania or one of the other countries that he's been trying to pull back into the orbit to recreate as much of the former Soviet Union or Russian Empire as is possible. Again, keeping in mind that his viewpoint is that of an individual who was asked in the previous century, what was the worst day of the 20<sup>th</sup> century, a century that had two World Wars and the Great Depression, and instead he says, no, it was the dissolution of the Soviet Union. That tells you something about his mindset.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Now, in the book you don't discuss Ukraine, but you do discuss the Yom Kippur War, another surprise attack. But I know that in your interviews since the publication of the book, you've spoken about the Yom Kippur War and Ukraine as really big paradigm shifts in warfare.

GENERAL DAVID H. PETRAEUS: Yes, well, I mean the 1973 war was studied more by Americans than we think any, certainly any other war since the end of World War II.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Which, by the way, challenges a lot of misconceptions. When we say generals fight the war of the past, you had, what, 36 groups that went to \_\_\_...

GENERAL DAVID H. PETRAEUS: It's just an ordinary number, depending on your counting rules as always with economists here. You know, it depends. But then what

happened is that this is a war that showed the advent of the anti-tank guided missiles. Although interestingly, you know, in the first few days they were declaring the demise of the tank.

And then in the end, it's the tank, under Ariel Sharon that conducts this brilliant, high-risk counter-offensive, counter-attack, and they're on the road to Cairo by the time Henry Kissinger brokers a cease fire and then ultimately conducts the negotiations between Israel and Egypt, lead to mutual recognition, Israel and Jordan, Syria and so forth.

By the way, I know he's a very dear friend of yours as well, he came to one of the lunches that we had here around the book's publication. And he reminded us again of the enormous difference between the ongoing war, Israel and Hamas, where, you know, who do you call? Who do you negotiate with? Well, you can do it sort of, but it has to go through the cutteries(?). As opposed to him being able to either call or just fly into and meet Sadat, King Hussein, again the leader in Damascus, and Golda Meir. And with those four individuals he could broker an end to that particular episode.

But, yes, we studied it very, very carefully. It guided for the U.S. Army, and again I know that there's this shibboleth, you know, generals always preparing to fight the last war, and it has been true in some times. But in this case, it was the study of that war that led

in many respects to the success of Operations Desert Shield and Desert Storm, the first Gulf War. Because we completely overhauled the operational requirements and procurement of the major systems that were the feature of that particular war.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: I just think of tanks, and when you look at Ukraine, why is the war in Ukraine so much less mobile than even World War I? Is that because of the delay in delivering the Leopard tanks or the...

GENERAL DAVID H. PETRAEUS: It's part of it. Really the real reason is that the Russians put in a spectacularly formidable defense in the south, which exceeds their own doctrine many, many times over in terms of the length of, and the depth of minefields. The density of the mines reportedly is double what it should be. And then they have drones on top of it.

But you're right, I mean Ukraine is in some respects, as Max Boot described it, a war in which All Quiet on the Western Front meets Blade Runner. So you have features of World War I, these trenches, barbed wire, extensive minefields, but then right over top of that, you have drones, which are proving very, very difficult for the Ukrainians to navigate. Again, there's a war, electronic warfare going on as well, as each is trying to neutralize the other's unmanned aerial systems and unmanned maritime and ground systems as well.

But the bottom line is they put in a very formidable defense. And what we require in our doctrine to overcome that with maneuver forces is air superiority. Well, we didn't get the F-16s to them. They're still not there. It's questionable whether they'd even have had air superiority with those but it sure would have helped. You have to have a lot of mounted breaching systems, so armored breaching systems. So there's D9 dozers they're called. They're massive bulldozers that are all armored and ballistic glass and everything else that we used at various times in Iraq, although we never saw anything as formidable as this.

And then a variety of other capabilities that they just don't have. Our tanks weren't even there for the summer offensive. And because our decision was a bit late, I think we've done a very impressive job of responding, and I should just note I'm truly non-political, not even bipartisan. I don't even register to vote. So if I'm commenting on one party or one administration or the other, it tries to be as objective as is possible. And I think we responded very impressively to the Russian invasion of Ukraine and led NATO and the western world in doing so. But along the way there has been decision-making that would have been much better had it come earlier on. Whether it was with the longer-range, the multiple launch rocket system and the longer-range munitions for that, the F-16s, the M1 Abrams tanks.

There were reasons why we didn't want to provide that tank. It's much, much heavier. It

literally gets something like two to four miles to the gallon. It's an incredible gas guzzler because it's a jet engine rather than twin diesel, which is what the Leopard is. But at the end of the day, until we made the decision to provide ours, the Germans weren't going to clear the delivery of Leopards from even other countries than Germany, because venues are \_\_\_\_\_. So again, a number of paces in which had we accelerated the decision-making, Ukraine would have been in a better position. Although I'm still not sure that they would have been capable of getting through this extraordinary defensive system in the south in particular.

And we should note here, you know, one of the paradoxes of being one of Putin's generals, the general who actually oversaw this so impressively, General Surovikin, of course, lost his job a few months ago over some perceived slight or disloyalty and is on gardening leave or something like that right now.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: You mentioned the general. So many generals at the beginning of the war were killed. They were on the front lines.

GENERAL DAVID H. PETRAEUS: Again, it's because the Russian, so the Russians supposedly carried out this massive modernization event. It turned out to be much more Potemkin than reality. And one beautiful example of this is their radio system. So what you want in a tactical command and control system is not long-range. You just want to

communicate with those you want to transmit to. So we use FM. You want it to be encrypted, which we do. And ideally, you have frequency hopping, so it's not even a fixed frequency. Because even if it's encrypted, if it's fixed, somebody can find it, lock on it, and sometimes jam it.

Their system is HF, which means it broadcasts very widely. Anyone with any kind of police jammer, police spectrum, can pick it up. It's single channel, and it's in the clear. So actually the Ukrainians will identify it. If they're criticizing their officers on it, they'll record it, and then upload it. And at a certain point they jam it. The jamming was so effective that the Russian generals had to go up to the front, because they couldn't just call up and say what's the nature of the delay. They would have to make their way up there through this backed up column which showed poor training as well.

Then what they started doing is using their own cell phones. And then the Ukrainians discovered this so they blocked that, those prefixes or whatever on their cell phone system. Then they started stealing Ukrainian cell phones and then people would use the Find My I-Phone and triangulate and take them out again. This has been a really curious war. And, of course, you know, the real, the true breakthrough in this war, the unprecedented element, I guess, would be a better descriptor, is the fact that this is the first war in which everyone on the battlefield has a smartphone, internet access, and social media onto which you can upload videos and photographs. It gives it tremendous

transparency. We're seeing that to a degree in Gaza as well, although the access to internet is not quite as ubiquitous.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: But doesn't that transparency of war make it so much more complicated?

GENERAL DAVID H. PETRAEUS: It does. It's much more challenging. So, to give you an example, when I was commanding the Surge in Iraq, in that kind of position you have to have what is essentially a political campaign machine. Some I know here are active in politics and you have media monitoring. We had someone watching every TV channel in Iraq and channels that came into Iraq. We had them listening to all the radio stations and reading all the print media. In those days, you didn't have that much in the way of social media, some internet, but not much.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And you didn't have the disinformation and the deep fakes.

GENERAL DAVID H. PETRAEUS: And now all of these challenges. And we would respond immediately. We had big ideas for everything during the Surge. One of those was when dealing with the media, be first with the truth. We wanted to beat the bad guys to the headline because bad guys have the Bagdad Bureau Chief's cell phone

programmed into their cell phone as well. So you had to beat them to the headline and then we want to do it with the truth. We're not going to put lipstick on pigs. We're not going to spin. If it's a bad day, we go out and acknowledge it was a bad day. Here's what took place. Here's what we learned from it. Here's what we're going to do to mitigate it in the future. So that's the way it needs to be. But when you have this proliferation, it's very, very challenging. And we see that.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: I want to get back, you mentioned air superiority and you also mentioned drones. Are drones changing the definition of air superiority?

GENERAL DAVID H. PETRAEUS: Well, they're changing the nature of warfare. And, of course, it's not just in the air. Now they're in the sea. I mean one of the real breakthroughs for the Ukrainians has been that they developed maritime drones that are so capable that they forced the Russian Black Sea fleet to withdraw from the Crimean port of Sevastopol, the most important port on the Black Sea, and they've had to push out farther.

But the future of war is going to be one in which you'll see forces transform from a very small number of very large platforms which are incredibly capable. The aircraft carrier is the prime example. Heavily-manned, incredibly expensive, but also increasingly

vulnerable because there's an old NATO adage that we used to recite, but it was never really operationalized. It said, you know, what can be seen can be hit. What can be hit can be killed. We couldn't see all that well in those days, not much to be on the front lines. We didn't have all these tactical intelligence, surveillance, reconnaissance systems that we have now.

Nowadays, if it's on the surface or above, you can be seen, you can definitely be hit. You might be able to defend against it. But increasingly, as you have hypersonic systems that maneuver at the end or swarm you, that's much more problematic. So you have to shift from that world to a massive number of unmanned systems, which increasingly will not be remotely piloted. They will be algorithmically piloted. And I know this, you know, should cause a bit of anxiety and ethical challenges, and that's correct.

But increasingly, the human in the loop is going to become the human on the loop, the individual who actually designs the conditions or develops the conditions the machine must meet with its capabilities according to its algorithm and then crafts the software that guides the machine's action. And these are machines that will be constantly updating themselves. AI is going to be a big feature of this, machine learning and all the rest of that. And the scale of these, the number of them is going to be so substantial that it's going to be very difficult to defend against.

So in a theater like the Indo-Pacific, you've got to harden your bases. You have to disperse your forces. You have to improve the defenses. You have to go underground. All of this is going to be quite transformative.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: You mentioned unmanned and, of course, the algorithms and so on. But what about the maintenance, the interpretation of data and so on? Is that going to be also...

GENERAL DAVID H. PETRAEUS: Another huge field. I mean one of the biggest fields, this is already happening. During the Surge in Iraq was a breakthrough. In fact, our mutual friend, Jen Easterly, then was a Lieutenant Colonel, I think, in the Military Intelligence Corp, cyber expert. We had a problem that we couldn't, we were collecting so much data. So keep in mind, we were getting data from literally full motion video, which is massive. That's what is called a bandwidth hog. But you're also getting signals, intelligence, traditional signals, cyber, other forms, imagery intelligence, human intelligence that's been distilled. And the challenge was pushing this back to the United States for federated intelligence assessment and analysis. We outran the pipes. We could no longer push it all back.

So my West Point classmate and friend, Keith Alexander, then the NSA Director, later the first Cyber-Com Commander, came out. He said, you know what we need to do is

we're going to create what we would now know as a cloud computing storage and retrieval analysis center. We created this massive center. Then we brought the analysts out there, more of the analysts, and then the applications engineers. And we were turning new applications to integrate and diffuse dissimilar data sets at a very rapid pace, in part, productivity is incredibly high in that kind of thing in the war zone because, you know, you don't go home for dinner. Nobody's asking you to pick up milk on the way home or get the kids to the soccer game. And above all, you can't drink. And so the productivity was just extraordinary.

So, yes, data is, again it's, what is it? The new oil and all that stuff when it comes to training, AI, and machine learning. But it's also the source. And what you're trying to do is fuse data in a way that allows you to pull a digital needle out of a digital haystack. And we did that incredibly well. And this is what enabled the 12 to 15 precision operations every single night against the high value targets as they were described. These were the leaders of Al-Qaeda in Iraq, the major Sunni insurgent groups, the major Iranian-supported Shia militia, who were not reconcilable. We had another whole intelligence organization that sorted out who could we reconcile with.

Because another one of the big ideas of the Surge, not only did we have to live with the people to secure them and take back control, which is 180-degree difference from before, we also could not kill or capture our way out of an industrial-strength insurgency.

You have to reconcile with as many as you could. And ultimately it was 103,000, about 80,000 Sunni, 23,000 Shia. And we had a process for determining that. But if you were an irreconcilable, you were going to become a person of interest as they say. You're going to be on the X sooner or later. And there was only two alternatives, capture, or if they resist detention, then obviously you're going to kill them.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So what went wrong October 7<sup>th</sup>? Was that an intelligence failure?

GENERAL DAVID H. PETRAEUS: It was an intelligence and a military readiness failure. All of the above. It was a case that, it's quite clear now, that Hamas seemed to understand the sources and methods used. This is principally the Shin Bet, but also obviously Mossad, Unit 8200, their NSA, and then the defense intelligence element. And so they, first of all, improved their operational security dramatically and reportedly.

You know, we're talking on cell phones or even on the landline system, they literally strung their own wire through the tunnels and that's how they were communicating in face-to-face or what have you. They fed disinformation into the system as well. You know Hamas was happy to do this. You guys, they hit Islamic Jihad a couple of times, the Israelis did. Hamas didn't do anything in response. It looks like, you know, Hamas was enjoying taking care of the people. Yeah, how did that turn out?

And they're using the additional work visas to actually gather intelligence, very sophisticated imagery and all the rest of that. And then a very creative plan that outran the creativity of those on the other side. And, you know, they'd been running demonstrations for weeks up near the border, up near the fence, which was thought to be relatively impregnable because of the different surveillance systems, including machine guns that can be operated remotely and so on.

And they very selectively and carefully took out the eyes of that system, blinded it, took out the capacity. You know, dropped little explosives onto the machine guns or under the surveillance systems or dismantled the nodes through which it all has to go to get back to a command post. They knew just the command post to go to, ripped out, again, the service and switches. And, of course, also like the Yom Kippur War, on a religious observance, in addition to being Shabbat.

And then you also had internal to Israel a greater focus over time on the West Bank, which is where the unrest was taking place. And probably a degree of distraction because of the internal upset and upheaval, some of which had to be of concern to Shin Bet because of course, this could have security issues for those in Israel. I should note that, you know, as a CIA Director you work not only with your logical counterpart, Mossad, but Shin Bet, because Shin Bet is an external intelligence for us, and they're spectacular.

In the West Bank, they are upstream of the threats. They know before something happens that someone is thinking about doing this. And I think that that perhaps also led them to believe that they were doing, perhaps had better insights, as they say in the intelligence world, on what was going on with Hamas and Islamic Jihad than obviously was the case.

Then on top of everything else, they gradually reduced some of the military forces in that area. It was a religious holiday. A number of them were on leave. And again, the readiness of it was inadequate as well. So all of these different issues conspired, just as they did actually in the Yom Kippur War, noting there were some indicators before the Yom Kippur War.

And there were actually some proposals that were not actually executed. And there were, some of the observers here were saying, hey, there's something going on over there, but they were dismissed because it didn't fit the new mindset that Hamas was really becoming a responsible stakeholder in some fashion and that the fence and the underground wall and all the rest of this were much more effective than it turned out to be. And then, of course, the execution of this, you know, air, sea, and ground and bulldozers and golf carts and motorcycles and everything else, as well as hang gliders, and I think even some systems that went around on the water.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And what's interesting and, you know, you think of 9/11 also, I mean when you think of the surprise attack, Yom Kippur and 9/11, the Falklands, you can even go back to Pearl Harbor, it's not really high-tech, but it's high-concept.

GENERAL DAVID H. PETRAEUS: And again it's a mindset, the mind failed. In the case of 9/11, of course, it turned out we had the dots, we just didn't connect them. There were walls, to a degree, between domestic and overseas intelligence and so on. And so we've taken institutional measures, organizational steps to try to ensure that that won't happen again. But there has to be something, your imagination has to be open to the idea that however crazy it might seem, people might actually be able to get to flight schools, hijack planes, and then have the skill to fly them into the World Trade Center, the Pentagon, and presumably it would have been the Capitol.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So it's a failure of imagination?

GENERAL DAVID H. PETRAEUS: That too, yes, it's all of the above. And again, I just don't think there was any, no one could conceive, you know, we had never seen anything like this before, but now we have.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And how do you, I mean you've had

experience on both sides, in the military and in intelligence at the CIA, how do you overcome that? How do you train people?

GENERAL DAVID H. PETRAEUS: Well, I mean there's going to have to be, obviously first and foremost, a very, very serious and objective investigation post-mortem, as there have been in the past, as there was in '73 and after earlier episodes. And then there will have to be both structural and, if you will, cultural changes because this is about organizational culture. Should we have had a Red Team that was thinking about that? How do we inculcate the imagination into our people? How do we avoid group think and a lack of, again, the idea that this could be conceived? All of that.

But, nonetheless, there have been repeatedly surprise attacks. In fact, in the book we quote Paul Wolfowitz who says the only surprising thing about surprise attacks is that we're still surprised by them.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Speaking of Israel and Hamas, they've just announced, they announced just as we were seated that they would extend the pause for another two days. How do you think this pause should be best utilized? I mean, of course, we speak of the hostages.

GENERAL DAVID H. PETRAEUS: Well, I mean the objective of the pause is to get the

hostages back. And there is understandably very considerable pressure on all administrations, but certainly ours and obviously that of Prime Minister Netanyahu to get the return of the hostages. And Hamas, what this is, they're on the ropes. This is a fire that has been taking some heavy blows, even though as we suspect, reportedly the leader of Hamas inside Gaza is now down in the south, down probably around Khan Yunis or underneath Kahn Yunis, which is its own town. And so they're regrouping, but so are the Israelis. The Israelis are redistributing ammunition, re-stockpiling, doing maintenance, getting a breather.

You know, urban combat is incredibly demanding for soldiers on the ground. It just, the flow of adrenaline. We used to actually speculate how many rooms can a soldier clear before you just don't have it anymore. And because every single time that individual goes through the door with a team, a stack, the adrenaline is just flowing big time. And, of course, there's also this tension. You never know if you're going to be greeted with a hand grenade or a handshake or at least hands in the air.

And so the challenges are enormous. This gives them a chance to actually get a few night's sleep, maybe to get a shower, you can get a decent meal, all the rest of this. But clearly Hamas is going to string this out as long as they can. It's a very cynical way that they're going about this. Needless to say, after truly barbaric, unspeakable acts that, not only do they carry them out, but then they even videoed them and bragged about them

and uploaded them.

But then the campaign is going to resume. Ultimately, I think that there has to be a campaign in the south. Keep in mind, what are the big ideas so far? The biggest of the big ideas is destroy Hamas and dismantle the political wing. Destroy, in military terminology, means to render the enemy incapable of accomplishing his mission without reconstitution. Keep your eye on reconstitution because you have to prevent that. That's another task post-Hamas that has to be ensured.

We have all learned that the hard way because the Islamic State which we destroyed when it was still Al-Qaeda in Iraq, during the Surge, destroyed it, rendered it incapable of accomplishing its mission, and then kept it destroyed for three and a (AUDIO ISSUE) our Iraqi security partners shouldering more and more of that burden. But then they took their eye off it when our combat forces left and Prime Minister Maliki pursued highly sectarian actions that unhinged the relationship with the Sunni. They were able to reconstitute. A couple of years later we have the first-ever Islamic Extremist caliphate, which we then had to go back in and help the Iraqi and Syrian partners destroy. So you can't let them back up once you have, again, taken them out, and you cannot allow them to reconstitute.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, that's a point that you, in your

Counterinsurgency Field Manual, the idea of hold...

GENERAL DAVID H. PETRAEUS: You have to hold. And so this is, I think there are some additional big ideas, if you will, I know that they are conscious of this because I have dialogue with individuals, and they're trying to come to grips. I mean the obvious one is, of course, who will administer Gaza? And here there's, you know, the Secretary of State of the U.S. rightly says, well, it should be a Palestinian entity. Of course, has to be competent, capable, trustworthy. Is there such an entity? I don't think so. Actually, if it was, it might be operational on the West Bank for starters.

And then, would it really want to go in on the backs of Israeli tanks to take over. That's obviously problematic. The idea that maybe Arabs could come together and they could have an interim transitional authority of some type. There doesn't seem to be enthusiasm for that. So it's appearing as if Israel is going to have to do what they don't want to do. I mean they pulled out of Gaza for a reason in 2005. We then insisted on elections in 2006. Hamas gets elected in the next year and basically they take over and there's never been an election since then.

So, yet that's what appears to be, what's going to be necessary, not desirable. All of these are bad options. The question is which is the only option that's going to be left standing? Because I think, again, not only do you have to administer Gaza in terms of

providing humanitarian assistance, restoration of basic services, but we're seeing reconstruction, all of this, you also have to ensure that Hamas and Islamic Jihad, the junior partner which doesn't always cooperate with Hamas, by the way, that they cannot reconstitute after you have destroyed them and dismantled their political architecture in Gaza.

So, again, who is going to do that? And that matters. And, you know, it's all well and good for those in other countries to say that's ill-advised. Okay, well, what do you have instead? If you assume, and I do, that Hamas has to be destroyed. Hamas has shown itself to be irreconcilable. It is a terrorist Army, if you will, in the way that the Islamic State was irreconcilable, a terrorist Army. It has to be destroyed. Not reconciled. Maybe some elements of it. And, by the way, there will be tens of thousands of essentially bureaucrats that used to be maybe paid by Hamas in some cases, some paid by the PA, but those are going to have to be, somehow you're going to have to put them to work.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: You don't want to repeat the depacification.

GENERAL DAVID H. PETRAEUS: Exactly. So, yes, you know, talk about a bad big idea. Not only do we not have a good, solid post-conflict, you know, post-war plan for Iraq, we compound the challenge by firing the Iraqi Army without telling them how we

could enable them to take care of their families. So you create hundreds of thousands of individuals whose incentive is to oppose the new Iraq rather than support it. And then you compound that by firing the Ba'ath Party down to level four which is the largely western-educated bureaucrats we needed to run a country that we didn't understand without an agreed reconciliation process. So, again, so that's who oversees that part of it.

But then also as you go to the south, again the sheer number of civilians, because they've been pushed down there, I'm not sure where they can go. And beyond, you want to start doing more of the clear hold, because otherwise the enemy will come back behind you anyway. So this is why it consumes soldiers at such substantial numbers. Not necessarily in casualties, although that's challenging too.

And then showing them this is what life will be like now that we've separated you from the Extremists. So I think those, and I know people are working on this, I know that, in Tel Aviv and Jerusalem. They're grappling with this. There's all kinds of different folks with different length screwdrivers from different capitals of the world that are helping them as I used to get helped as well. But again, this is going to be the challenge that lies ahead, and it is a very, very formidable one. But again, war among the people is fiendishly difficult in urban areas.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And what about Hezbollah in all that?

GENERAL DAVID H. PETRAEUS: Well, Hezbollah obviously has 150,000 rockets and missiles, some of extended range and warhead size, aimed at Israel. But the assessment is that Hezbollah really does not want to commit suicide, which is what, an act that sent large numbers into Israel would constitute. It's very instructive to remember 2006.

So after the Surge in Iraq, I was a Central Command Commander, so the Greater Middle East. And we looked at the damage that was done by Israel. The initial assessment of what happened in Israel in the war with Hezbollah in 2006 was that the Israeli Air Force over-promised and under-delivered. We reassessed that several times after that. And it turned out, first, say 2009, when I was Central Command Commander, wow, they did a lot more damage to Hezbollah infrastructure and capabilities and all the rest of that than was first assessed.

And then some years after that, later when I was at CIA, I remember being in Beirut and again doing another assessment. I don't think that Hezbollah really wants to return to that and especially now that Israel is completely stood up. I mean they've got 8% of their workforce in uniform. Now there's a clock that's ticking on that too. But that means the readiness is very, very substantial. They've got substantial forces on the border with

southern Lebanon, on the border with Syria, prepared for other contingencies in addition to what we're focused on, which is Gaza, but also quite active in the West Bank as well.

So I don't think that they want to go into that. And I'm not sure that Iran necessarily would order them to do that, or that if they did that Hezbollah would actually do that. Keep in mind that Iran is very happy to fight to the last member of Hamas, the last member of Hezbollah, the last Iraqi Shia militia, all of these, but they don't want to get into it directly with us because that would be a losing proposition.

CHAIR MARIE-JOSÉE KRAVIS: So what is the big idea in dealing with Iran?

GENERAL DAVID H. PETRAEUS: Again, skillful pressure over time. And again, you have to, I think you do have to appreciate here how, again, there's very few really great, obvious, easy choices. It's common to hear, for example, in some media, well, we should clamp down on their export of crude oil. They put about 1.5 million barrels per day on the market of about 100 million barrels. It's fairly tight still. And, of course, the same individuals who are saying you should tighten that will be the first to complain when the price of gasoline goes up in the United States in an election year. So, again, none of this is easy.

A huge debate about, of course, the Iran Nuclear Agreement. The fact is that actually

had some very advantageous elements to it. It had some concerns as well such as the end dates and the sunset clauses. So, again, I think we will have to get more pressure on Iran, but the idea that anybody would think that we can bring the Iranian regime down, I think is not well-founded. This is a massive regime. It's not Mubarak who is military steps back and let's go under the bus and they keep their jobs. If this regime goes, they all go.

It's very hard for me to conceive how you would, and by the way, we should have a bit of modesty about the objectives, a regime change. Not only have we seen, with the two regimes that we changed, not always the greatest of outcomes, but also in the case of the Arab Spring, there's not a single country left now. Tunisia was sort of the bright spot because they had a democracy that was functioning. That's no longer the case there. Libya is still in civil war. So is Yemen, Syria. Egypt is stable, but again it's essentially a military authoritarian regime.

CHAIR MARIE-JOSÉE KRAVIS: So let's go back, we just have a few minutes, let's go back to the book and the role of technology in warfare. And I think one of the interesting trends that's occurring, or facts actually, is the importance of the private sector in technological innovation, who will use technology and so on, more so than perhaps any time in history.

GENERAL DAVID H. PETRAEUS: I think that's probably correct. And we have people in here who are in this business. I mean, again, I'm looking at one of the great venture capitalists in our country. And it's crucial, and it's especially important now because we had a period where industry drew back a bit from supporting the U.S. government. After the Snowden revelations, the world I was in at that time did a lot of, the ones with whom I worked, they did a lot of soul-searching. And that was a real setback.

You may recall that there was a particular contract from the Army with, I think, Microsoft over some kind of advanced night vision goggles. And the workers said, oh, we don't want to do this anymore. We've now patched all that back up. I think everybody is back in. I think some of these threats like Russia and extremists and so forth have convinced people again that we should really help our defense establish, be as strong as it can. Albeit certainly make sure there's ethical norms and all the rest.

So that is absolutely crucial. And the role of the small entrepreneurial companies is particularly important because we keep seeing consolidation in defense. Our industrial base is not as robust as it needs to be, but it's also not as agile as it needs to be. And so where does that agility, where does the entrepreneurial spirit come from? Where are the breakthroughs, the innovation? A lot of it is with these smaller companies, which are developing quite rapidly, if you think of a company like Anduril or, again, Shield AI, there are a number of others that are out there.

So that is critically important. We need to continue to foster that. In-Q-Tel, as you know, the federally-funded CIA, federally-funded, it's all publicly known, nonprofit, independent venture capital firm, is an incredible success. You know why? They actually get to keep the profits, and so they can keep really great people, unlike some of these huge organizations. DARPA is a spectacular organization. It led to the ARPANET, the internet, PPS, and a variety of others, but it's more difficult to hang on to the most cutting-edge talent because they're basically on a federal pay scale as opposed to say In-Q-Tel which can pay many, many times that. Still not what they'd get out in Silicon Valley, but the mission that's larger than self is enough to keep real great quality there.

Plus, you know, literally, we're throwing things over the fence line to them. They're throwing capabilities back over the fence line to us. Those kinds of models are very, very valuable. And we're starting to see proliferation of that elsewhere, by the way. Other countries are now seeing the value of this.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And do you have a view on Starlink?

GENERAL DAVID H. PETRAEUS: Yes, I mean it's an incredible capability. It shouldn't be turned on and off in the middle of an operation because the person at the top has some kind of misgiving about what's being done, which is why the Department of Defense now pays the bill for Starlink in Ukraine, is my understanding.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So you're talking about spending, of course, and I think you've argued many times that money spent on defense is certainly better than the alternative. But if you look at the U.S. budget, we'll soon be spending more as a percentage of GDP on debt service than on defense.

GENERAL DAVID H. PETRAEUS: Yes, one of the conundrums that we face, of course, we're talking to The Economic Club of New York. After all, deficits matter, especially when interest rates go up as they have. We all thought that if interest rates remained low, no big deal, not an issue. It is an issue. And so we have to come to grips with that. It's where the dynamics of our politics, since I'm nonpartisan, non-political, you know, one party that won't raise taxes or won't increase revenue and the other party that won't reduce entitlements, it has sort of a problem there. I used to teach economics, by the way, in an earlier life, and so I love the subject and that's why it's always fun to be here.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: But do you think we could spend the funds allocated to defense more effectively?

GENERAL DAVID H. PETRAEUS: Sure. Of course we can, more efficiently, yes. I mean the challenge here is that in every element of what Senator McCain used to describe as the military industrial congressional complex, every element of that has, if you will, vested interest.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Its own agenda.

GENERAL DAVID H. PETRAEUS: Its own agenda. And it's why we find it difficult to draw down unneeded infrastructure, to not buy planes that we really don't need, but are forced to buy – I mean there's numerous examples of this – and have all kinds of stuff shoved into the defense budget that is very peripheral at best to the national security needs of our military services.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: It seems to reflect our politics right now. We could go on and on. We didn't discuss China. We didn't discuss Russia. And there are many more elements in your book that we haven't addressed. But thank you so much for coming today, but more importantly for your service to our country. Thank you.

GENERAL DAVID H. PETRAEUS: It was a privilege, and so is this. Thank you very much.

PRESIDENT BARBARA VAN ALLEN: Thank you both for just a really insightful conversation. And General, it was an honor to host you.

I'm pleased to report that we have a few great speakers, believe it or not, ahead between now and year-end. On Wednesday, the 29<sup>th</sup>, we have a luncheon where we'll

host Ray Kelly, now CEO of Guardian Group and as I think many of you know, the 37<sup>th</sup> and 41<sup>st</sup> New York City Police Commissioner. On November 30<sup>th</sup>, we have a webinar with Club Trustee, Bill Lewis, of Apollo. And in December, we will have our end of the year dinner honoring Bill Gates on December 7<sup>th</sup>, who will receive the Peter G. Peterson Leadership Excellence Award, the only award that the Club gives, and we give it annually. And then on December 11<sup>th</sup>, Club Member Brad Jacobs, Chair of XPO Logistics, and very much involved in supply chain issues, we'll have a luncheon where we will host him. And that will be followed that same day, December 11<sup>th</sup>, by our Member Holiday Reception that evening.

And lastly, as always, I'd like to take a moment to recognize those of our 368 members of the Centennial Society that are joining us today as their contributions continue to provide the financial backbone of support for the Club. So thank you to all who attended virtually. We'll see you later. And for those of you in the room, please enjoy your lunch. Thank you.