

CONVERSATIONS WITH MIKE MILKEN



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Mike Milken: Admiral, thank you for joining us today.

James Stavridis: Mike, it's my pleasure to be on with you, as always.

Well, we've interacted in many places around the world. We have focused on opportunities for growth. Today we're going to talk about a crisis brought on by the coronavirus, a pandemic that has circled the world. And I know you have spent a great deal of your life studying leadership. And what are those qualities that make a great leader?

Well, one way to think about it in the context of coronavirus, Mike, is to look at a U.S. national leader who faced a very significant crisis – one I would

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argue that was worse than coronavirus, and that was of course Franklin Delano Roosevelt, who faced not only the Great Depression but the Second World War – absolutely existential threats to the United States of America. I think of FDR first as calm and steady in crisis. I think of him as a superb communicator. Think about those fireside chats, really the first time you see an American president reach out and put his arms around the country and just pick the nation up and move them forward. He was willing to listen to clever people – running all the way from the development of a nuclear weapon, which was kind of unimaginable, to the tactical and strategic choices he made in conjunction with his admirals and generals about how to go after the Japanese empire, how to go after the Nazis, where to make those landings, how to create a sense of tactical surprise. Innovation, I think, would be a third thing. Roosevelt was someone who could surround himself with good teams. And he was a perfect teammate to Winston Churchill. The two of them are sort of bookends if you think about it. Churchill, much like Roosevelt, could really just put his arms around the nation and he'd be out and about London at the height of the blitz. That kind of example of personal courage and leadership really stands up today.

Admiral, one of the things that strikes me as I focus on these issues, is that there are individuals who might be good leaders in a particular point in time. If I look at finance, there are those who when the stock market's going up and business is expanding do very well but do very poorly during difficult economic periods. And there are those who are better equipped for difficult economic periods. What about in the military? And when we look back at these points in history such as Pearl Harbor, and we had eventually a significant participation between private industry and government, that same partnership exists today, particularly with the bioscience industry, pharma, bio, healthcare providers, but many retailers focusing on how they can improve testing. Take us back to that point in history, and can we draw any examples of those who might have been the right leaders in one environment but not in another.

So true. I'm going to really reach back to the Civil War. Today we assume that of course the North was going to win and we'd stay together as a union. Boy, you twist history just slightly, and we could be seven different countries on this continent that today is the

United States of America, for all our fractiousness and difficulty.

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But let's go back to 1861. Lincoln is trying to build a team. And he first reaches out to the rivals who were those who ran against him politically, and he brings them into the Cabinet. Pretty extraordinary. But secondly, Mike, Lincoln desperately knows he needs a general who will fight and win. He's got this very handsome,

top-of-his-class at West Point general named George McClellan. He's cautious. He's timid. He won't move and get into the fight. So he's the right general for peace time. He's very good on his feet in Washington. He's not the general you need to fight. Where does Lincoln go? He finds that kind of rumped former muleskinner, Ulysses S. Grant, who we all know, goes on to be president himself for two terms. And he finds General Grant, who is a war fighter, and moves him to command in the Army of the Potomac.

The second example is the one you raise. It's Pearl Harbor, where the Admiral who was in command of the Pacific Fleet when the bombing at Pearl Harbor occurs, he was a perfect peacetime Admiral. His name was Husband Kimmel, and he was tall and good-looking, executive hair, just fabulous. But he was not a war-fighting Admiral. He couldn't build the kind of teams necessary. And to your point, he didn't have that ability to work with the

private sector that was necessary to rebuild the fleet after it was shattered at Pearl Harbor. So President Roosevelt reached out to Fleet Admiral Chester Nimitz, who came out of Texas, had never seen the sea before he went to the Naval Academy in Annapolis, and Nimitz became perhaps the greatest of our American admirals. And it's like that in business as you point out. It's like that in the medical world right now: The leaders we need in times of crisis are not always the ones who are perfect in peace times. Sometimes they are. Sometimes it translates. But very often you need to look for new levels and styles of leadership in crisis.

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Admiral, the study of history – and I've spent a lot of time focused on Lincoln myself and how lucky we were that he was president at that time – when you look at most countries in the world, almost every one of them that have been around for a few hundred years has lost territory. The United States is one of the few countries that has held together in good times, bad times, economic depressions and war times. And not only that, as I reflect on the United States, it might be one of the first countries who changed its face peacefully. So if you come to California, more than 50% of all the children under 20 in California are of Latin American ancestry. The fastest growing population in California is of Asian ancestry. And when you look at the dramatic changes that occur, at some point, the majority of people in the United States will be of African, Asian or Latin American ancestry and how this has occurred in the United States versus what has occurred in other countries. Obviously the Soviet Union as we know it lost a considerable part of their territory with freedom to the states and created a number of countries. As we look at Africa today, we'd have a large number of

countries and seeing the dividing of certain countries over time. When you reflect on that in your focus on world history, to what would you attribute those unique qualities of the United States, that in many ways it hasn't followed the path of other countries?

You and I have both been to many, many countries. I think I'm running about 180. I'll tell you, every time I go to a U.S. embassy, virtually every one of them, you will see lines of

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people waiting to try and get a visa to come to the United States of America. You don't see that for any other country on such a consistent basis globally. Does that mean we're perfect? No far from it. We have marvelous values that matter. Democracy, liberty, freedom of speech, gender equality, racial equality. We execute them imperfectly, but they are the right values. I would argue people see the U.S. not only as an economic

opportunity but as a beacon of values, and that is our greatest strength as a nation and continues to this day. When I put that alongside your second point, which is really this: The gift of the United States, in the end, is its ability to assimilate other cultures, other races, other viewpoints, and we have done that again and again and again in our history.

I'm of Greek descent as you know, Greek American proudly, and my grandfather came over here in the 1920s alongside Italians. Before that there were waves of Germans. The Irish are a continuing fabulous part of this country. And as you correctly point out, today we see African, Latino and Asian numbers rising. We are well on our way to being a bilingual, bicultural country. That will serve us in good stead. I think those are the two principle gifts I would point to, Mike.

I became concerned six years ago about whether the American Dream is still alive, and this has really book-ended my entire life, this focus on the American dream. My parents' parents came from Eastern Europe, and as I thought about this concern, as you know, we decided to build this Center for Advancing the American Dream in Washington DC across from the Treasury and the White house. As I've traveled the world, we've tried to estimate: If they could come here, how many people would come to the United States? We've estimated maybe 700 to 800 million, if they could, would come to the United States to live. I think for many people, you really have to travel the world to see what freedom really means – the ability to speak, freedom of religion, access to education, et cetera. But we are now faced with this COVID-19 crisis. How do you see it affecting long-term geopolitics? Why don't we start with the relationship between the U.S. and China?

Here, unfortunately, I think we are in for some choppy seas at a minimum as follows. Certainly, in this hyper-partisan electoral year in the United States, I think there will be a great deal of focus placed on China, where this virus emerged. There will be calls – I think, appropriately – for full disclosure. What happened? An international commission to look at it. Some level of accountability. And a promise to improve conditions, to get rid of these wet markets, to tighten up these bio labs – whatever the investigation shows.

China will resist that. They will see that as an intrusion into their sovereignty. The likelihood of them willingly cooperating in this regard is low, and as a result, the U.S. and China, particularly in 2020, are on something of a collision course. The bad news is, Mike, it'll manifest itself not only in a lack of cooperation on the virus and dealing with it and finding the way forward. It will also bleed out into

confrontations in the South China Sea between our navies where China claims territorial sovereignty through this vast sea. It'll play out in cyberspace, where China will continue to lean in. We'll try and defend. We may go offensive at some point. It will play out in trade. We'll see, without question, the inability to get a serious trade agreement done this year. None of those are good for the United States, nor are they good for China.

There are places where we must confront China. We must confront them on accountability for this virus and an investigation. But here's the point, Mike: We should cooperate wherever we can. Where can we find zones to cooperate with China? Perhaps in the production, certainly in the distribution, of a vaccine. I think we can cooperate on health initiatives globally to benefit Latin America and Africa. So we should confront where we must, we should cooperate where we can, and we should be clear-eyed that we're in for a period of real tension between the United States and China, unfortunately.

Let's switch to another part that you have significant knowledge of and that's the emerging markets in the South. At the moment, except for what we're reading in Brazil, we have not seen as much devastation in South America. But there are these theories that it has to do with heat, and as winter comes to Argentina and Chile and in the mountains of South America, we might see something different. And in spite of everything that's occurred over almost a hundred years, we don't seem to be able to get

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stability in Central America except for maybe Costa Rica or Belize. What do you feel is going to happen in the Southern hemisphere?

Let's broaden our thinking to say we're going to talk about it in the context of Latin America and the Caribbean, this enormous zone to the south of the United States – and then we're going to jump across the South Atlantic and everything south of Sub Saharan Africa, south of the Sahara Desert, and then we're going to go actually north, but into an emerging world, and that's India and Pakistan.

I think those three collectively represent probably 3 billion people, and so it's just under half of the world's population, and we don't know how it's going to come out. One of two ways, I think. It could potentially run like a lawn mower through those societies, and that would be devastating both for the societies themselves and the global economy. The other path that could occur is there are no significant health mediations available, so potentially this could be the massive test case for this idea of herd immunity. The good news, such as it is, is that these populations are by and large younger than the northern populations, and demographics appears to be quite key in the lethality level of the virus.

So let us hope it's the second. If it turns out to be the first, this is where the United States, the European Union and China would need to work together to try and stabilize the south, not only for all the humanitarian reasons, but because of the economic impact which probably would tip the world into a global depression. So either it'll work through the herd immunity and those societies will keep going, or there's going to have to be a big step up by the developed world to try and help the developing world. We'll know a lot more in the next 30 to 60 days.

I'd like to turn to one other area of the world. At one time, 80% of the world's economy was in Japan, the United States, and Europe – 20% of the population, but 80% of the world's economy. Over the last few generations, Europe's percentage of the world's economy has decreased substantially. Do you see COVID-19 affecting the relationships and geopolitics related to Europe?

I think Europe will come out of COVID stronger for two reasons. One is simply a timing issue. I think that Brexit, which I opposed because from a U.S. perspective I would rather have seen Great Britain part of the European Union, but that was a decision for the people of Great Britain. They've made that decision. As they pull out, Mike, I think it will have the effect of simply drawing the rest of the European Union closer together. Part of that is the new leadership team of the European Union, including Dr. Ursula von der Leyen, who's the new head of the EU, who is – I know her quite well – she was minister of defense of Germany when I was the NATO commander. She is a vibrant, dynamic leader coming out of Germany. I think their new leadership and the Brexit occurrence will actually put a little air into the wings of the European Union.

Secondly, I think Europe by and large is managing this a fairly well. Italy and Spain, because they have elderly populations, because they have many three-generation families, have been hard hit. The rest of Europe is managing it fairly well and I think will come out of the turn quicker than the United States, and therefore will have a more cohesive framing going forward.

And then third and finally, because the United States, I think, will be looking more internally coming out of this as we are going to have to rebuild our own economy here, I think it will bring opportunities for Europe and European businesses who are more inclined to engage globally.

So I think Europe will come out of this at worst neutral, but at best may come out of this in a stronger position. I think China will come out clearly in a stronger position. I think for the United States, we need to avoid the mistake of leaning too far toward isolationism. I fully get it, that we need to come home to the United States and focus on our medical, our education, our poverty, our inequality challenges. We must do that, but we should not do that completely at the expense of engaging in the global environment. That's going to be crucial for the United States in this 21st century.

Admiral, I'd like to address one other issue with you before we close. I'd like you to think back to your term as the Dean of the Fletcher School of Law and Diplomacy. Over the years, I had hired a number of people from that school, highly educated, and their backgrounds provided a very interesting contrast to those who were MBAs or in business, et cetera. How do you see education changing as a result of the coronavirus?

This is a terrific question, and I think that education will kind of be the canary in the coal mine shaft for “tele-everything.” In other words, everyone's getting more comfortable with telemedicine, teleworking. I think it's going to be tele-education that's going to be on the absolute front foot in this regard. You're going to see it at every level in education, but particularly I think in higher education, the graduate education world, this could be very powerful as the technical tools get better and better. Doing this kind of work over internet protocols I think is very possible. Many schools have done this now for five to ten years, including the Fletcher School of Law and Diplomacy. This will give real impetus to that.

I'll close on this by saying I think it will also cause universities and colleges to look at the four-year educational paradigm, which is very expensive, and think about, what would it look like if we did a year of that or a year-and-a-half of that online? Reducing costs,

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building in convenience for students so they could do apprenticeships or part-time jobs, creating other educational opportunities in humanitarian work for them. I could see this changing education, which – let's face it, Mike – the way education is done, higher education, is exactly like the Greeks did it 2,500 years ago when Socrates sat down on a rock and 25 people sat in a circle around him. Do you think we can come up with some new tools to move education faster, better, smarter? I do. And I think this will be one of the positives, if you will, that comes out of this period of time when we are sequestered for coronavirus.

Well as you know, Admiral, I've spent 40 to 50 years working on that, and that will be a subject of another one of our podcasts. In closing, you've been focused on protecting the world, our country. Tell us about your own family during the coronavirus.

Thank you for asking. Good news and challenging news. The good news is that everybody is healthy, productive, and working. The challenging part, Mike, is that I have two daughters. Both of them are married to physicians. Both are frontline. One runs an emergency room in Atlanta. The other is doing clinics in Washington, DC. And one of my two daughters is a nurse-practitioner. So three out of my four millennials are in the “close fight,” as we would say in the military. We worry about them every day.

You know, throughout my life and career, I was the one who forward-deployed. I went into combat. I was on the front lines, and my family stayed home and worried about me. Now that has reversed, and it's hard. It's hard to feel as though the people you love most in the world are at risk every day because of their determination to help others.

That service – and I'll close, I know this is dear to your heart – there are so many ways to serve this country. The military, our diplomats, the CIA, police, fireman, Teach for America, Volunteer for America, Peace Corps. But let's all take a moment and say “thank you for your service to those medical professionals. That's what my family is doing in this fight, Mike.

Admiral, thank you for joining us today. And thank you for your family's service to our country, and I look forward to seeing you soon.

Indeed, my friend. Thank you so much.