

## **Special Series on Geopolitics and Economics International Conflict: Security and Insecurity**

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Webinar transcription

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Meredith Friedman:

Thank you everybody for joining us today and our third club session of geopolitics and economics, we are going to, while everybody's settling down and a few late comers that are arriving just go over a couple of points today. We're going to only ask you to write your questions into the Q and a box or the chat box. Either one works for us. We want to take any verbal questions and that's just mainly so that things go a little more smoothly and you're not sitting around waiting while somebody might have problems with their audio. So please think about your questions. Just write them into the box Q and a box while George is speaking, or while the other questions and answers around the way. I think we'll have a good time, George. If you're awake, we're ready to start.

George Friedman:

Hi everybody. We're in the third session. The first two sessions were about the economy and the state. It was important to do that because without understanding the relationship between the economy and the state, we can't understand the limits of the economy. We can't understand how the economy functions. Therefore we can't begin to make sense of its relationship to the military, to the war and the three together constitute geopolitics from what we've done so far. I want to emphasize that geopolitics is not separate from economics. Economics is part of a system that makes up a geopolitics and that system is the state. It's the military war. And of course the economy and the three are always ways, not simply interacting, but frequently indistinguishable. We draw that distinction conceptually, but in fact, war and economics in many ways are the same thing. And that's what I want to start with today. Was now we're going to go to war and economics. My approach to this at first is going to be very strange. It's not what you would get at Wharton. It's not what you'd get at the army war college.

It begins with the enormous weirdness of economics and the military. And I, what I explained by weirdness is that when you drill into the motivation of the actors, they are actually very hard to fathom. So for example, war is about killing a modern war in the United States is frequently about filing things and go to meetings. But war in the end, when it breaks out is about life or death. And for much of our history, there's been commonplace as I'll discuss the first very strange thing is that any human being would submit to that, that any human being would not flee any human being would not. If the model of that Hobbes and Locke had of human beings, the most important thing was not dying. Death was the ultimate enemy. And this, by the way was sort of the origins of economics pleasure, which was life is

critical, but war is a circumstance in which many people quite willingly enter, and they understand that they may die in the process.

George Friedman:

And that is a very odd thing. It's not that it's rare, it's that our understanding of why anyone would do that is very strange. And it's essential that we understand it in order to begin to understand the relationship to economics, which itself has a fundamental weirdness built into it. The weirdness of economics is that any human being would wish to accumulate more wealth than he could consume or pass on that that mere accumulation of wealth should be an end in itself. And that even when you have reached a point of accumulating wealth beyond which it's meaningless to you, you continue to do it now, empirically that's obvious people do that all the time, but why would anyone want to do that? It's not that they don't want to do we understand what their motive is? So when we look at the military view of death, they use the concept attrition.

I used to design games and we looked at the battlefield. Antiseptically the agony and each death didn't show up what showed up was the aggregate impact. And that was our reality. When we designed the games, if we had the bad fortune to go to the battlefield, the reality was very different. In other words, the military presentation of itself and the experience of war are not the same thing. Similarly, when we look at someone desperately tried to make money, spending his rare days on earth, accumulating more money than he possibly could have. Well at warden is called wealth management is very antiseptic and it would be aggregated into an econometric model. Now that econometric model always has, how should I put a discussion of psychology, the psychology of the marketplace, but the psychology of capital accumulation is really discussed. So if you stand back from the entire question of the relationship between war and economics, for me, the place you begin is not with discussing how you fund a new project.

It is not how you protect the wealth of the nation. It is these people who are engaged in a process that on the surface seems irrational, but is the driving force of both the military and the economic life. So, you know, you look at you know you know, the Amazon guy, I forget his name. You'll look at the Amazon guy. He's got more money than he could ever spend. His children can spend his grandchildren can spend. He has why work? Why engage in labor in the face of that? Why puts your life at risk when you can have many ways not to be in that force? Well, the answer is they do, but you cannot understand them in the simple way. The simple way war has explained pack patriotism or commitment to your units. Okay. dying for my units is not something I'm eager to do.

I'd rather live for my country and die for my country in the other one. This is my pleasure. Okay. Of all the pleasures of the world for the economic side of all the pleasures in the, okay. The answers I like doing this it's fun. Well, it may well be, but what are all the pleasures that you're forgoing work is consuming. There are any number of other things that you may not have experienced. Okay. So if it's a game for you, then the problem is that society depends on wealth accumulation and you're playing a game. Well, that's not way it happens. It's a very complex issue. It has to be understood. And then we're going to talk about the first commonality of military and economics. It is founded on idiosyncratic event that is not easily understood, is definitely present and is enormously important. Okay. So where do we go from? If we try to understand this?

George Friedman:

Well, we have to go to the question of community, which in our case is nation and we're part of a nation. And we all humans, stray, Amazonians, perhaps not are part of a nation, a city, a community in some way, they were born in some way, they were nurtured in some way, they grew up, they got a language, they got a song. They had all sorts of things that they got from their city for their place of birth. And in those who grew up in this place, there's an intimate connection, which I call. And it's just talked about before, love of one's own. So you grow up, you learn the language, you are taught the religion. You have mothers, you love fathers. You may like whatever, but you have all these things and they can strain you. So when we add in the question of love of one's own, then we can talk about things like lust for one's wealth.

George Friedman:

It is not simply for you that you do it in the sense I need the wealth, but you may do it for pride. You may do it for honor. You may do it as a competition. And in the process, the side effect of it is to build the wealth of nations. So when we consider the fact that loved one's own means that you somehow want to guys are sending me messages from the side here, and that's confusing me because I'm too stupid to see doozy two things at once. So please we'll do it later. Don't worry about those. We'll come back to them. Okay? Now it's my stupidity. And also the fact that I can't bear not reading them. So so there's such a thing as lust and love and all these things bring together a matrix, which is not individualistic. You were born in a certain place.

You grew up in that place and you are more than yourself. So the Ayn Rand theory of individualism is interesting, but unsupportable, because that's not how you come to be. And in that coming to be, you are connected to family and community. You are collected to your country. If there is one, and therefore you're connected to actions beyond those that are simply, self-interested the answer of why you were a soldier. It is because you want to be honored by your city, by your country. It is because you have a duty to them. And the same thing, the wealthy don't do that simply because they want more things. They want a place in the order of things that is, it's not remembered at least that they have earned them there. In other words, the simplest definitions of economics and politics are insufficient. We really have to understand economic behavior and economic behavior is very mysterious, very complex.

And the behavior is soldier is equally mysterious and complex. And so in talking about economics and the military, we're talking about two idiosyncratic events, two very strange events coming together on the one side wealth pursuing itself for the nation, but also for themselves on the other side lives being risked and given for that same entity. So one is the pursuit of pleasure in a way the other is the willingness is a pain in a way. And here we find how they come together, not fully understanding each other because the kind of people in each are different and also with, with a real tension against each other. So one of the things that we have to do then is take a look at the condition of war and understand a war is ubiquitous. It is an occasional thing. It is not a black Swan. It is not anything like that.

It is a constant condition. So for example, in the 20th century, the us was involved in major wars. 19% of the time China was involved in major wars and I'm leaving us civil wars and things like that. 16% of the time, Russia not counting their civil war is 9% of the time. Canada was involved. 11% of the time in the

wars hungry my birthplace, but not my love was involved in war 12% of the time. And this leaves out the Iraq's and the end and the Afghanistans and things of that sorts. It leaves out the secondary conflicts that are constantly going on that a soldier must always face. So the answer for this is the probability of in your lifetime at 20th century, not seeing a major war, it was pretty low because I would go back to the 19th century or the 18th century.

George Friedman:

I can give you the same numbers, although not necessarily the same as would be in China or something like that. We humans engage in war. We engage in war first for lust. We want what the other country has. We then engage in war out of fear that the other nation will take what we have. We cloak our motives, very complex things. As I said in the first session the U S blockaded Japan, because it was afraid that the Japanese would dominate the Western hemisphere. The Western Pacific, the Japanese had Pearl Harbor because they were terrified that the Americans would succeed in breaking the back of the Japanese economy. And so on, in other words, the economy plays this game, war plays its game and fear overwhelmingly plays its game nine 11, frightened Americans, and anyone who says they're not frightened is lying.

I was there w that there, but, you know, experiencing it. And I was afraid, what would you do next? And therefore, what did we do out of our fear? We went to Afghanistan. We went to Iraq. These things may or may not have been rational for a purely military point of view. They may not have been rational from an economic point of view, but they served the psychological needs of the country. At that time, we were afraid. We demanded of the state that do something to protect us, the state mobilized the military, transform the behavior of the economy. And we did so. So when we look at one dimension of this, we go to war out of fear.

But those who go to war, don't go to war out of fear, because if they go out to war out of fear, they can't fight. They go to war out of a kind of love a loyalty, if not to the country, then to their past, to their own honor, or what have you. So to understand the military, which my friends had, the work college would probably kill me. I would say it isn't AutoNation of love and hate, love, and fear. I should say it plays back and forth. And similarly in the markets, which I don't participate in, but I enjoy watching the panicking that goes on the bravery that goes on the successes and failures go on. I mean, this is this constant pattern of fear. And so we look at the kinds of nations that go to war and nations that are powerful though, to war far more often than patients that are nations that are weak there's nations that have weak.

Usually don't have anything you want, but more to the point they don't scare you nations that are powerful, frightened everyone, and are constantly being drawn in by those who want to break their backs. So it is the most powerful states who are wind up going to war more frequently, winning more frequently, but still going to war more Feedly and the other states that I'm, how should I put it? The other states that kind of slide around the side. So my hungry slid around the side beautifully. That's what a Hungarian is noted for being absolutely committed to whatever. Cause there is an escaping if possible an American fought for his country for his status, his beliefs, everything like that. Okay. So what we should really think of is that economics is constantly a balancing act between production and consumption. If you produce too much, it can be consumed. You will have problems.

George Friedman:

If demand grows dramatically over what can be produced, you have problems. Economics is really, to my mind, the science of balancing it is studying the manner in which production and consumption as represented by money, bonds and everything else. Try to maintain a situation of coherence. We're now in a situation of mild incoherence, we hope it stays mild. My fear is that natural gas is in shortage. The shortage of natural gas, maybe a shortage of fertilizer did your fertilizer is going to be a shortage of food, not merely a shortage of my vanilla, vanilla pops that I'd love to eat, but rather one that follows many wars, like the first world war, we were out to settle and celebrate the end of the war, where between 500,000 and 700,000 German citizens died in the last year of the war and starvation. And the first year after that, in other words, in, within a hundred years, you know, we have seen real starvation, not a single country of Europe, escape that after world war two, China, experience it widely.

In other words, this is not rare. It is not impossible. It's not a black Swan. It is a frequent possibility in the same way that war is and frequently linked to war. So when we think of war, we think of hypersonic systems and what companies get the contract and things like that, all the more important, but it's important to understand that war has carries with it potential catastrophic he's defeated. That really are awful. And then we're right now looking at the potential far-fetched I hope of that sort of disruption, but it's not an odd thing. And the problem in a war is that the economic system goes out of balance. The consumption by the military is extreme, and it has to be the ability of the economy to serve that extremity and maintain the needs of the rest of the society is limited. And as a great power with a great deal of industry loses a war.

He increases, he doubles down on that industry and creates massive disruptions. And that disruption also hits the military because the German army in, in the world war one couldn't feed itself. It didn't have enough food to feed itself. It didn't have enough bullets. It didn't have anything. Okay? So this equilibrium and one can be catastrophic in the military. It could lead to the occupation of the country and theft. And what have you. On the other side, it can lead to a catastrophic outcome in the war. So these two systems are constantly looking for an equilibrium, a balance in peace time. They are looking for a balance that they don't produce more of a thing than can be consumed nor too little. They struggle for that balance and demand can shift itself has been doing lately on that court, on the court. So the military looks for a balance between the force that it has available.

And the enemy at trying to find the force is critical. Because if you spend too much of your resources in facing one enemy, you won't have enough resources to deal with another one. If I'm the other hand, you have enough force to defeat one enemy. You might switch to another whatever, but you are constantly looking for balance. Colin Powell said I've never been in a war where we use too much force. Well, yes, those wars that we enter into where there's so much force and other enemy can hit us from another direction, those bound that's an imbalance for. I know what he meant, which is that we always go to war in the United States without enough material, but still it is the balance. One of the great things about Roosevelt in world war II was he was per balancer. He threw his staff, you know, made certain that there was enough in each war to balance through enough, into domestic economy to build what was necessary.

And so on the nature of Hitler was he was a lousy balancer. He kept doubling down on anything. He did. He didn't want to accept weakness. And therefore he left himself in a completely open position that he couldn't sustain it loose. So what I'm saying here is look at economics, look at the military, look at the concept of balance and see the commonality with it. And now you can begin to see what the state does. The state comes in and says, we can't do this because we don't have the balance to do it. Or we can do it. We should find a way or whatever the state manages the balance. Each one, each side, the economic side, and the military side have weaknesses and strengths. The strength of the economy is allocation. The allocation of resources. They are very good at that because they have to make money.

George Friedman:

And that drives them to that from the military point of view, life and death is involved. Nothing is too good for our guys. Well, I'd like to say that, but yeah, there are wars in which you just can't afford that much. You're going to have to fight on a shoestring, most wars in the end. So when you look at this, you begin to see the commonality of war and economics. It is not simply that, you know, Raytheon will produce some sort of gadget for you and that'll make the difference, whether you supply money for them. And they, with the balance is in understanding the mission of society. Not society doesn't think of itself as having a mission. Society is the realm in which human beings pursue their pleasures. And that's where I really began. But the problem is that society has to have this.

So as we've seen in COVID where we lost our balance entirely. And the idea was that we must not risk a single life at the cost of what well, the cost of what we're seeing now, maybe that was wise, maybe not even, but you can see what imbalance looks like. And the military is constantly imbalancing the system because that's his job. And the economy is constantly seeking to take advantage of the opportunities of imbalancing and the president. If he knows what he's doing, or a secretary of defense are constantly pulling back and trying to align the costs with the threat, that's very difficult to do. And in many cases, countries can't really do it. So when we think of the economy, everybody can know that it provides the goods that make the war possible and the military fights the war. But the subtlety of two things, the manner in which it balances itself and the idiosyncratic synchronicities of the individuals, none of the whole is the idiosyncrasy dissolves.

When you look at the whole, but you take a look at the manner in which the whole operates. You see two things. Firstly, how the balance is reached between those who are in the focusing on economic goods and those who are focused on military goods, there are very different personalities and personality matters fundamentally both to the military and to the economy. I kind of metrics not withstanding. I have a great deal of respect for anybody who crunches numbers for living, but it misses the point of why someone gets up in the morning and makes the choices he does and does the things he does. And that impact is far beyond the modeling. That's possible that kind of metrics or in military war, and you see a entirely new picture arise. So we know that war is inherent in the human condition. We frequently forget how inherent, when you take a look at the numbers, the chances of the 60 year olds going through a century, unless he's hits just the right age and not experiencing a major war is very low historically, okay, could happen.

But you know, if you live to 80, you are going to hit a war. Those wars do come and they're going to happen. So the most of us living here I say we haven't had a single Siri first tier war, and I'm talking



about us first and second world war, Korean war and stuff like that. We're likely to fiber. It's not something I'm rooting for, but it will happen. The economy will likely be transformed. We have to remember what happened in world war II. The most important thing to happen in the entire world of world war II was the transformation to the American economy. It's nationalization it's transformation. We came into the war in a totally imbalanced position. That was the depression. Everything was out of balance. We now have to fight a war. We had to allocate goods for the domestic market.

We had to find workers. We had to as soldiers, all these things, this is where the state indeed the state essentially nationalized the economy, the military and everything else. And it began making the decisions that were so important and it made the decisions very well because the wealth produced in world war II was astounding. We went from a country in depression to relatively wealthy country and one that moved into the fifties and sixties in extremely good position. We profited from world war II. We didn't intend to, but it had to be country like Britain was broken by world war two. It lost its empire until the mid fifties its citizens were not allowed to travel with us dollars. Enhanced couldn't travel very much. It was a period of enormous pain. So was that because Churchill couldn't balance the system, but partly he wasn't interested in it, but that wasn't the key.

George Friedman:

The key was that Britain had become imbalanced in balance in the sense that its military interests in the ocean, in the Mediterranean Indian Lovick, outstripped its capabilities. And as a condoms, he not support that a added cost where the us could restructure the economy and support simultaneous wars in the Pacific, in the Atlantic and come out of that war in a more powerful position than anyone could have conceived before the war, as the only superpower as Ellie power, it really does. It was able to function. It happened because of inherit possibilities in the American economy, but do you serve patient of power by the state, without which the, which a bit out of cap competence usurpation, it couldn't have possibly solve the problem that it was facing. So in world war II, we saw what the balance looked like. You could see the complete unbalanced in the Soviet union, and you could see that the Germans were completely unbalanced.

It didn't appear until they had to absorb it. A theat. The Americans were balanced enough to take Pearl Harbor, to absorb the loss of the Philippines to have problems in north and north Africa. And so on. It was a system consciously created that what's expected in the first year or two to take the feats, to have enough resources available, to take their defeats and recover from them. This was a very different approach, political approach. And their Hitler's approach was to assume that everybody around him was weaker than he was. And therefore it was a question of who we, you detect first. And eventually he ran into a difficult problem. Stalin's was one, what had me followed by death doesn't matter charge. And if you don't charge your dead, he used death as a lever in the place of courage, the courage to do will to defend the Soviet union was there.

I mean, they were there, but no one can have as much courage as was needed by the Soviets. So you see in war various emotions like courage, various political evolutions, such as happened in world war II, the United States the careful husbanding of resources brings the economic and the political system and the military system and the political system into a single geopolitical entity. That's really where you go to see what geopolitics looks like, but you can also go to England to see what defective geopolitics looks

like or Germany, what catastrophic geopolitics of the factor. But at any case, we always come back to Sergeant York. One of those decorated men we've ever had and his willingness to go in harm's way, that was at the root of everything. And for that, there was no psychological explanation. Why him not someone else, why anyone at all?

George Friedman:

And to also understand the willingness of American business after world war II, to go on a suicidal surge of production, which sometimes have to be shaded backed by the government, but in general built, you know, quite an enormously powerful entity. So when we look at the relationship between economics and war, the first place to go is always to the psychological moral dimension of why people do the things they do not debating that they shouldn't not debating that they should, but why, why do they do that? The second thing that you have to take a look at is why do people care? What happens to the nation? They do enough to die for it, perhaps enough to live for it, more likely, but love of one's own. Is it absolutely critical concept, both in economics, in spite of the view of, you know, the selfish businessman, the love of one's own stand out there is a critical concept and the military, it's the indispensable concept. We have to love something to do the stuff that the military does. It's not an easy thing to do, but it gets done. It happens. So we know there's love of one's own. It's built in to how we're born. And finally, we have to look at the balancing process that is inherent in inherent in the relationship between both the military and the economic and the relation between the two and state. Now we can talk about many, go into many wars and go into the golden one.

The United States exists because the Portuguese were afraid of the Spaniards because they were afraid of the Spaniards. They had a great innovation, the building of a class of ships that could sail the deep oceans until then the deepest ocean was some was limits. You could do the coast, but you really can't go much further than that. The Portuguese invented a way of doing that. This frightened the Spaniards and being frightened. They hired an Italian Christopher Columbus who took over the, let me put it this way. This Portuguese sailed around and discovered the Indian ocean and how to get there. And they landed in India in Goa, and they created a vast economic relationship with the Chinese coal belt and road, but they actually did it. And Portugal prospered, Spain was terrified. And because Spain was terrified, they sailed westward try to get to India. Instead they got to an island in the Caribbean and in getting into an island in the Caribbean they became wealthy because by pushing further on and further on and further on as the Portuguese did, they discovered gold, gold and Mexico and silver in Mexico and in the Andes and so on and vast wealth emerged, but that couldn't be allowed over the centuries to exist.

And Sarah, for getting into the game with the Dutch, when the Dutch got into the game, they found a Jamestown and the British got into the game and they found the Plymouth colony. And so when all of these Jamestown things more complex but all of these things that they did, they did for economic reasons. And then they fought wars with each other to maintain the economic good. So if economics is a science of pleasure it quickly segues into the science of pain war. The creation of the United States was a constant struggle between those looking for wealth and those waging war against them. And for them, American history has that as this essence, not somebody, other things that have been discussed. It was a war that created the United States and wars that were waged between the British and the Dutch and the French and so on.



And there came. So we are the product of two things, economics and the desire to become wealthy by selling tobacco later on cotton, later on producing things internally and the will to wage war. Okay. Now why did they wage war? That's a mystery that exists today. Why are we fighting in the places we're fighting even today? Why do people do that? But that's a mystery that has to be understood, but you can see the relationship of economics. Although you always have to wonder about somebody who thought he went to north of north America and get wealthy in the 17th century. There was a lot of hope, a lot of miscalculation and a lot of good outcomes for us. Okay. So trying to sum up and clarify, I want to understand war and I cannot understand war as the warriors understand it most particularly as war college or the theorists in the, because to me, war is the individual action of getting to your feet under fire.

George Friedman:

And why you would do that when you would say ground and wait for the others, but it's done. So we have to understand it. And economics, I don't understand the question that has to be asked is why work so hard? Why does this give you pleasure? Why among all the pleasures available to you, would you choose more work? Is it genius or neurosis? It's not easy to understand, but if you want to understand the relationships between economics and war, well, you really have to go into the strange recesses of the two disciplines. They, they not easy to understand, nor does the simple explanation of econometrics or war gaming come close to capturing it. But also you have to understand war as I've just very quickly tried to explain world war II and tried to explain the conquest of north America and all these other wars, the wars are integrated economically and politically.

So there are two levels that we have to look at this first, the conventional level of war economics supporting a war and war, protecting an economy. That's one way to look at it. The other way to look at it is on a more granular level of the decisions to engage in warfare or an economic life. And try to explain that. And what I've tried to do in geopolitics is not only bring together all the various dimensions that a conventionally see it as geopolitical, but a philosophical layer, if you will, which asks the question, I understand how the military operate. I understand how business operates. I understand how the state operates. I don't understand how the soldier operates or the successful businessman operates. And we never bring the two together into a coherent picture at all of these areas. So what I'm trying to do with this and what I intend to do in a book, as soon as I'm allowed to write another book I'm going to try to understand the relationship, not between the systems, just but within the systems of what makes them go.

They're very different. A businessman is very different from a infantry Sergeant. I can assure you I've met both. They're both human. They're both noble. And yet they live in different universes, not only of morality, but of pleasure. So if somebody said businessmen like to building business, I'll accept that. And sergeants like to go to war and a Marine Sergeant lists for it. I know his name. How do these human beings emerge? How did they become involved in the complexity of social aggregation and what, what happens if the underlying base becomes corrupted? And on that note of pseudo philosophical profundity, I will turn to questions.

Meredith Friedman:

So the, the place you ended is exactly the place we need to start. You've told me very many, many times how much you love your work, how your work is your pleasure and how it motivates you. So a couple of people have mentioned when you started out asking the question, why would a businessmen or an investor accumulate wealth when he can't use it? When he gets so much wealth that he is beyond anything he'll ever use himself? The answer that Ryan Conlan suggests is work is fun. He enjoys it because he doesn't have to keep score anymore. It is his pleasure. And Richard Delotto mentioned that as well, work is fond of money is how we keep score. But the other example is somebody like a Jeff Bezos from Amazon or an Elon Musk, do what they do to accumulate wealth, because it's fun and interesting. And I would add a further level to that with their wealth. They can do things that other people can't do. They can have more fun than the average person, because they have the money to build a space ship, or try to reach beyond.

George Friedman:

What other wealthy people can do. So something to look at as a motivation. So to translate this, their motivations is trivial. It's fun. Well, okay. I have no problem with that, but I have a feeling that their motivations are deeper and much more complex. I don't think Elon Musk, well, I mean, it is all pleasure in some senses, a Sergeant going on patrol is believe it or not enjoying it. So we could argue that in any case, but Elon Musk, I think sees himself as a hero as opening up the universe to mankind. All right, I got that. The others, I don't know well enough to really comment on what he is. I enjoy my work, but it's hard. And sometimes I don't want to do it. And sometimes as you know, I will accuse you making me do things I don't want with her temper tantrums or other things.

But the fact is that I understand if that is the reason, now I have to take a fund. Now I have to take it apart. Which is, is if business is run by people who are having fun, will they make the optimal decisions for society? And can they be trusted? I'm not saying anybody here, can't be trusted. I'm saying that if we reach a point where the necessary things of life depend on the enjoyment of someone else, where does that lead us to? Now it possibly leads us to good things, but these are the things that I need to ask, because what I'm trying to do is create a model of how the United States became what it was and how Russia became what it is. So what I certainly in Russia, people did not work for pleasure.

I think that as, as general point in the United States, it may well be that the reason it's worked for pleasure, I'm not challenging anybody. When I say, or habit I was working before I have nothing else to do, I'll continue to do it, which is a pretty good theory. I've done it. But is there an underlying force that compels a Sergeant to do what self-evidently is not pleasant, but still can, Hey, do it because now we get down to the question, how do we select happiness? And can you do harm with that happiness sergeants, combat sergeants, combat happy, Sergeant committed to a lot of damage. I don't know.

Meredith Friedman:

Okay. remember to send your questions into the Q and a box, or you can use the chat box again as well. We went to St. George anymore. So George, that last question of Steve Shawman wrote, and this may help you go down another track of the thought as a businessmen and philosopher. What do you think about the idea that war economics and life are about taking opportunities? If we don't take the opportunities, they dry out. An example of this would be 1937 to 41, where Japan risked everything to

dominate Asia and lost. But by the 1980s, Japan was an economic superpower. So is opportunity key to understanding the link between war and economics, sacrifice and death take only a moment that the opportunities gained or lost will resonate over a long period of time.

George Friedman:

Opportunities are critical connector. The problem of opportunity is choice. The Japanese had no choice in world war II. The U S had backed them into a corner. They had to strike United States had no choice. They had to answer my problem as a businessman, so to speak and writer and all around dilettantes is that the choices are many because I'm an American because I am who am and other things can happen. And in my life I've chosen well. And at times poorly, so the same can be said of war and economics, except to point out that Japan's choice of attacking Pearl Harbor proved catastrophic. And it re-emerged as a great power because the United States wanted it to. So Japan became a competitor with the United States, but was intended. It's wanted a strong Japan. So, so much of opportunity turns out to be facile, not true. And so many times in my life, I've been driven to do something by events rather than by choice. I agree that opportunity is critical to understanding the relation of military and the economy and everything else, but I find opportunity a very complex subject.

Meredith Friedman:

Okay. let's go to an example here. Lawrence Steinbeck is writing about dry runs for wars. So what would be a dry run for China? Taking over North Korea say is a dry run, an invasion of Taiwan, Russia. Would it be a dry one of going into Estonia Lithuania? Why is nobody thinking about China's option of a dry run with Taiwan leading to something further where it would benefit from

George Friedman:

The first question is can, is it a dry run or is it run into catastrophe? As I said before, an invasion of Taiwan, China is impossible. If they have six amphibious carrier's amphibious warships, it will take them at least six hours to cross from mainland China to Taiwan. In those six hours, they must assume that the us will attack with long range, rocket fire and so on. So the problem of dry runs, I mean the United States had a dry run. It was a dry run that took place before world war II lose the famous Louisiana exercises, but it was not a dry run in the sense that it was waging war, probably with dry one run. As the other guy might decide that his like, where you're rare, where you're running and takes you out. So there's no question that that's why we have military models. That's why there are wonderful models that can never be wrong that are perfectly built. And we'll tell you exactly what will happen. We should go into Iraq. No question.

Meredith Friedman:

Another question from Steve, isn't it the small business people who do win or lose major wars, the regulars often get beaten and then the volunteers are conscripts take over and get the job done.

George Friedman:

Well, I mean, world war II, which was the last major war that evolved. This had the major companies building near the a hundred thousand aircraft building the Sherman tank. And so on small companies could not possibly do that. Job manager. A small company might be able to scale himself up to lead that, but major war up till now has really depended on large industrial capability. This was one of the

problems with the Germans. They didn't have large industrial capability and the Russians on the other hand right now, if we take a look at war, the number one acted, any war that was serious would be attacks on each others satellites. We would have to blind the other side, and that would require levels of technology and levels of computing and levels of lifts. And so on. That would be beyond the scale of most small businesses. They could conceive it, but it really takes a large company with a lot of people to be able to do these things. So I would that when we go back into modern war siphon, ancient wars, where somebody had to make a bow modern wars, industrial war, industrial war is not Microsoft in 1980 starting up.

Meredith Friedman:

Okay. So just to clarify on the dry run question his point was that Taiwan might be a dry, I mean, sorry that North Korea might be a dry run for Taiwan invasion, but back to the North Korea question and food insecurity that you've mentioned very relevant case, there would be that China could get the rice potatoes, pine nuts and things that are grown in North Korea, that they need in China to help feed the population without agricultural inputs. If they control North Korea

George Friedman:

First of all, to get to South Korea, they either have to go by ship, which involves the Japanese Navy intercepted substantial Navy, or they go through North Korea, the north Koreans, however, would not really welcome the presence of a Chinese military coming through the country. There is a lot of tension and friendship between the two, but the idea that North Korea would welcome the Chinese innovation was I think dubious anyway, the invasion of Korea would not test the equipment, the units, and so on, that would be handling the south China sea. That'd be very different wars. So it wouldn't be a dry run of how they would fight a war, but the different,

Meredith Friedman:

Okay. Let's move on to another question. Paul Jackson's asking is the parade or distribution part of the big picture model. In other words, the idea that 80% of the wealth is held by a very small percentage of the population. How does that enter into the wealth question? The economic question?

George Friedman:

Well, this way the 80% of wealth is there's no value to the holder unless he invested investment. In most cases by a private citizen is more effective than by government. So since he can't consume it I think it's an illusion to think of it as being his, he can't buy any much more with it. He can't put it in his chase Manhattan chase bank account. So what he basically is, is a middleman making investments and hopefully optimizing them. So I would say that the way to look at this, that after a certain point, the wealth you hold no longer represents consumer only investible wealth and therefore has a social function.

Meredith Friedman:

All right. I hope that answered his question. I liked Michael Peskin his comment, another motivation for war and why people might be willing to go and die is something that you've mentioned before too. George men need women. Women are attracted to power. And could this explain some of the reasons

behind those war and perhaps economics, because power is kind of equal to economics in many countries.

George Friedman:

I will simply say that it is really allows the way of getting dates because usually you're drunk out of your mind and unless you want a girl who's also drunk out of her mind. Also this time there, girl, women, sorry that not the girls, terrible thing, women who come back and get drunk out of their minds. Now that is not an answer in up to escape everything you said. And that's what I intended to do.

Meredith Friedman:

All right. I don't think I'm going to follow that one up. So another question is, what do you think about the reported rationale for leaving equipment behind in Afghanistan, that it was cheaper to leave than to retrieve and bring it back.

George Friedman:

It was cheaper. Tate bringing it back was cost a lot of lives. We had lots of that equipment and in an Afghan environment that equipment would stop working in three weeks. So on the whole, given the task of over of bringing in helicopters, having them hover, having them lift it out of there, and the people that had die, I'd rather not lose the people. I'd rather not worry about the equipment and tell them welcome. I hope you enjoy using that computer with your Abacus.

Meredith Friedman:

So what is it about both war and economics that people like to take risks playing poker, you, you use a lot in your, your writing as an example of risk-taking, what is it about humans that they like to go to the edge? They like to take risks, whether it's with their life or with their money. And where does that enter into this whole model and concept

George Friedman:

Survive, taking a risk and surviving is an enormous high. And we know that human beings like to smoke pot, take meth and everything else. Well, going through firefight, being alive is a significant pleasure. Now in economics. This is where I get confused using the parade Pereda model. We're 80% of money. What is the risk you're taking? Yes, you're risking something, but there's a tremendous high in war. There isn't an equivalent high in my mind in business, but it may be there that you have different personalities to, even if you don't need the money, you get high winning. So I used to go to Vegas and play the sands hotel back when it was a Sam's hotel, not Disneyland. And I would sit there playing poker for hours and hours, but I needed the money and I wanted to win. So for me, the answer is the high is winning something to matters. As you know, it won't play poker with you, Quizlet the hell. Could I win?

Meredith Friedman:

You'd have to pay me a lot more first before I could bet high enough to make it fun. Remembering last week's discussion on supply chain and, and money, money console, war, money, console, politics, or disease. So what trumps, what you've got your three pillars that you've discussed from the beginning are these equal pillars, which one trumps the other in the end, when obits sit down and all risks are taken, where are we?

George Friedman:

It depends on the situation talking now. There's something I can't figure out is the supply chain merely hung over, hung up or has large segments of the supply chain and of the global economy had been destroyed, destroyed either because there are no workers destroyed because they can't be fed with feed with stock. I don't know when this whole thing started. I said, we could wind up in one of two things. One is a recession, which is a financial event. And the other is a depression, which is a destruction of the economic system. The economic system is behaving as if critical segments have been destroyed, but the reporting system on the status of things always pushes that aside. So what I asked the question, how can we increase a natural gas reduction? I found out there are four or five different answers that it couldn't be done.

George Friedman:

It isn't being done. So what we have to determine is what has happened here is this the destruction of the supply chain and economy, in which case money is critical to move into fix it. And expertise is also, is it simply a political obstruction? Is it a trivial monetary one? I don't know. And believe me, I've been looking at this and my team has been looking at this obsessively and we just can't figure it out. And because the data flowing in is that poor. So knowing what the problem is, I could give you what I think would be an answer. But I think the most important question now is information not flowing coherently.

Meredith Friedman:

A couple of people have come back to the question of sex, but not in the way you might think, just speaking of the ratio, men to women in China. And the problem that that may produce would, will be some solution to the fact that there is way more percentage of young male population that have no future in finding female mates, because it gives them another goal which is fighting for their country or a way to get out their aggressions. And going along with that, Richard mentions, speaking of women will sex ratio, disparity drives some PRC. Adventurism thinking of Rome and the saving women.

George Friedman:

If China wants to commit suicide, it should start a war. There is this myth that China is a powerful superpower. Geographically it is trapped is great. Fear is the United States is going to mine, its ports, which we can do from submarines and then trying to be cut off or will intercept the straits of Malacca. And China's oil supply will be effected. China is so vulnerable in so many ways. China has been threatening war for the past two years. You will notice that it didn't do it. This eventually has to look at it. So to the question of will Chinese girls forced them to attack with the men. They have got to swim across the south China sea. Okay. Remember any place they want to attack? They have to approach by the sea. And when they go out to sea, they face us air and submarine power and so on. So the answer is there's going to be a lot of guy, you know, a lot of girls available for parties and bar mitzvahs and things like that.

Meredith Friedman:

All right, I can see I'm not going to get a serious answer out of you on that. Andreas asks he or he writes. I read once the following line being the military winner of a war is good for the winners ego. However, what actually matters is who comes strengthened or weakened out of a war. If you look at where Japan



is today and where is Russia today with its impressive record of military victories, could there be something to that?

George Friedman:

Oh, there's always something to that. But remember the China went through a decade of her after that, that Japan was resuscitated by its enemy, the United States and listener's umbrella, but they doing well. The Russians certainly did better than they used to, but still it's a problem. So who comes well out of these wars? Again, it's the question of balance. If you have carefully balanced your force and allocated it with incredible care you can come out of the war in good shape and the nation that came out of the world war II in the greatest shape of the United States, but it's a question of balancing yourself and that's hard to do.

Meredith Friedman:

Okay. I think we have time for one or two more questions and let's turn to Europe for a minute. Is Russia currently Turing taunting the EU to irritate the current divisions within the block pressuring Germany for economic benefit is that what's happening with the tensions in Belarus,

George Friedman:

Detention and Belarus have to do with Kurdish refugees being flown to Bellerose by Turkish airlines and threatening to go into Poland. Okay. The Germans have now offered to send police to the Belarusian border, to public beverage, to gardens, to keep them out the Russians, if they want to bother the Europeans, they have to do it more effectively. Now I'm not saying that they don't want to do it, but remember also that Russian goods of blood by the Europeans. And the last thing that the Russians want right now is winding up in a war with the Europeans that was before this current event. So we'll see what happens, but I don't take what's going on in Belarus, all that seriously. And you know, the Russians certainly want to have a good relationship with Germany and they understand that if they move too hard in Belarus, they won't get that.

Meredith Friedman:

Okay. And this is a good one to end on. Thank you, yellowness for this question. Love about own means. We are into temporal. We care about what we leave behind. We care about making society better for our own. This can go some way to explain why we work and accumulate. So economics as the science of balancing is also a balanced between present and future. We consume to survive and have fun, but we also forego consumption to invest for the future.

George Friedman:

I think that's very true. Both the military and the economic sphere is about the future. The wars that are fought there about what the future will look like, the investment we make is about what the future will look like. So I think you're very much on track there. Yes. The question is, what will we look like in the future? And then the question is who will decide what will look like and how will be shaped and now because of the political problem. So it always moves back and forth between ranges, but I think you're absolutely right about the future.

Meredith Friedman:

So if you had to sum up in two minutes, George, where are we going with this? We're halfway through. I think the, the topics you want to discuss in this special series, what do we have to look forward to in the future.

George Friedman:

And the future sessions, two sessions, we're going to get down to war itself and economics. I want to be talking about world war two because it's a wonderful laboratory to see it. I also want to talk about the future of war and its relationship to economics. So for example, war is moving into space. That's a given the economic system is transforming itself before our very eyes to support that. So I want to be talking about how, the way in which the economic system predicts, the kind of war we're going to have. It's not that the military, the military order does things they already know are there. The case, of course, is the biker chip was first created for the F 14 fighter and for a submarine launch ballistic missile. And we never expected it to become what it has good or bad. So I want to be focusing on how technology and economics, which go together how they shaped the future of the military and in turn, how military needs shape the future of the

Meredith Friedman:

Thank you. Thank you all for joining us today. And I hope that you have a great week rest of your week, and we will be returning in about two weeks with the next session for geopolitics and economics. Thanks all. Have a good evening.