

# Former CIA head David Petraeus joins buyout firm

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KKR, the giant private equity firm, announced Thursday that it had hired David Petraeus, the former director of the Central Intelligence Agency and head of US combat operations in Iraq and Afghanistan.

The move points to the integration of the upper echelons of the military/intelligence apparatus and the most predatory sections of finance capital, which are natural allies in the war against the working class domestically and throughout the world.

David Petraeus, a four-star Army general, was the head of United States Central Command, overseeing the wars in Iraq and Afghanistan, from October 2008 through June 2010. He was then appointed by the Obama administration to head the Central Intelligence Agency for over a year before resigning in the midst of a sex scandal.

KKR & Co. L.P. (formerly known as Kohlberg Kravis Roberts & Co.), is one of the world's largest private equity firms. It had nearly \$2 billion in profits last year from \$40 billion in assets under management.

Founded in 1976, KKR helped pioneer the leveraged buyout, in which a financial firm takes over a company, loads it with debt and implements drastic cost-cutting and asset stripping measures. The company was famous for its 1989 purchase of RJR Nabisco, the largest buyout up to that point, which was chronicled in the book and film, *Barbarians at the Gate*. In 2007 the company purchased electric utility TXU in an even larger leveraged buyout, still the biggest in US history.

KKR is putting Petraeus in charge of its newly-founded “global institute,” which will, according to the firm's press release, “build on the firm's efforts to help KKR's portfolio companies expand globally” and act “as an outlet for publishing the firm's thought leadership products, including views from portfolio managers and industry experts.”

*Washington Post* commented, “Like the many high-profile Washington leaders... Petraeus is being hired for his Rolodex and his star wattage... the introductions he can make—and the people he'll be able to attract—were certainly no afterthought.”

Petraeus made no secret of his intention to leverage his experience in the military to make money for the firm. “In countries I visited, I would occasionally wonder, why aren't there US investors here?” he asked in a video posted on the firm's website.

He added, “I served our country for 38 and a half years or so in government service,” but now seeks “to capitalize on opportunities that are out there to take advantage of developing trends, to be aware of all the different factors that might influence a particular decision.”

Private equity firms, which are not publicly traded and therefore far less regulated than publicly traded corporations, provide among the highest payouts to their executives and consultants. This has made them the main choice for ex-politicians seeking to monetize their connections made in office. The list of former top government officials serving as advisors and executives of private equity companies includes:

- \* George H.W. Bush, former US president and CIA director, who has longstanding connections to the Carlyle Group, including having sat on the board of directors of one of its subsidiaries, Caterair, an airline catering company

- \* Former US President Bill Clinton, who served as an advisor to Yucaipa Companies for six years, making \$12.5 million

- \* Former Vice President Dan Quayle, who serves as global investment chairman at Cerberus Capital Management, along with former US Treasury Secretary John Snow, who serves as the company's chairman.

\* Colin Powell, former secretary of state and four-star army general, who chairs the advisory board of Leeds Equity Partners

\* Henry Kissinger, the former secretary of state, who serves on the board of private equity firm Forstmann, Little & Company.

While private equity firms are the most common employers for high-profile public officials, most former generals who are not as well-known as Petraeus and Powell go on to work for defense contractors, sometimes employed as consultants for both the military and defense contractors at the same time.

According to a 2012 report by Citizens for Responsibility and Ethics in Washington (CREW), 76 out of 108 high-ranking military officials who retired between 2009 and 2011 went on to work for defense contractors or defense consulting firms.

An earlier report by the *Boston Globe* found that the number of retired three-and-four star generals who went on to work in the defense industry rose from under 50 percent between 1994 and 1998 to 80 percent between 2004 and 2008.

The CREW report noted, “Every year, the Pentagon awards hundreds of billions of dollars in contracts to the defense industry. Retired generals, with their strong relationships, robust contact lists, and insider knowledge, are valuable assets in the competition for contracts and can easily make more than their base pay... by serving on a single corporate board.”

Petraeus' move to private equity points to the deep-rooted connections between the US military, the state, and the most parasitic sections of finance capital. As commander of the wars in Iraq and Afghanistan, he oversaw the killings of hundreds of thousands of people and numerous atrocities, all with the aim of securing the geopolitical interests of the US financial oligarchy.



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