



**MACROVoices**  
*with hedge fund manager Erik Townsend*

## Dr. Pippa Malmgren: Perspective on the Further Geopolitical Escalation

March 29<sup>th</sup>, 2023

**Erik:** Joining me now is best selling author, former presidential adviser, geopolitical strategist and [substack](#) author, Dr. Pippa Malmgren. Pippa, it's great to have you back on the show for any new listeners who don't already know this, you penned a piece way back in October of 2021. Before any of this, Russia-Ukraine stuff even began saying World War Three has already begun. Then just about a month ago, you penned another piece saying nuclear escalation risk has increased substantially in recent days, which, needless to say, got my attention. We had you on briefly for a cameo appearance on a recent episode of [Macrovoices](#). But I've really been looking forward to getting you here for a full length interview. So let's start with that backstory. How did you know back in 2021 that World War 3 had already begun. What is it that caused you to say that nuclear escalation risk has increased substantially recently? And where do we stand overall Now. How should we understand this big picture? Is it just about Russia and Ukraine or is it a much bigger picture than that?

**Pippa:** Well, it's great to be back and I appreciate you giving me time to go into all these matters and they do require time. There are no fast answers to the situation that we find ourselves in. So back in October 2021, and I hesitated at that time. I was very cautious about, you know, putting forward that phrase that we are already in a global conflict that I think history will call World War Three, but at the same time, trying to convey that this doesn't look like World War One and World War Two. this is, you know, every war is different. And so this is a technological conflict. I've been calling it the Invisible War, actually. Because it's not what it appears to be. So the media is totally focused on Ukraine. And there are good reasons, obviously for that. But the driver is the media doesn't want to cover any story unless there's a human interest angle, meaning in very blunt terms, unless someone is dead, there is no story as far as the media is concerned. And so lots of things are happening, that the public just doesn't see or doesn't clock, but they're materially important. So to backup, you know, I wrote a book in like 2016-2017, called Signals. And my argument was that you don't have to wait for the data to tell you what's going on. There are lots of signals that are hints about the future that are not yet in the data. And I concluded from the signals I was seeing that we were going to see the return of inflation, and the return of geopolitics.

Now, this was at a time when the consensus view, the establishment view was crystal clear, inflation was dead. And we were in a peace dividend that would have no reason to end. And

now, you know, less than a decade later, we are in the midst of a serious inflation issue, which in my opinion, was the direct contributor of a serious resurgence of geopolitics. And I will go into the details of why inflation and geopolitics are interrelated, except to say that, you know, it starts to create pain. And then people start to think about, wait a minute, how much food do I have? How much energy do I have? What do I own versus someone else? And then you begin a contest for ownership of these assets once inflation begins, and I, I think this played a contributing part. It's not the total sum driver, but it played a major contributing part in the resurgence of geopolitics. And, in addition, the separate issue was that we live in a world where as soon as China in particular started to get ahead, it started to produce global brands like Huawei. The reaction of the West was basically to say no, that that for whatever reason, is not allowed. And the Chinese perspective was wait, I thought that the rules of the game were whoever could produce the best products could take them to the global market under the World Trade Organization and sell them. And so anybody in the post World War Two, you know, landscape had a means of getting ahead and improving the quality of life, raising the standard of living for their citizens. But once you actually start to do it and you're successful, the West changes the rules. So that began to underpin a sense of frustration, particularly for the Chinese, I think, also for the Russians. And then that's when they started to align, and say, wait let's rewrite the rules of this game. The post-war, American dominated, you know, World Trade Organization driven environment is not what we thought. And so let's do a bunch of things that will change the balance of power. So it was gentle to begin with, but slowly, but surely, it started to accelerate. And what I saw by you know, the beginning of 2021 was it's accelerating in such a way that we're going to end up in a conflict.

Now, how that conflict has happened has been very, very interesting. And here, I'll jump to the beginning of Ukraine. So you know, I've said on your show, before that this conflict didn't begin in Ukraine, it began in space. And we started to have events in space, that were materially important. Satellite warfare, you know, various superpowers destroying their own satellites to create debris fields, that would deny other superpowers access to certain critical orbits. We've seen the Russians twice blow up their own satellite to do this. It's a kind of a very physical denial of service attack. Now, why does anybody care? You know, when you ask a typical person, why do you care about space? Why does it matter? Most of them will be like, I don't know, it's kind of nothing to do with me. But then you say, yeah, but you know, all our weapons systems depend on satellite guidance. And by the way, your whole life really depends on GPS, which is a satellite based phenomena. I guess, it's like people think electricity comes out of the socket in the wall, right? They don't think through the whole supply chain behind it. So satellite warfare, and warfare in space and the race in space, for example, who's going to build the first military base on the Moon, which is a very live race, and both China and the US keep bringing the date forward for that. All of that is about dominating this new domain without which one can't conduct war, and one can't conduct an economy. So but there are no journalists in space. And most of it's classified, so the public kind of doesn't even know this is happening. And that's why thing that really kicked off the conflict we're in now wasn't when the tanks from Russia rolled into Ukraine. It was many weeks before that, when there was this incident in the Arctic Circle on this tiny island, controlled by Norway called Svalbard, which has the fastest internet connection in the world. And somebody cut the internet connection there. And why is it there? Because most

of the high altitude satellites connect to Earth, at Svalbard including the International Space Station. And that was the shot across the bows, which today is considered to have been, you know, the Russians that did it. But again, we're in an invisible war. So nobody knows, you know, a bit like Nord Stream two... who blew it up? Lots of theories, nobody can prove anything. Same with this incident.

And so that set the West off and an understanding that, okay, we are now in an environment where all of the global comms could be shut down at any moment, through warfare involving the cutting of subsea internet cables, and of course, we've had nothing but more of that ever since, including only a few weeks ago, someone cut the key internet cable, subsea internet cable for Taiwan. And we've seen the main subsea internet cable for Europe and transatlantic, also between Scotland and the Faroe Islands, which, you know, people are like, who cares about that? But that's where nuclear submarines from Russia would have to pass through to get into the Atlantic to become a strategic threat to the United States. So we've seen this, but and it does get reported, but nobody kind of connects the dots and says, Okay, we're actually in quite a elevated confrontation here. So then let me fast forward. So then Ukraine begins. And I think Ukraine is, on one level, a very clever strategy for accomplishing certain tasks. One of them is how do you raise the price of oil and food, right energy and food? Because Russian military doctrine and Chinese military doctrine basically holds that anything goes. So whatever you need to do to disable or defeat the other side, you can. So why would you bother with a kinetic fight between, you know, ships and aircraft carriers, when you can hurt the West much more severely, by, you know, taking over a country like Ukraine, which is a main supplier of both oil and gas and food for Western Europe. And suddenly, the prices of these things all go through the roof. And you ask the question, which damaged the civilian population of the West more... You know, traditional naval battle, or what's actually happened here, which is events that cause these prices to suddenly and dramatically rise. So that's the kind of way of thinking.

Now fast forward from there, with the media totally focused on Ukraine. Meanwhile, you can do all kinds of things on other fronts, and all kinds of things are happening. So I'm following the military buildup in the Pacific. You know, we're definitely seeing China and the United States get into a more confrontational frame of mind. We've certainly seen with Russia that they've begun to escalate into other locations, then Ukraine. So there's a great word that's very useful right now called irredentism. And irredentism means that as a nation, you have to go protect your nationals that happened to be outside your borders. And that, of course, was the original reason for rolling into Ukraine, it was to protect the Russian population from the attacks the Ukrainians were reportedly making on that population. Well, now the Russians have expanded and making that same argument in what I call the magical kingdoms. And I say that because most people haven't heard of these places. They sound like magical kingdoms, like Akazia and Artsak and South Asendia and Transdnestrria, Moldova, Nagorno Karabakh, these are all locations that most people in the West are not actually familiar with. But it's the same picture. These are Russian enclaves, where there is a Russian population that one can argue needs protecting. And that is what Russia is arguing, by the way, Svalbard and Norway, which again back to this Arctic Circle. location also has a Russian population, which Russia says needs protecting.

So Russia starts escalating in other locations, and they start escalating when it comes to weaponry. And I'll finish with this. I know I'm going on but there's so much detail that somehow nobody's laid out. So you kind of gotta go back and say okay, here's where things have happened. Anyway, it's become clear. I mean, it's obvious that Russia has made many nuclear threats. And all of a sudden, some months ago, the US agreed out of the blue to join Russia at the negotiating table on what's called the STALT talks, the Strategic Arms Limitation Talks. And that wasn't about Ukraine. That was just suddenly the US said, yeah let's definitely sit down and negotiate on nuclear weapons and mutual inspections of nuclear weapons. And then that conversation very suddenly collapsed and Russia walked away from the negotiating table. And again, hardly anybody noticed because it seemed like a technical issue at the time, but because of my background, and my work in strategic security. And, you know, my dad worked as one of Kennedy's advisers on the Cuban Missile Crisis. It struck me as totally obvious that what was happening is Russia's threat to use nuclear weapons is not just about words, they are actually beginning to do things that make the West think that they might use one. And that is why we were forced to the negotiating table to stop that process. And then when the Russians walked away from that negotiating table, a bunch of other interesting things started to happen. Like, for example, Norwegian intelligence about a month ago, released a big report. And you know, if you Google Norwegian intelligence, usually there's just nothing there, right? There's nothing, no fingerprint, no signature, no nothing. All of a sudden, the head of Norwegian intelligence, the head of the Norwegian military, all come out and say, we think that the Russians are beginning to deploy nuclear weapons outside of Russia. The implication being on submarines, and we were starting to see lots of incidents of Russian submarines, going through what's called the GIUK gap, the Greenland, Iceland, UK gap. And again, that's exactly where that internet cable got cut between the Scotland and the Faroe Islands, which is a crucial component of being able to watch what's coming in and out of that gap, which would mainly be potentially nuclear armed submarines.

And so the next thing, and I really finished with this, the next thing is every time Putin or the leadership in Russia threatened to use a nuke, China immediately came out and said, No. And actually, we've just seen that again, in the last week. And so what is this really about? I think it's really about China and Russia were aligned from the beginning. And Russia said, we hate the West, we want to throw a punch, we want a barroom brawl. And China said, that's a good idea, you should do that. So Russia throws the punch, which is Ukraine, and more. And China got to watch what happens, which is a huge intelligence gathering exercises of extreme value. And then when Putin took it a step too far, China steps in and says no to nuclear and starts to emerge as the good guy, a global negotiator, the US can begin to work with. And so I think this is really about the US and China and Russia itself, has kind of collapsed back into a pre-Peter the great geography because I think pretty much everything east of the Urals is now effectively controlled by China, perhaps not actually the border hasn't moved. But effectively, China really is running a lot of Russia these days. And so Russia is becoming kind of a less important. It's more of a vassal states to China more and more. And now the real argument is between the US and China about what are the rules of the game, and the US and China are fighting on various levels, commercial, military buildup, there's a massive military buildup happening in the Pacific right now. China's using their super dredgers to build what are called stationary aircraft carriers,

right. They're islands that they can build in a matter of weeks using these things. The US is building a massive new naval base south of Guam on an island called Tinian, which will be a very modernized Guam. And so that is my concern is that we are edging into a superpower conflict, but in ways that are kind of invisible to the general public and all the attention is on Ukraine. And people have the false hope and belief that when Ukraine ends, so does all the rest of this stuff. And I'm concerned that maybe we get to a situation where Ukraine ends and we will only find ourselves in a much more serious confrontation directly between the US and China. And I think everybody in the West is trying to avert this outcome. But at the same time, they don't know what to do but escalate in response. So I'll finish there.

**Erik:** Pippa, I want to talk about the concept of annexation next. And you know, people think about that word annexation. It's like when one country takes over another country, the way for example, that Iraq and next Kuwait and started the Gulf War. I'm not talking about that. I'm talking about annexation of a conflict. Because I think that most lay people are thinking about this situation. And the way they think about it is oh boy, what if China decides to take Russia's back and what if China provides Russia with some weapons so that Russia can continue to fight its conflict with the Ukraine and by extension with the United States so that China is giving some arm support to Russia while Russia fights its own conflict. I'm not talking about that. I'm talking about Pippa, what if China and essentially annexes the conflict with the United States and says, look at Russia, you guys are in trouble, you kind of botched this in a few ways... were taken over get out of the way... United States, you're dealing with us now. You want to conflict with a global superpower, Russia was their global nuclear superpower, but they're nothing compared to what we could do to you. And we've had enough of your shit. We're taking over this thing. And first of all, is that a realistic concern and second of all, fill in the blank, we're taking over this thing and what would China's demand be? If they were to really step in and say, we're top dog now... Putin get out of the way. Xi is going to take this thing forward from here, we're going to deal with the United States. What would China's agenda be with the United States at that point, if that happened, and before we even get there... Is it even realistic for for my scenario to play out where China essentially annexes the conflict and takes over?

**Pippa:** So I would put it very differently from that. And I would say, this has all been China's strategy from day one.

**Erik:** Oh, so you think Xi called up Putin and said, hey we got a plan and this is what we want you to do for us and that's how this all came about?

**Pippa:** You don't even have to do that. You know that Putin is angry and that he wants to do something? And you say, what a very good idea. You should do that. Right? The Chinese particularly Xi, you know, he is a strategist. And yeah, I think that he sees Putin as a useful tool for provoking the West in order to destabilize things in a way that are advantageous ultimately, for China. So yeah, I don't think it's what you're describing. I think it was a plan from the start. And I think that the real experts on China, on Chinese military strategy would agree with that assessment. So you know, put, it's like, you know, when you have a gang, and one of the gang members is particularly confrontational, there are times when you say, yeah yeah, you should

go hit that guy. And then the fight breaks out. And then you know, the, the sort of godfather of the gang can step in and play, you know, statesman-broker have a deal. It's like that except on a superpower level. So the word annexation is interesting, because I agree with you that I think history will show that China is gaining much more control over physical territory on the east of Russia. And that is the price that Russia pays for having China's support in this provocation environment. But what does it mean for the future of Russia? And that's what I think, you know, Washington understands. They're not negotiating with Putin. They're negotiating with Xi and that they have been from the start, they just didn't realize it at the very beginning. So then, let's add into this. The fact that Russia makes the nuclear threats, not China, and Russia is the ones suggesting they're going to put nuclear weapons into Belarus, for example. And, you know, so China doesn't have to do those things because Russia does it on their behalf. Does that make sense? Do you see what I'm what I'm saying?

**Erik:** I do. So as I now understand your perspective. It sounds like what you're saying is China plays good guy here. They pretend hey look we're the ones that are trying to broker peace. We're just trying to help the world out, you know, the United Nations got to thank us for being the good guys of this story. We're trying to broker some peace between Russia and Ukraine and United States. And in reality, you're saying Pippa is saying that, really, China was the original provocateur, who whispered in Russia's ear or maybe even didn't need to and just said, let's let them start the fight that we want to see fought, so that when the United States takes a swing and hits back, it's aimed at somebody else, not at us, even though we kind of started it.

**Pippa:** Yeah, absolutely. And again, think about the intelligence gathering elements of this. It's incredibly valuable. And also, let's add that, you know, the US is also accelerating the nuclear threat for China. You know, this whole, so-called outcasts deal where the US, the UK, Japan, and Australia are now going to have American submarines with nuclear capabilities. So, you know, China's like, yeah, you are accelerating the nuclear threat in our region. And that's obviously not what they want. So they've seen a larger negotiating process from the beginning. And again, one that is not actually about Ukraine, it's about other bigger domains, namely space, and the high seas. And I think part of the reason this war again I keep calling it the Invisible War. Part of the reason that this is so important is, you know, again, the media and the public are used to wars that our land base. They're used to Afghanistan and Iraq. And, you know, World War One, World War Two, you get a vision in your head, it involves troops, it involves tanks. It's a territorial fight. But we are now effectively in a naval conflict. And I would include space in that, because in a sense, that's just a continuation of the open ocean. And from the oceans into space, these are wide open domains, where you don't see the action, right? There's nobody with a camera nearby. You don't see submarines, you don't see naval vessels, you don't see aircraft. And so, it's not so surprising that we ended up, for example, with the Chinese balloon situation in the US, because it's about these wide open spaces. It's not about land. And by the way, can I just digress for a moment on the Chinese balloon, I wrote a long piece about the history of the use of balloons in warfare. And, you know, people forget that the Japanese also tried to use balloons during World War Two, and did get them into the United States, and in fact, did end up killing a family with them. I think it was in Montana. And people

were like, well, it's just a balloon, right? So who cares? But not understanding the incredible strategic value. And so where did the Chinese balloons and up Wyoming and Montana. What's in Wyoming and Montana? At a moment in history when the Secretary General of the UN says we're as close to a nuclear event as we have been since the Cuban Missile Crisis? Well, what's in Wyoming and Montana are two out of the three American intercontinental ballistic missile launch sites. So if you're worried that the US and Russia are accelerating towards a nuclear conflict, you want to know what is happening on those bases. And what better way than to have a balloon that is above the air traffic lanes, but below the radar of NORAD, which is the entity responsible for incoming nuclear weapons. And you can hover and get footage, which then you can run through facial recognition. And, you know, people don't realize, facial recognition is not about identifying, oh, that's Pippa Malmgren. It's about identifying what is my state of mind? Am I nervous? Am I confident? Am I rushing around and like calm? That's what they're trying to understand... Is the US escalating their nuclear launch sites given what the Russians are doing? And so that's really what all that is about.

So bottom line is, I think this has been about the US and China from the start. And Russia is just a useful Chinese ally, that's co-opted into a larger strategy. And that's fine as long as the Russians don't actually go to use a nuclear weapon. Short of that. It does empower China enormously. And I think Taiwan is a very similar story. I don't think the Chinese want to actually invade Taiwan. Nor do I think they need to because most of the Taiwanese public make their living from China. So, you know, it'd be interesting to see the level of resistance in Taiwan, you know, should such a conflict happen. But what's really important is that by maintaining all these, you know, fighter jet flights into Taiwanese airspace, by surrounding Taiwan with Chinese naval vessels by cutting the internet cable into Taiwan, all of this requires the US to spend a lot of money and a lot of time, a lot of resources, amping up their presence. And I think it's a war of attrition, that the Chinese won't actually trigger conflict. But they'll hold us at this extremely highly elevated level of alert. And it's unbelievably expensive. And there's no easier way in their view to break the back of the west than to force us into a very, very expensive, high level of alertness. So in a way, it's exactly what Ronald Reagan did, during the Star Wars period and breaking the back of the old Soviet Union, it was just forcing a high level of alertness, which is an extremely expensive undertaking. And that may be the war that we're in. That we're not actually going to end up with a nuclear event, but we are going to end up atrophying under the financial weight of what does it cost to maintain this level of alertness across the open oceans and space? And the answer is, it's expensive to say the least.

**Erik:** So do I understand you correctly, if I were to summarize to say that you think the end goal that China has here may be to force an economic collapse of the United States Government along the same lines, as what occurred after, as you say, Ronald Reagan really tried to outspend and depress the price of oil and do things to cause the economic collapse of the Soviet Union back in 1990. You think China is trying to do the same thing... Do you think that the goal is a breakup where eventually you, you know, it's kind of convenient that you have so much divisiveness in the United States where, you know, California and Texas break off to form their own sovereign states and, you know, excused themselves from being part of the United States and the US is a you know, a much reduced version of its former self? Is that

where you think this is headed? or I shouldn't say where the outcome is, but what China wants it to be?

**Pippa:** Yeah and I think that something that plays into this is the whole TikTok debate. And TikTok is viewed by the United States as a as a phenomena that it creates divisiveness, it diminishes the authority of the US government. It's a mechanism for creating internal conflicts in the West. It's also an intelligence gathering mechanism. But this is part of the reason that suddenly TikTok is in the news. Again, over the years, I've written about how is it we went from, you know, aircraft carriers being the military issue to Tiktok... Children's games and the answer is because in a digital world, and in a digital war... Opinion becomes part of the warzone. And how do you influence opinion? Well, there's no better influencer of public opinion than TikTok. I mean, you could even go so far as to say that the Chinese balloon over the US was the ultimate stage TikTok event. And what did it do? It totally undermined confidence in the US authorities who, you know, ended up saying well actually, we've had these for several years. We didn't inform the president because we were afraid of the reaction. We can't really do anything about it, like it revealed a whole bunch of things that have further, you know, undermine total confidence in the US government. So that's why TikTok is seen as part of the strategic landscape and not as, like a children's toy. Do you see what I'm saying?

**Erik:** I do. So tell me where this is headed in terms of China's role... Do we eventually get to the point where, okay, the Russia Ukraine thing blows over, they reach some kind of peace agreement. And then China emerges and says, okay look you know, we're the top dog here, we're going head to head with the United States, or does China continue to pretend not to be the aggressor and say oh, no, we're just trying to broker peace between the US and the various other people that we set them up for fights with...

**Pippa:** You know, there's a famous saying by Sun Tzu, that, you know, the best way to overcome an enemy is not to have to use any weapons at all, but just to wear down their resistance. And I think that is still the strategy. And so yes there's an escalation. But I don't think China really wants to get into an old fashioned kinetic war with the United States. And so this is part of why we see, for example, both the US and China are demonstrating that they can destroy each other's naval vessels. So if you Google it, you'll see there's something called the Quicksink. It's a what they call a JDAM. And it's a very specific type of weapon that the US has. And the US Navy has been demonstrating in videos you'll find on YouTube kind of sense about May 2022. And basically, you drop a JDAM Quicksink on a large ship, like a big old container ship. And it literally sinks immediately, it splits in half, and it is gone. And so why are these videos being released, it's to demonstrate to China don't even think about getting into a fight with us, because we can take out all your naval vessels, like in a few seconds, you know, it'll just be done. And similarly, China is showing the US, we can build our own aircraft carriers, their islands in the South China Sea, and you can't sink them, because they don't float right. And there's so this kind of taunting and escalation that matters to the military leaders. But again, the public isn't really paying attention to is concerning right? But I think let's let me finish on the really big issue. The really big issue, to my mind, is, how do we create a world that Russia and China and Europe and the United States can all comfortably live in? Now, this is where it starts



getting real controversial, because people are so angry right now, with Russia, they can't imagine that we will ever return to a place where Russia is part of the family of nations. But we know from history, that you can't cancel a country. You can't eliminate them from the landscape. And this is why we had the Marshall Plan. And we rehabilitated Germany at the end of World War Two. There was a realization that asking for war reparations forever had actually drawn us from World War One, right back into World War Two. So I think we need to think now, even before the International Court of Justice and the Hague, dig into what has happened in Russia, and I know most people are focused on, you know, revenge, justice, retaliation, all those very human things, because of the horrific nature of the damage that's happened in the loss of life.

But ultimately, from a global national security point of view, we have to figure out how do we reintegrate a billion Chinese people and the population of Russia who, by the way, are not all huge fans of their current leader, right? You know, you can't say that every single Russia thinks that what Putin is doing is a great idea, because that's not the case. But how do we reintegrate them so that they have a better economic future, a higher standard of living and future, which means they don't want to fight. And, frankly in the West, how do we guarantee a better economic future for our own citizens, so that we don't have such internal divisions? And I think this is where the brightest minds are now of our generation need to go. And given that this is a technological war, rather than a traditional kinetic war, are a lot of people from the tech sector are being effectively drafted into this cause because it's whoever has the better algorithm, whoever has the better communication system, whoever has the fastest, most effective supercomputers. These are all tech projects. By the way, this is one of the reasons that when Silicon Valley Bank blew up, who stepped in to start providing capital? It was the Pentagon. But, why? Because the way you win this fight is through technology. So in that sense, I've argued we're all combatants now. We're all involved, this line between military and civilian is totally blurred in the World War Three scenario that I'm describing, and I think all of those people understand there is no winning as in the defeat of an opponent, there is only coming to a solution that just allows everybody to stop fighting and go back to the fundamental business of how do we create a higher standard of living for everyone.

But right now, it can't even have that conversation because, you know, immediately people start throwing around words like you're an appeaser. And I'm like, wow, this is so interesting, because I can at times be described as a neocon and at times as a pleaser. And what I find is, no one is willing to have a rational conversation about what is really going on, and what is the end game? What is the results that we want? Do we really want to have this escalate into a weekend defeat you and is that true? Can we defeat opponents in this modern technological world? Ultimately, will you end up back at a nuclear confrontation? Nobody wants to go there. This is not the way we want the future to be. So what are your other options? Even if you were to, quote defeat the enemy... Okay, then what? What are you going to do with the result? So, you know, even if we end up in a situation where President Putin is hauled up in front of the judges at The Hague, which no doubt would satisfy many people, we still have this question. How do we bring all the bright, you know, switched on Russians and Chinese into a world where they too, can have a better economic future. So as an economist, I see that the end game for all this strategic security problems, is to get back to something like the line of thinking we had at

the end of World War Two, and we shouldn't have to wait for a major conflict. To get back to that thinking, again. We should use that Marshall Plan type thinking to avert that kind of catastrophic outcome.

**Erik:** Please elaborate when you say Silicon Valley Bank was bailed out by the Pentagon, that's clearly not the official story. It was supposedly the Fed and Treasury that did that. Do you have some inside scoop or is this another example of it being unclear who the combatants are?

**Pippa:** Well, like I hear, I'm literally googling it. As we're talking from four days ago, from defense news. There's a headline that reads SVB demise drew quick response from Pentagon, and particularly the Defense Innovation Unit, right? So why because the Defense Innovation Unit understands that these are all their partners for building the technological infrastructure that's required to deal with modern conflict. So an interesting list this year, the defense community was at South by Southwest, the CIA had their own booth. And they were inviting, you know, everybody from the tech community come in and sit with them. You know, let's face it, we have In-Q-Tel and all sorts of, you know, DARPA, all sorts of organizations that have a strategic security mandate, but are spending a lot of time in the tech world because, again, where is the competitive and comparative strategic advantage coming from? It's no longer like World War Two, whereas I have more chips than you have. It's, I have better technology than you have. So that's why I say, you know, where is the line between what is strategic and what is commercial? It's kind of, you know, there's this phrase that the military uses, called dual use and that means you could use technology both for, you know, a combative purposes and commercial. And I look across the landscape as someone who's been very involved in tech across a lot of different sectors, but also in the security world. And I'm like, what isn't dual use? You know, what isn't? Everything from new materials to biotech to communications... Like every single thing can be used either for commercial purposes or for combative. So I don't think we should be surprised. We're going to see the defense community more heavily integrating into the tech community and vice versa. And it's already begun both for China and for the US. Which is why by the way, the US is banning so many Chinese tech companies and why the Chinese are building a new strategy they call the Little Giants. Have you heard about the Little Giants?

**Erik:** No, I don't know anything about Little Giants?

**Pippa:** Well, the Little Giants strategy is that China creates probably 3000 companies in China, that form part of the core supply chain, for key technologies. And they are aligned with the government. So their objective is not just to make a profit, it is also to serve the interests of you know, of the nation. And so their strategy, it seems, is to integrate those sort of faceless, you know, unknown companies into the global supply chain, and then you wake up one morning, and suddenly you can't get some critical component that is required, or the components you're using, ended up being Chinese and either send data back to China, or don't function when they should, like they've even found Chinese parts in the F-35. And you're like, wait, how did that happen? How did they get there? Answer: the Little Giant strategy is very effective. So this is again, that's a commercial warfare that I'm describing, that I think is very real and very important to understand and not very well understood.

**Erik:** Pippa, I can't thank you enough for a terrific interview. But before I let you go, I want to talk about your [substack](#) blog, which is [drpippa.substack.com](http://drpippa.substack.com). This is really, every time it comes up, I can't wait to read it. But it's really kind of transformed as all this conflict has happened. You used to write about a lot of other topics, but it's really taken more of a geopolitical focus recently. Tell our listeners what they can expect to find there and a little bit more about it.

**Pippa:** Yeah, and the actual site is to be clear is [drpippa.substack.com](http://drpippa.substack.com) because nobody can spell my last name except unless you're Swedish. Right.

**Erik:** So it is Dr.PippaM for the first letter...

**Pippa:** No, no, that's my Twitter handle is @DrPippaM. But substack is [drpippa.substack.com](http://drpippa.substack.com). Well, so as an economist, you know, it's wonderful. Being an economist, it sounds so boring. And people are like economics, it's really dry. But I don't think so... I think economics is so fascinating and it touches every sector and it touches geopolitics right? You can't separate what's going on in the world economy from geopolitics, I don't think you've ever been able to separate these two things. And technological innovation is, you know, at the core of the world economy. So I like to write about what's happening in the world economy that you should know about. Now, recently, I have written about military strategic things, but it's really to open people's minds up. Like for example, I wrote a piece called War in an era of intelligent machines, stirrups, can oil bullets, 3D printers, lunar nukes, and Special Ops. And people are like, wait what stirrups? And I was explaining that, you know, the innovation that allows wars to be won isn't always so obvious. And the way that the largest empire in European history and Asian history was established, the Genghis Khan, Mongol Empire was because of a very simple innovation. They started to use metal stirrups on horses. Why does this matter? Because now you can wear armor on the back of a horse and you can have your hands free, and the Mongols were amazing archers, so they were able to totally sweep through all of Central Asia and into Western Europe and defeat everyone. Because they had metal stirrups. So what's the metal stirrup of our generation, I would argue it's a 3D printer. It's the ability to create anything from an aircraft carrier, a building, prosthetics, like almost anything you need in a war, you can have 3D printed. So I was making the argument is a 3D printer, the stirrup of our time.

But I've also written about philosophy. And I wrote a piece which actually was the most popular piece that I've written, which was really interesting. And it was called, Wishes, Love, and Cosmopoiesis. And everybody's like, what the heck is Cosmopoiesis? And I was like, well what's the core thing that really drives the world economy? It's people who are trying to build a different world for tomorrow. And Cosmopoiesis is the act of world building. So for example, you know, Steve Jobs didn't make computers. He always said, I don't make computers. I'm building a world where bright people can create without needing to think about computers or Nike. Nike doesn't make shoes. It has created a world where people can be weekend warriors, and they don't even have to win their races. They just have to run in them. And there now, loads of people who identify as, you know, a weekend warrior because Nike created that world. And so that world creation concept is so fundamental to the world economy. And that's so driven by

love. Love of a better and a different future. So it's not only writing about strategic security, it's writing about all aspects of what is this thing the world economy, and how do we interface with it in a really positive and productive way?

**Erik:** Patrick Ceresna, Nick Galarnyk, and I will be back as [MacroVoices](#) continues right here at [macrovoices.com](http://macrovoices.com)