

# Teneo Insights Webinar: U.S. National Security and Defense Policy in the Biden Era

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**Alexandra Lager (AL):** Good day and thank you for joining today's Teneo Insights webinar. A recording and podcast of this call will be available on Teneo's website. And now, I would like to hand it over to our host, Kevin Kajiwara.

**Kevin Kajiwara (KK):** Good day, and thank you very much, Alex. And welcome, everyone. Thank you for joining today's edition of Teneo Insights. I'm Kevin Kajiwara, Co-President of Teneo Political Risk Advisory in New York City. Well, the G7 meeting in the UK last weekend demonstrated that the U.S., quote, "is back" and eager to re-embrace the multilateral and alliance systems that it has championed for so long. But, behind the smiles and all that

**Michèle Flournoy**

Co-Founder and Managing  
Partner of Teneo's partner  
firm WestExec Advisors

**Kevin Kajiwara**

Co-President,  
Political Risk Advisory  
[kevin.kajiwara@teneo.com](mailto:kevin.kajiwara@teneo.com)

backslapping, there were apparent fissures that demonstrate American leadership is being viewed somewhat differently than it used to be. Add to that, the Biden-Putin meeting in Geneva, the evermore assertive China, the race for preeminence in the technologies and energy sources of the future, and it's clear that geopolitics, as well, is back, and frankly, on stark display.

So, who better to discuss the issues at hand than my guest today? Michèle Flournoy is the Managing Director of the strategic advisory firm and Teneo's strategic partner, WestExec Advisors, which she co-founded with Secretary of State Tony Blinken and their partners, Sergio Aguirre and Nitin Chadda. She is also the Chairman of the National security-oriented think tank the Center for a New American Security, which she co-founded with Kurt Campbell, who is currently serving as the National Security Council Coordinator for the Indo-Pacific. Previously, I should say that Michèle was the highest-ranking woman in the history of the Department of Defense when she served President Obama as Under Secretary of Defense for policy. She is also on the board of Booz Allen Hamilton, and she is the Vice Chair of the humanitarian agency CARE, which is dedicated, and has been since 1945, to defeating poverty and social injustice. Her piece in the current issue of Foreign Affairs is "America's Military Risks Losing Its Edge: How to Transform the Pentagon for a Competitive Era." I'm pleased to have her on the Insights call for the first time. So, Michèle, welcome. So, as I said, a big week on the geopolitical stage: the G7, EU, NATO meetings, numerous bilaterals, and of course, the meeting where the body language between the two men was probably the most eagerly anticipated since Trump and Kim Jong-un. What are your takeaways from the past week and these meetings?

**Michèle Flournoy (MF):** Well, it's great to be with you, Kevin. When I look at this, if you zoom out, I think the sort of sequencing and approach and the sort of design of the whole trip really speak to the Biden administration's basic strategic approach to the world. And that is, in addition to shoring up our own domestic foundations, start with allies. Start with allies and partners, and particularly democratic allies and partners. So, the G7 was really an attempt to find out, can we align on everything from economic and trade issues to cybersecurity to climate change to, quietly, behind closed doors, China. And then, moving to the NATO Alliance, the EU and then NATO, again, same thing; can we get the alliance thinking about the future challenges and sort of update its strategic concept, which is more than 10 years old, needs to be updated. And what role for the alliance in things like cybersecurity and China?

And then, with that sort of wind behind his back, then go sit down with an adversary. Putin's Russia is certainly that. And lower expectations in the sense that I think Biden is very clear-eyed about Putin, in particular, and about Russian foreign policy in general. And this wasn't about a reset. This wasn't about happy talk. This was about laying down markers and trying to set some guard rails on their relationship to say, "Here's how we see our interests. Here's our issues with your behaviors. And here are the lines we don't want you to cross. Here's how we're going to hold you accountable with consequences if you do." So, I think it was a very successful trip overall. It doesn't mean that we have total agreement with our democratic allies or total agreement with Europe, or Russia is never going to have bad behavior again. But I think it was a very good start to the President's engagement of our most important allies in Europe.

**KK:** And it seemed to me that there was very good communication on the part of the administration team about managing expectations to the media and to the

**American people so that, essentially, what came out of all of this was pretty much as anticipated. But I want to ask you about your point about the restrengthening and reviving of the Alliance system which was obviously under so much stress under the previous administration. And the president himself keeps talking about America is back and so on, but do you think that the United States and its key democratic allies are all on the same page about the position of the United States and the role it's going to play within that club? Or do you think there's still some jockeying to kind of figure out what America really is? Biden is clearly not Trump, but Trumpism is clearly not dead in the American democratic argument either. So, how do you think they're looking at the United States right now?**

**MF:** Well, you put your finger on it. I think the smiling, joking photos of Biden and Macron sitting down together, I mean, there was this palpable sense of relief among some of our allies. Finally, we have an American president who appreciates the alliances, appreciates our history, appreciates the strong relationships with Europe and what that can help us with globally. But in the back of their minds, they agree with your assessment that Trump may have left office, but there's no guarantee that you don't get someone in a Trump mold or, frankly, Trump himself again, in four years' time. And so, they have been shaken by the more fundamental changes they've seen in the American body politic.

And even as they embrace a more sort of normal administration and approach to foreign policy that's well within the kind of bipartisan tradition, they, I think in the back of their mind, are wondering, do we still have to hedge against the possibility that we can't count on America if we have another Trump-like president in the future. And so, they have kind of their two feet in different mental camps, and we do see some of that hedging continuing.

That said, there's also just very real differences on some of our threat perceptions. I mean, I think there are countries in Europe who have experience. They see China as the kind of threat that we see, a rising China. They see it as more of a potential threat. And others are like, "Well, no. They're a key commercial market. They're a key investor. Yeah, there's some challenges to manage, but I don't see them as a threat." So, you have this bifurcation within Europe in terms of how issues like China are viewed.

**KK:** So, let's use that as a segue, and you mentioned that a lot of the China discussion and a lot of those differences on China were sort of conducted behind closed doors in the UK and in Brussels. But clearly, and I want to get to the takeaways from your foreign affairs article in a bit, but one of the key sort of statements that you're making in there is that we need to reorient back toward great power competition again. And we've had a lot of our guests on this call, over time, talk about China. We talk about it from an economic perspective, from a trade perspective, diplomatic perspective, even a demographic perspective. But, I want to go to your expertise here and talk about it from a national security perspective and from the defense department's angle here. Because, clearly, China is the biggest challenge. The cover of a recent issue of *The Economist*, which was about Taiwan, was ominously titled "The Most Dangerous Place On Earth." And indeed, just two days ago, China flew 28 military aircraft into Taiwan's air defense identification zone. That was the biggest number they've done so far. Where is China, in your view, on the military front and where are they heading? And what is their political objective once they attain the military power that they're trying to get to?

**MF:** So, I think you do need to put the military piece in the broader context, and I will get to it.

**KK: Sure.**

**MF:** But I think that under President Xi, this is a multi-dimensional competition. It is economic, first and foremost. It is technological, trying to gain advantage. And the key technology areas, whether it's 5G or AI or chips or biotech, that China believes, and most of us believe, will define the future. There's a military dimension to it, but there's also, importantly, an ideological component that is more prominent now than it was when I was certainly in office. And that is this sense of a competition between authoritarian systems as sort of the best form of government versus democratic systems. And if you go to Beijing right now and you watch the nightly news, they play the January 6 tape over and over and over again to convey, "Why would you want democracy in China? Look at this chaos. Look at this violence. Look at this mess." And so, I think that's important as context.

So, in the context of that, I think we have to acknowledge that China is going to rise. I think the whole notion of trying to contain China is a misapplication of an old mindset or concept that doesn't really work for a fully integrated global economy that's integrated in the global system. But, if you look at, there is a military dimension to the competition. These are two nuclear powers. So, the objective really has to be, first and foremost, deterrence. Let's try to make sure that China does not use military force to take over Taiwan. Let's make sure that it doesn't miscalculate and use force in the South China Sea or the East China Sea, because that's the number one objective. And if that fails, then we need to be able to roll back that aggression and impose costs so that it's limited gain.

So, that's really the focus for the U.S. military. Secretary Austin has started talking about integrated deterrence, looking at deterrence across multiple domains. But, if that's the name of the game, we have a lot of work to

do. We have been honing the U.S. military for the post-9/11 wars: counter-terrorism, counter-insurgency. That's a very different set of requirements and capabilities and forces than what you need to deter a great power in a maritime, cyberspace, and air domain. So, the challenge is the clock is ticking. The Pentagon's been talking the talk of, "We understand this. This is the new problem," really since the Obama administration. We talked about the rebounds to Asia, the pivot to Asia. But we haven't been walking the walk in terms of really changing how we're postured, how we are spending the defense dollars we have, how we are conceptualizing the future of warfare and training people to those new concepts.

So, there's a huge amount of catch-up. And now, it's quite urgent because the Chinese have spent the last couple of decades, while we've been focused in the Greater Middle East, investing like crazy to try to catch up and even surpass us in some areas. And so, the defense department, that was what motivated me to write the two Foreign Affairs articles. One is to kind of really talk about what is the challenge from China and the other to say, "Okay, people. We got to get moving here," because we risk losing our edge. We can't just rest on our laurels. Being the best military in the world isn't a right. It's something you've got to work for and invest in.

**KK: So, picking up on what you're saying, I mean, deterrence is, and always has been, a big element of why we field as comprehensive a military and as big of a footprint as we've got around the world. And should that ultimately fail, then there is overwhelming force that can be brought to bear which has that feedback loop that that should ultimately deter somebody from taking an action. But, as China continues to build its military capability and continues to outspend everybody, but us essentially, and acknowledging that they're coming off of a far less technologically robust base**

**to build that and we've got decades and decades of building our force. But what do you think the objective of their strong military tool is, in contrast to the profile you just painted of the US' use of the military?**

**MF:** I think they are seeking to be the preeminent power in Asia and certainly a preeminent power globally. We've seen they do not hesitate to use coercive instruments to try to create a new status quo by imposing various fait accompli on smaller states, because a lot of this is in the territorial disputes in the South China Sea, as an example.

And so the military becomes both a symbol of power, but also an instrument of imposing China's will on other states. I personally don't believe that their preferred approach to Taiwan and integration of Taiwan is military. I think for those of you who are Star Trek fans, it's more like absorption into the Borg. I mean, if they can create enough economic interconnectivity and overwhelming influence there, then eventually they hope to just coercively absorb Taiwan.

But I also think the number one scenario that their military plans for is the re-integration or invasion and forcible reintegration of Taiwan and being prepared to fight the United States should we come to their defense. But I think that the main thing that we have to understand is that their approach is very different, at least in terms of how they approach the US military. If you read Chinese military doctrine, they never want it to get to the point where we're having a confrontation in the Indo-Pacific, in their backyard. Their military doctrine envisions massive cyber-attacks on U.S. critical infrastructure around military bases, as well as attacks on our space assets, to try to prevent us from moving the force out of the United States to the region, prevent us from being able to see, to have intelligence, to target, to just do the full range of things. And so that's their approach. The translation is systems destruction warfare. If you can destroy the

power projection and command and control systems, you'll never have to fight them head-on. So it's a very asymmetric approach, and we are still getting our heads around that and what does that mean. How do we have to change how we operate and fight?

**KK:** So I want to pick up on that in a moment, but when you and other people who have worked on military strategy, you come from the starting point that China has now become the second largest economy in the world, perhaps the largest on a purchasing power parity basis, and one that is still completely dependent on imported goods. And hasn't completed the transformation of its own economy, so it's still highly dependent on its export market. In other words, trade routes are critical. From that perspective, they are a rational actor. I mean, it makes sense that a country with that kind of economic heft and footprint and ambition would need a military... I mean, effectively, they have outsourced the protection of their supply chains to the US Navy for the last 75 years. I mean, it makes sense that they would want to have self-reliance on that front, and resiliency.

**MF:** Well, I mean, yeah. So I mean, if they were building a military and offering to join us in freedom of navigation missions to keep international waters free and open, that would be a different story. So the building of the military tool, how worried we should be about that depends largely on how they're demonstrating their intent. And unfortunately, it's the intent that looks pretty worrisome.

Particularly under President Xi, they've been literally manufacturing islands out of rocks, promising the US and President Obama that they would never be militarized, that's not their intention, and then proceeding to make them into military bases so that they can forward base missiles that can now have longer ranges and reach a larger group of potentially

US and allied targets in the region, again, to thwart power projection, should it ever come to that.

They are using their law enforcement and military capabilities coercively, constantly, against Japan in the East China Sea and against a range of smaller states in the South China Sea. So, I mean, if they were exhibiting a different kind of behavior as they become more powerful, we might be somewhat less worried, but they're not. And so I think it's in that context you view that capability, and it is quite worrisome.

**KK: So I want to move on, but just to punctuate this part of the conversation, going back to that Economist cover for one moment, and you're talking about your concerns regarding China over time, not to put too fine a point on it, but in your view, could China prevail today in a conflict over Taiwan? Or is that cover maybe a little bit hyperbolic, and actually that concern comes in maybe five or 10 years, or maybe even more down the road?**

**MF:** No, I think there is a very serious risk of miscalculation that is near-term, because I think the Chinese, again, as I mentioned, they look at the mishandling of COVID in this country. They look at the economic impacts. They look at the internal polarization and issues with racism and injustice, and they think, "the U.S. is down and out. They're down on the mat, they're not getting up, the count is happening. And now is our moment." I don't think that's true. I think we're in the process of getting up and true to US history, we're going to become stronger and more resilient and we are going to be back. But if the Chinese really believe that, it can induce them or lull them into thinking that they can lean forward and be much more aggressive. And maybe now's the time to take a risk as opposed to waiting until the US has rebuilt its strength and so forth.

And so there is a real risk of miscalculation. To your question, if they actually tried to invade Taiwan, depends on what the scenario is, blockade, invasion, etc., but using military force, I think they'd make some initial gains. But I think it would come at a tremendous cost and eventually, that aggression would be rolled back. And it would fundamentally change how the world views China and to the extent that people talk about the dropping of the mask with Xi, I mean, the mask would be completely on the floor in tatters. I mean, there would be no question that he is a rising power who was not going to play by international rules, who is not going to resolve disputes peacefully.

**KK: So you made the point about China concentrating resources in areas that could take the conflict outside of the Indo-Pacific, into cyber, up into space and so on and so forth. Which brings me to the whole issue of cyber in general. And as we have seen, China is not the only malign actor in this game. Russia, obviously, but also Iran and North Korea and non-state actors as well, though there's always that murky space between state and non-state actors on this front. But one of the things of course that's important to our audience is that by definition, if cyberspace is the battlefield of the 21st century, then that means it's in the private sector, as we have seen with Colonial Pipeline, as we've seen with JBS recently and the like. In your view and in the view that is continuing to be debated, I suspect, not only within the Pentagon and the National Security Council, but in the White House as well, are we heading toward an understanding of what is permissible and what is not in this space? And how do you calibrate a proportional response when we're so much more vulnerable because our asset base here? If it had been North Korea who had attacked the Colonial Pipeline as an example, it's like, what do you attack going back if you're using cyber that is proportional?**

### What are your thoughts on this?

**MF:** I think the fact that we are vulnerable, that there's a tremendous attack surface because we are an open and connected society, it has been made very clear in recent weeks. So I think there's multiple layers to a response. I would start with what you suggested. We do need to work on some norms of behavior, and you saw that, President Biden putting that on the table with President Putin. Can we agree on—taking 16 areas of critical infrastructure drawn from his recent presidential decision directive on the topic—can we agree that those are off limits? Because if we really get into a cyber war targeting each other's critical infrastructure it's going to be a very bad day for everybody.

There are also other areas like the Paris call, which has been a private sector and NGO-led effort to develop cyber norms. There's now a UN discussion on this. And it's not that we think that every bad actor would agree to the norms. It's more can we get enough of an international consensus that when those norms are violated, you have a basis for holding folks accountable and for creating an international response to the infraction. So that's the first layer.

The second layer is I think the U.S. government can do more to both get its own act together. If I asked you like, "Who's the one person responsible for cyber?" Nobody can answer that question. I think they're trying to get there with the appointment of a National Cyber Director, but there needs to be some reforms within the government to have greater coherence of U.S. policy and operations in this space.

And then you've got to get to your point that the private sector owns and operates most of the critical infrastructure, at least in this country and many others. We've got to have a better public/private partnership. I actually think the best example of this is in the financial sector, where I think a lot of those threats to that sector were

apparent years ago, and both companies got together and they also built trust with the right government agencies, both intelligence and law enforcement, to really shore up their defenses, their ability to share information, their ability to see threats, to just be a much better defender. I think we need to take that kind of model and adapt it for a number of other sectors. And then finally, we need to have some kind of incentive structure to get companies to invest in their own cyber defense. Yes, big companies certainly do. But as we saw with SolarWinds, it's the little guys in the supply chain who think, "Oh, they're never going to target me." Wherever that weak link is, the hackers will find it and come in the back door or the side window, or what have you.

So we've really got to look at the incentive structure, whether it's a certification thing or a tax credit. I'm open to what the specific solution is, but we got to look at the incentives to get people to really spend on making sure their systems are secure if they are part of critical infrastructure.

**KK:** So you made the point earlier that one of the critical rationales for the military posture we have is deterrence. And clearly we see it, right? The Chinese send an aircraft into the Taiwan Identification Zone, we send an aircraft carrier through the Strait. So, the message being to Xi Jinping, "Regardless of your estimation, don't overestimate the United States being down, because we're rising. And by the way, here's what will happen to you if you try something. We've got 13 carrier battle groups, you've got two," or what have you. But how does deterrence work in cyberspace, where you can't do the equivalent of showing the aircraft carrier? Because then you're going to betray what your capabilities are, or perhaps the limits of your capabilities. But it was implied that President Biden kind of suggested to President Putin what some of the cyber

**reactions could be. So, how do you play that deterrence game, but at the same time protect your capabilities?**

**MF:** I personally don't think we should think about deterrence only within stovepipes so that you only deter cyber-attacks with cyber means. I think it has to be a much broader set of things that may include cyber, it may include naming and shaming. It may include prosecution of perpetrators. It may include sanctions. So I think we need to look at our whole toolbox. But I do think that one of the changes that's happened in US cyber policy in the last four years, that I think will continue going forward, is this notion of defending forward. So in the Trump years, Cyber Command was for the first time, given the authorities to try to disrupt, prevent cyber-attacks from malicious actors, if we had good intelligence that they were either starting it or preparing it, or what have you. And the best example that's been reported publicly is, there's a lot of concern around the midterm elections last time. And we thought the Russians are going to pull out their playbook and start maybe even go farther and test whether they can hack the election system security directly, because we had some evidence of them probing in that area before. And Jim Mattis talked about this after the fact. Cyber Command, the two days before the election, launched some major attacks on the primary Russian entity that was responsible for the 2016 election disruptions. And basically gave them a couple of really bad days, where they were just struggling to get their own systems back online. And so they were too busy doing that to mess up our midterms.

So I think that's an example of the kind of thing, but it's a very tactical thing. The notion that we're going to strategically deter Russia only through cyber means, I don't see it, because I think that the risk of just escalating is there. And to your point, they're a much more closed society with a smaller attack surface. And we are a much more open society with a larger

attack surface. And at some point, this doesn't work to our advantage. So I think we have to think more holistically about our tools and how, in terms of deterrence.

**KK:** So that brings me back to your current foreign affairs article that I mentioned at the top. And in it, you assert that the most consequential challenge to U.S. national security is great power competition, specifically from a rising China and a revisionist Russia. Which ironically is sort of, I guess we've kind of come full circle from a quadrennial threat review that you led earlier in your career, this kind of having to be prepared to fight two wars on two fronts and so on. But I want to move away from the actual military element, to the evolution that has to occur within the Department of Defense to when there is a change in the threat matrix that we're looking at. Obviously, it's a gigantic organization of both civilians and uniformed personnel. And it takes years to create and then build, and then deploy the different weapons platforms for different threats and so on.

**But what does this all mean for our strategic posture? And how do we make the changes necessary and what prevents those changes institutionally? Let's leave the politics of it for a second, out of it, but just institutionally within the organization. And the reason I'm asking this question is, I know that you advise a lot of CEOs and companies on a lot of national security related issues, but quite frankly, this trying to change a large and ingrained institution, and to make a clear vision, set the appropriate incentive structure and create accountability, there's definite analogies between the two. So talk about this a little bit.**

**MF:** Okay. So getting DOD to change course, people talk about changing the course of the aircraft carrier, it is the mother of all change



management projects. So it does, it has to start with a vision. You have to be very clear on where are you trying to go? And you have to have a burning platform. You have to create some kind of urgency that we really do need to get there because the stakes are very high, the risks are very great, if we don't. You then need to translate that into a set of very clear objectives and lines of effort, and you need to build buy-in.

I mean, there's the proverb about, "if you want to go fast, go alone. If you want to actually go along, you bring others with you. The biggest challenge in the Pentagon is always getting the buy-in from the people who will actually have to make the tough decisions to implement a new strategy. And then you've got to really empower people, and then as you said, hold them accountable. So it's a huge leadership challenge.

But in this case, there's some very important areas of focus that can really have kind of disproportionate impact. The first is concept development. As I mentioned, this is going to ... If we ever have a confrontation with China, military confrontation, it will happen in multiple domains. We will be contested in every domain. And so the old way of war that we saw in Desert Storm, where US comes in, establishes air superiority, space superiority, communication superiority, and then prosecutes a campaign that overwhelms the enemy because we have total freedom of action, that ain't going to happen again, right? Because we are going to be struggling to maintain—well, I won't say that. We're going to be operating in a very contested environment, where man in control is going to be disrupted, our intelligence, surveillance, reconnaissance, targeting, those networks will be disrupted. So it's going to be a very different fight. And, oh, by the way, if it is China, they'll have the home field advantage and they'll have quantitative advantage, in terms of the forces that are right there at day zero. So we have to think asymmetrically and

we have to think about the challenge differently. That requires changing our concepts. And for those of you who've worked in the innovation space, innovation comes from competition. We've got to create spaces where the military can compete concepts, not just necessarily by service, but by just smart people getting in a room, regardless of rank coming up with new ways of approaching the problem.

We also have to adjust our posture so that deterrence is about demonstrating resolve. You have to communicate that, but you've also got to be there and show up and so forth. So they're doing a big global posture review that is likely to reduce the relative emphasis of CENTCOM, which is a central command in the Middle East, which has been the top priority for 20 years and much more priority given to INDOPACOM.

You have to retrain forces. I was out in San Diego talking to one of the Navy Seal commanders, and he said, "We've been kicking down doors and doing counter-terrorism for 20 years on land in landlocked countries. Now, in this kind of environment, we have to rediscover our history at our core as Naval commanders. And how do we operate in a maritime domain to contribute to deterrence, and if necessary defeating aggression?" So fundamental mindset change for parts of the force.

And then you have to make sure you're actually investing in the right mix of capabilities. No matter what we do, something like 70% of the force, we've already purchased, it's going to be with us for years. The key question is what is the right mix of new capabilities that you put on that force to make it more survivable, make it more relevant into this new environment, make it more combat effective? And so at some point, you see the chiefs starting to do this, saying, "Where do I want to maybe buy a slightly fewer of a certain platform, so I can take that money and invest in the AI enabled systems, the unmanned systems, the electronic warfare,

the cyber defenses, the longer range munitions; all of the things that I'm going to need to make that platform still relevant in this very different future?"

**KK: We've talked about how the military is one component along with American political power, diplomatic persuasion, and obviously our soft power and economic resources. There's a perception of the US that's out there. And we've had this sort of sui generis presidency under President Trump. And you alluded to this earlier, our pandemic response, the social justice movement here in the US. America's debate with itself is on stark display. How do you see the perceptions of the United States from abroad right now? And I'm not just talking about from Xi Jinping or Putin's perspective, but in their societies as well and with our allies? And the military is the most highly regarded institution in American society. How has the US military regarded outside, in general?**

**MF:** I still think people see the United States as a leader. But I do think the combination of the last four years plus how we mishandled the pandemic and so forth, have really damaged that reputation, and we're going to have to win it back. So I do think that on COVID turning the corner, ourselves getting to a place of recovery, starting to have enough vaccines to be the leading provider of vaccines to the developing world, whether it's through COVAX or directly to a nation like Taiwan, where I think they got approval to send something like just short of a million doses. So that's sort of showing that, "Hey, we have recovered. Now, we're back in a position to lead and help others," and so forth is very important.

But it's not going to change in a blink of an eye, I think, and this is where investing in the drivers of our own competitiveness here at home becomes such an important part of the Foreign Policy agenda. If we invest in our

higher education, which is the best in the world, research and development and key technology area is where we want to stay competitive. Even smart immigration policy. I mean, look at the founders of Silicon Valley. Half of them are either first-generation Americans or recent immigrants. And they came to the United States and decided to stay and contribute to the innovation ecosystem here. We want more of that, so that requires some overhaul there.

But there's just a lot of things that we can do, I think, to invest in our own competitiveness and get the American people on board. This is a moment where we can need to stand up and compete and we need to come together and compete, and we can actually do this. And that takes tremendous leadership from the top. It takes the pulpit of the presidency, but it also takes, I think, there are lots of leader voices in the private sector that are very important to stand up and say, "We can do this, and we're going to do this," and to sort of get people motivated and coming together around those objectives.

**KK: So, speaking about the United States' perception in the world, I can't have you, Michèle, on this call without asking you about Afghanistan, because you played such a large role in American policy in Afghanistan at different points. But I feel like given everything else that's going on and we've just been talking about, relatively little attention is being paid by the public at large to the draw down that's going on in Afghanistan right now, even though this is now going to be sort of the ending of America's longest war. But as David Petraeus said on a call with you at CFR, not so long ago, just because we leave for a forever war doesn't mean the war ends essentially. So as we draw down our presence there, what are the risks from your perspective, both strategically and reputationally, that we have to be very clear-eyed about in Afghanistan?**

**MF:** Yeah. So unfortunately, because we are withdrawing without an agreed framework for any kind of political settlement in place, it means that I think it's a matter of time before the Taliban will start launching major offensives to take cities or the government forces that which for the most part have been able to hold, and some kind of return of civil war will occur. And there are going to be some heartbreaking and tragic and very ugly scenes of that. And it saddens me as someone who really tried to help the government of Afghanistan get its feet under it and have a chance to move the country forward in a way that really tried to meet the basic needs of the people, it's a very tragic ending to that. Strategically, I think the biggest risk is that a chaotic, at war Afghanistan, once again, becomes a safe haven for terrorists that have designs on US interests, US personnel, and even US Homeland. It may not be Al-Qaeda again. It may be ISIS, which is a very strong and ambitious group that's now headquartered in Eastern Afghanistan. So that is a risk and something that we'll have to watch. Our ability to prosecute counter-terrorism operations as effectively as we have in the past with no presence on the ground, no intelligence presence on the ground, I mean it's just going to be much more difficult and limited. And then I think it also depends on what happens in the region. How much does this spill over into other parts of the region and become a larger problem? In terms of reputational damage, I think certainly there'll be some of that. I don't think it's going to be fatal for us, but I do hope—something we're really bad at as a country and as a government, we are so determined to get things in our rear view mirror, we don't always pause and say, "What did we learn from this? What did we learn about how the objectives were defined, how we went in, how this worked, what we should have done, what we shouldn't have done?" Let's learn some lessons here that will inform us, hopefully, to make better decisions in the future.

**KK:** Thank you. The defense department and our military are obviously very unique institutions in our country, but they do operate within the context of broader society. And you've been talking about the technological advances, in terms of weapons platforms and how we're going to be meeting the adversarial challenges of the 21st century, and so on and so forth. So it seems to me that the defense department and the military itself are both competing in the marketplace with all other employers for top talent, who are technologically savvy and proficient and the like. And at the same time, we want to increase the diversity and create new opportunities on the gender balance front in the chain of command and so on and so forth. Talk about the efforts we need to be making on the recruitment front. And maybe if you could put it in the context also of what happened on January 6th, because we know that there were a lot of military related people who were there that day, who had been arrested and the like, how we're vetting, and do we have to do a better job of vetting who is our ranks?

**MF:** Well, let me just start with a couple of facts to set the table. One is that if you look at the age eligible young people in America—so 18 to 25 is usually the kind of recruiting age that we look at. Only three in 10 can meet the physical, mental, and moral requirements due for the military, meaning they are physically fit, they usually have a high school education or pass an equivalent test, and they don't have a significant criminal history. So that's three in 10. And guess what? Colleges, companies, everybody's competing for those three people. That's the first thing. The second thing is that the military disproportionately recruits from certain geographic areas and pockets of the country, because it's the most cost-effective way, meaning they get more recruits per dollar spent. That does not necessarily yield the most diverse set of recruits. For the rank and file coming in, the military does pretty

well on diversity. It's not fully representative of American society, and as an all volunteer force in a democracy, you kind of want the US military to look like the society it's sworn to protect. So some improvement could be made there, but where the diversity really falls off is the more senior you go in the ranks. So you have periods where there are very few people of color. One of the statistics I heard, the Air Force Chief, General C.Q. Brown, first African-American chief of staff of the service. Recently, when he came into the Air Force, only 2% of the pilots training were black, or 2% of the pilots writ large were black. What's the percentage today? 2%. So there's certain things that are very stubborn and are not changing. Secretary Ashton is doing a review, has a task force looking at this. I hope it's kind of a soup to nuts review that say where are we doing well? Where are we falling short? How do we need to change recruiting? But even more importantly in my view, how do we need to change retention, development on equitable terms, promotion on equitable terms to make sure that we are not only getting, but keeping and growing and promoting the best talent that's out there? One more footnote, we need a lot more technical talent in the military than we have today. We don't manage the technical talent we have very well. We don't let them have a promotion path that lets them stay as technologists in the military. But we also need to think about opening up the aperture so someone doesn't have to pass a physical fitness test or cut their hair or removed body hardware or tattoos, but they can hack for their country or they can be a technologist for their country as a part of a civilian auxiliary or civilian reserve. So kind of thinking a little bit more creatively about what's really required for the talent that we need to be successful going forward.

**KK: And when you look inside the building now, do you see that kind of creative thinking? Or is the environment emollient enough to allow that kind of creative thinking by the right people that**

**is sort of also an acknowledgement that you kind of have to ignore rank a little bit, right? Great ideas in organizations we find in corporate world can come from anywhere within an organization, but you need to have an entrepreneurial enough spirit that allows those great ideas to make it to the decision makers.**

**MF:** I do see some experimentation and innovation happening in pockets, and kind of bottom up. The Army just started a software factory, trying to take people already in the Army who have technical skill sets and attributes or affinity, and really training them as coders and training them as software engineers. You've got the Air Force and it's Kessel Run initiative, doing the same thing around basis across the Air Force. So there are pockets of this, but in terms of getting seasoned technical talent from Silicon Valley, from Austin, from Route 128 in the door of the Pentagon, the barriers are just ridiculous. The hiring time, the time to get a security clearance. Once you're there, do you have the tools that you need to be successful? Do you have the creative, innovative environment and kind of supervised leadership climate that allows you to do your best work? Those are all things that the department needs to work on if it's really going to attract top-notch technical talent to help.

**KK: We have just a few minutes left, so I want to kind of bring it full circle back to where we started this conversation in the wake of the meetings in Europe over the last week. As you look at the spectrum of risks that are out there, how would you sort of rank them? And obviously putting China aside for one second, because that's just the issue of our time. And then there are the transnational issues of climate change and things of that sort. But do you think progress started to get made on Russia yesterday? And what about the Iran and North Korea nuclear issues? Where do you see the big risks and where do you**

**see opportunities being created, either because of the international environment or because of a new administration that looks at things in a different way? What do you see out there?**

**MF:** I think the biggest risk is that we are too comfortable resting on our laurels, and that there's real resistance to change and a lack of urgency, whether it's within the bureaucracy of the Pentagon or on Capitol Hill, as people try to protect their entrenched interests, or just a lack of communication with the American people, so that people don't realize the urgency of the moment that we're in. I think that's the thing that kind of keeps me up at night, but I also think we haven't talked much about climate change. I do really think that climate is a national security risk in terms of it is going to geopolitically ... more severe weather events and disasters that are going to require help from the United States and response. Movements of populations. There are going to be places that become uninhabitable, either because they become underwater, or because they're too arid, there's no water or arable land anymore. Those population movements are going to create instability, the potential for conflict, and so forth. So those are going to create new national security problems. And then we have our own national infrastructure. If you look at the military, the Navy has done a study of all the bases that will be underwater, based on different levels of HC level change. So I do think really wrestling that to ground as another issue that is truly urgent. When I came into the field, I came in at the height of the nuclear saber rattling between the US and the Soviet Union, and I went into arms control. I think today, most young people coming in, their urgent issue is, "Wake up, we have got to save this planet that we're living on, and we've got to integrate this into the work of every sector." So that's the one I would highlight that we haven't really focused on enough.

**KK: Yeah. It was one of the great ironies of the last administration, that the Pentagon**

**was thinking about how it was going to have to adjust to rising sea levels on forward deployed Naval bases, or even Naval bases in the United States and the like, while their civilian bosses were essentially downplaying the risk. Also, it occurs to me, again, just going back to what you were saying at the very top about China pushing the confrontational theater outside of the Asia Pacific. As we move from an oil-based energy economy to one that is more renewables based, there's going to be this quest for the metals and minerals and the processed metals and minerals that are going to build that infrastructure. They are in more concentrated places, but we know what the geopolitics of oil have looked like. To me, the geopolitics of metals is going to be another issue. And they come from some pretty unstable places in many instances.**

**MF:** I would agree with that. I think we're going to be very focused on those areas, but also we have a lot of rare earths here in the United States. It just hasn't been economical to get them out of the ground. And maybe given some of the risk factors of the rising associated with China and others, that it was some investment here and an appreciation for how important that is. Maybe there's some reshoring of those supply chains and those manufacturing capabilities and mining capabilities that we can have here.

**KK: Well, Michèle Flournoy, thank you so much. I think our audience can see why you and your colleagues at WestExec Advisors are our strategic partner. By the way, for those of you who are interested in the name, WestExec is a reference to the little street between the West Wing of the White House and the Executive Office building across the street, West Executive Avenue. Her new piece in Foreign Affairs is "America's Military Risks Losing Its Edge." So thank you very much for joining us.**

**MF:** Thank you.

**KK:** On Tuesday, Governor Cuomo of New York and Governor Newsom of California effectively ended pandemic measures in their respective states. So it's all about opening, it's about back to work. One part of that is the return of cultural life in our major cities. So I hope you'll join me on our next call, which will be in two weeks from today on July 1st. My guests will be the actor, playwright, and NYU professor, Anna Deavere Smith, known to many of you from West Wing, also Jordan Roth, the president of Jujamcyn Theaters, he is one of the big three theater owners in New York, and Kara Barnett, the executive director of the American Ballet Theater. They'll be my guests, talking about the resurgence of cultural life in America as we wind down from the pandemic. But meanwhile, Michèle, thank you so much for joining me. Thank the rest of you for joining us. And hopefully you enjoy the long weekend. We'll speak to you soon. I'm Kevin Kajiwara in New York.



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