Weekly Commentary 3 – Jan 2023

Duels

Even as the Chinese speaking world celebrates the Lunar New Year, a number of contentious events have popped up in the west. All of these have serious consequences for the global political economy. They are in the nature of duels, but are all far more serious than the term suggests. With that said, I have no problems if readers prefer to replace “duels” with “clash of opinions”, “controversy” or even “altercation”.

The duel over interest rates

The US Federal Reserve is getting confident that they have got runaway inflation under control. They are now preparing to still increase interest rates again, but are probably prepared to slow down the pace of that increase.

There are a couple of issues that have become contentious. The first is whether the Fed should wait to see if an insipient recession has already started before hiking rates again. The anecdotal evidence for that is yet another high profile high tech company announcing large retrenchments. This is Google, arguably the biggest name in tech. It announced it would be laying off 12,000 employees, and this is on the tails of another two giants in technology doing the same - Amazon with 18,000 layoffs and Microsoft, with 10,000. These three companies are not start-ups. They are among the richest and most successful corporations in America. For them to fire employees in the numbers that we are seeing speaks a lot of what the bad news on the horizon could be. A total of more than 70,000 tech workers have been retrenched in the last few weeks, and the Fed, in gaining confidence in the fight against inflation, is changing targets to address the unemployment that seems to be rearing its head.

However, not everyone is convinced that inflation is dead and buried. There is still a lingering fear that inflation is not completely over and hence there is an ongoing duel between interest rate hawks and doves.

Federal Reserve officials, in deciding how much higher to raise interest rates after gaining more confidence inflation will ease further this year, is challenged by the need of the Treasury to service the national debt. As interest rates rise, the debt service burden increases. And to put it simply, there is no more excess money to take care of that. It is already bad enough.

In their public statements, the Fed says that increasing rates by the ¼ percent the markets are used to during interest rate up cycles would give them more time to review the impact of their hikes to determine when to pivot (reverse direction to cutting rates)   The problem is that there are lags in the response of the economy to Fed policy, and it is feared that the rapid ¾ hikes in 2022 have yet to manifest themselves fully, especially in its deleterious effects on borrowing costs in doing business and owning homes. The Fed raised rates seven times last year.

Most Fed officials projected in December the rate would rise to a peak between 5% and 5.25%. That would imply two more quarter-point increases after the likely bump in Feb.

In recent weeks, government data and business surveys have pointed to a steeper drop-off in manufacturing activity and new orders for service-sector firms as well as a pullback in consumer spending on goods.   The central bank's rate increases are aimed at slowing inflation by reducing demand, "and there is ample evidence that this is exactly what is going on in the business sector," Fed governor Christopher Waller.

And they expect to continue raising rates as they consider where to pause. It all depends largely on new data about the economy.   How long does it take for the full effects of the Fed's rate rises to influence hiring and overall economic demand? And how much could inflation slow due to other factors such as easing supply-chain bottlenecks or lower costs of fuel and other commodities? Interest rate doves are clamouring for a pause.

The hawks could call for delaying any pause if the economy doesn't weaken much in the months ahead. They think the time between when the Fed raises rates and when they slow the economy is relatively short and the economy will soon feel the worst of any policy-induced slowdown.

This contest of wills over the pace of interest rate hikes has been heightened by another duel – that over the debt ceiling.

Duel over the US Debt Ceiling

The debt limit is back.   Congress is under pressure from the same old, same old problem again.

This time round, the political wrestling over the issue implies some pretty ugly economic consequences.

Technically, the U.S. government has already run out of money to meet its numerous obligations last week.   Government salaries are only getting paid by the Treasury using "extraordinary measures" to move government assets around and generate the required cash.

This magical sleigh of hand does not work forever. In four or five months, cash will not be available to repay bond holders and other creditors for the borrowing on which interest is due. There will be no money to pay the armed forces, or the millions of other federal employees and pensioners, or the beneficiaries of Social Security, Medicare, Medicaid and other entitlement programs. That's just the payroll, ignoring the purchases and contract work.

It really means that there would be a humongous number of unpaid and unhappy people hung out to dry by the government of the richest country in the world — therefore this is unacceptable. But it is not unthinkable since it is actually happening. If the government were to default, everybody else down the line would be forced to do the same to their own creditors. There will be repercussions in credit markets everywhere. The economy would implode.

Because default can be so powerfully destructive, the politicians lined up on both sides of the debate find it attractive to use it as a negotiating tactic. Once again, American politicians in Congress find themselves at the brink of yet another self-proclaimed crisis. They have been here before. Many times, and it is hardly a crisis. Not in the sense that if it does happen like they describe, it will not be bad. It is like a nuclear holocaust. If it is allowed to happen, it will be calamitous. But because that result is unfathomable, it will never be allowed to happen. That makes it impossible to occur. It will just be political theatre, with each side grandstanding that they are doing the right thing and the other side is not. This time the House's new Republican majority is largely dominated by a faction that says it will insist on limiting the debt as a hostage to bring about real policy changes. And that faction has already shown it has unprecedented leverage over the new speaker of the House, Kevin McCarthy.

What is this debt limit?

The debt limit — also known as the debt ceiling — is a law, enacted as part of legislation allowing the government to issue bonds to finance U.S. participation in the First World War in 1917. Since 1960, the limit has been lifted 78 times. Democrats have been in the White House for 30 of those years and were responsible for 29 of those increases. The White House occupied by Republicans did it 49 times. As a matter of fact, raising or suspending the limit was just the final step in a typical federal budget and spending process. Everybody knows that the limit is not what it says it is. It does not limit anything at all.

Presidents from both parties have asked Congress to raise the limit and congressional leaders have always agreed to do so. And like clockwork, the national debt, and the limit on it, have continued to rise. Inexorably so. Both parties are guilty of fiscal indiscipline, despite what they present as evidence that the “other side” is more profligate.

Even Ronald Reagan, the man who spoke so eloquently in favour of smaller government raised the limit more than a dozen times and under him, that exceeded $2.8 trillion.

Under George H.W. Bush, the limit was raised (1990) to more than $4 trillion, and then Clinton sent the limit to $6 trillion (1997). George W. Bush took it to $11 trillion (2008); Obama brought it to $18 trillion (2015) and under Trump, it went up to $22 trillion (March 2019). When the pandemic hit, Congress suspended the limit to enable spending without any restraint – and consequently, the debt rose to more than $27 trillion. Currently, this "non-ceiling", set in 2021, is $31.4 trillion. And the US government has just exceeded that. In other words, whoever sits in the White House and whichever party holds the majority in Congress, you can bet that the debt ceiling will be raised, without so much of an actual fight to limit it.

That is why the U.S. *has never defaulted* on its debt. Any threat by any politician, whether on the Executive branch or the Legislative branch, is meaningless. They cannot bring themselves to do it. They know they have to keep US bonds and the US Dollar credit worthy.

Why the duelling then? Why do US politicians engage in these perennial meaningless debt ceiling fights? Especially since it does not really control fiscal indiscipline. Raising the debt limit is not about spending in the future. It is about meeting the cost of paying the bills the government has already incurred. To cut back future spending, they will have to work on the budget and appropriation processes the government engages in every year ahead of the next. The debt limit is about paying the bills that have come due for previous purchases and commitments made in the recent past. The politicians fight over the debt ceiling because they want the other side to cede control on the future decision making or at least be circumscribed by limitations.

How could this year's fight over the debt ceiling be different?

There was actual duelling over the debt limit in 2021 and 2017. On both occasions, there were heavy objections to raising the limit. The opposition party were responsible for some of those, particularly since it made the party in power uncomfortable as it carried on with what had to be done. There were, as always, the chorus from so called "deficit hawks" who sang the usual refrain that government should "live within its means." Nevertheless, the conclusion was the same - the ruling party raised the limit anyway. There were lots of speeches made to appease the protesters. But in the end, in both cases, the ruling party carried the can. And they would not be responsible for any default and so found the ways not to let an impasse develop.

The situation this time may not be as easy. The Democrats occupy the White House and they nominally control the Senate, and they are arrayed against a narrowly Republican House dominated by a diehard faction. This faction needs to be taken seriously as we have seen it took 15 rounds of voting to elect Kevin McCarthy as speaker this month, longer than any such altercation for 160 years with a host of negotiated concessions on multiple issues, procedures and committee assignments, with one of these being a showdown on the debt limit. The word is: "We believe there should be specific, concrete limits on spending, attached to a debt ceiling increase."

How can that be done? The Republicans say it will not propose cuts to Medicare or Social Security and nor will it propose reducing military pay or federal debt servicing. Other than these big ticket items, what else can be cut? According to the Urban-Brookings Tax Policy Center, to move the needle on cutting the debt, it would require $1.5 trillion in the first year and $14 trillion over a 10-year period.

There is no bipartisan support for that severity of cutting. That is a fantasy. That is why this current duel between the two parties over servicing the country's debts could lead, more than ever, to default. In short, the biggest threat the U.S. economy in 2023 could be the altercation over the federal debt limit. And even if it can get through the problem this time, there will eventually come a time before it reaches $40 trillion by the end of this decade when the interest on the debt would overwhelm the entire budgeting process. A crash of the house of the cards seems, ultimately, unavoidable.

The Duel over Tanks for Ukraine.

Media headlines around the world have covered the first significant rift within the NATO alliance that has held steady since Russia invaded Ukraine nearly a year ago. This is the matter of the desperate pleas for heavy weapons from Kyiv to reverse the Russian advances in the Donbas region. Germany's resistance to pressure from the U.S. and European allies desperate to keep up the war against Russia by using Ukrainians to die first, are motivated to send their own German-made Leopard 2 tanks but Berlin, which has to approve any such move, has frustrated the White House and many European governments ahead of what they believe is the beginning of the end of the Ukrainian resistance. If Kyiv is really winning this war, why would they keep asking for more and more weapons? It is obviously to replace weapons already destroyed. Is that winning? And if the collective west believe the narrative put out by their over media – that Russia was losing and hurting- why would they want to send their most potent weapons into Ukraine, for them to be destroyed or captured by the Russian army?

German officials initially said they wouldn't send Leopards unless the U.S. provided its own Abrams tanks. But with the unity of the alliance in question and the Ukrainians preparing for a counteroffensive to regain ground in coming months, some politicians in Washington urged the White House to rethink its position. The Americans are deliberating on something deceptive like send a single Abrams to corner the Germans. The rift over the tanks hung over meetings Friday of senior defense officials from about 50 countries, where the U.S. and others promised billions of dollars in new military assistance to help Ukraine at a pivotal moment in its fight to push back against Russia's recent undeniable victories on the battlefield.

To understand the background of why all the "game changers" of weapons systems that have been supplied to Ukraine over the last year have failed to move the needle on ejecting the Russians from the country, much less enable Kyiv to fulfil its wish about marching on the gates of Moscow, as some Ukrainians would incredulously boast, it is useful to review what one astute and objective military analyst has commented on the war so far.   This is an article written by a San-Francisco based analyst writing under the name, Big Serge:

"The return of static positional warfare, however, also reflects the synergistic effect of increasing Ukrainian exhaustion along with a Russian commitment to patiently attriting and denuding Ukraine's remaining combat capability. They have found an ideal place to achieve this in the Donbas.

It has gradually become apparent that Russia is committed to a positional attritional war, as this maximizes the asymmetry of their advantage in ranged fires. There is an ongoing degradation of Ukraine's warmaking ability which is allowing Russia to patiently maintain the current tempo, while it organizes its newly mobilized forces for offensive action in the coming year, setting the stage for cascading and unsustainable Ukrainian losses.

In Ernest Hemingway's novel, The Sun Also Rises, a formerly wealthy, now down on his luck character is asked how he went bankrupt. "Two ways", he replies, "gradually and then suddenly." Someday we may ask how Ukraine lost the war and receive much the same answer.

Verdun Redux

It is safe to say that western regime media has set a very low standard for reporting on the war in Ukraine, given the extent to which the mainstream narrative is disconnected from reality. Even given these low standards, the way the ongoing battle in Bakhmut is being presented to the population is truly ludicrous. The Bakhmut axis is being spun to western audiences as a perfect synthesis of all the tropes of Russian failure: in a nutshell, Russia is suffering horrible casualties as it struggles to capture a small town with negligible operational importance. British officials, in particular, have been highly vocal in recent weeks insisting that Bakhmut has little to no operational value.

The truth is the literal opposite of this story: Bakhmut is an operationally critical keystone position in the Ukrainian defense, and Russia has transformed it into a death pit which compels the Ukrainians to sacrifice exorbitant numbers of men in order to hold the position as long as possible. In fact, the insistence that Bakhmut is not operationally significant is mildly insulting to the audience, both because a quick glance at a map clearly shows it at the heart of the regional road network, and because Ukraine has thrown a huge number of units into the front there.

Let's take a step back and consider Bakhmut in the context of Ukraine's overall position in the east. Ukraine began the war with four operable defensive lines in the Donbas, built up over the last 8 years both as part and parcel of the simmering war with the LNR and DNR, but also in preparation for potential war with Russia.

The Donbas is a particularly accommodating place to construct formidable defenses. It is highly urbanized and industrial (Donetsk was the most urban oblast in Ukraine prior to 2014, with over 90% of the population living in urban areas), with cities and towns dominated by the typically robust Soviet buildings, along with prolific industrial complexes. Ukraine has spent much of the last decade improving these positions, and the frontline settlements are riddled with trenches and firing positions that are clearly visible on satellite imagery.

So, let's review the state of these defensive belts. The first belt, which ran roughly from Severodonetsk and Lysychansk to Popasna, was broken in the summer by Russian forces. Russia achieved a major *breakthrough at Popasna and was able to begin the full rollup of this line, with Lysychansk falling at the beginning of July.*

At this point, the frontline sits directly on what I have labeled as the 2nd and 3rd Ukrainian defensive belts, and both of these belts are now heavily bleeding.

The capture of Soledar by Wagner forces has severed the connection between Bakhmut and Siversk, while around Donetsk, the heavily fortified suburb of Marinka has been almost completely cleared of Ukrainian troops, and the infamous keystone Ukrainian position in Avdiivka (the place from which they shell Donetsk city's civilian population) is being flanked from both directions.

These positions are absolutely critical for Ukraine to hold. The loss of Bakhmut will mean the collapse of the last defensive line standing in the way of Slavyansk and Kramatorsk, which means Ukraine's eastern position will rapidly contract to its fourth (and weakest) defensive belt.

The Slavyansk agglomeration is a far worse position for Ukraine to defend than the other belts, for several reasons. First and foremost, as the belt farthest to the west (and thus the farthest from the February 2022 start lines), it is the least improved and least fortified of the belts. Secondly, lots of the, shall we just say "good stuff" around Slavyansk is to the east of the city, including both the dominating high ground and the major highways.

All this to say, Ukraine has been very anxious to hold the Bakhmut line, as this is a vastly preferable position to hold, and accordingly they have been pouring units into the sector. The absurd levels of Ukrainian force commitment in this area have been well noted, but just as a quick refresher, publicly available Ukrainian sources locate at least 34 brigade or equivalent units that have been deployed in the Bakhmut area. Many of these were deployed months ago and are already shattered, but over the full span of the ongoing battle this represents an astonishing commitment.

Russian forces, primarily Wagner PMC and LNR units, have been slowly but surely collapsing this Ukrainian stronghold by making liberal use of artillery. In November, now former Zelensky advisor Oleksiy Arestovych admitted that Russian artillery on the Bakhmut axis enjoyed roughly a 9 to 1 tube advantage, which is turning Bakhmut into a death pit.

The battle is being presented in the west as one where Russians - usually stereotyped as convict soldiers employed by Wagner - launch frontal assaults on Ukrainian defenses and take horrible casualties attempting to overwhelm the defense with pure numbers. The opposite is much closer to the truth. Russia is moving slowly because it irons out Ukrainian defenses with artillery, then pushes forward cautiously into these pulverized defenses.

Ukraine, meanwhile, continues to funnel units in to more or less refill the trenches with fresh defenders. A Wall Street Journal piece about the battle, while trying to present a story of Russian incompetence, accidentally included an admission from a Ukrainian commander on the ground who said: "So far, the exchange rate of trading our lives for theirs favors the Russians. If this goes on like this, we could run out."

The comparisons have been liberally made (and I cannot take credit for them) to one of the most infamous battles of World War One - the bloody catastrophe at Verdun.

The Battle of Verdun was conceived by the German high command as a way to cripple the French army by drawing them into a preconfigured meatgrinder. The notion was to attack and seize crucial defensive high ground - ground so important that France would be forced to counterattack and attempt to recapture it. The Germans hoped that France would commit their strategic reserves to this counterattack so that they could be destroyed. While Verdun failed to completely sap French combat power, it did become one of the most bloody battles in world history.

Something similar has indeed occurred in Bakhmut, in the sense that Russia is pressing on one of the most sensitive points on the front line, drawing Ukrainian units in to be killed. A few months ago, on the heels of Russia's withdrawal from west bank Kherson, the Ukrainians talked ecstatically of continuing their offensive efforts with a strike southward in Zaparozhia to cut the land bridge to Crimea, along with continued efforts to break through into northern Lugansk. Instead, forces from both of these axes have been redirected to Bakhmut, to the point where this axis is actively draining Ukrainian combat strength in other areas. Ukrainian sources, previously full of optimism, now unequivocally agree that there will be no Ukrainian offensives in the near future. As we speak, Ukraine continues to funnel forces into the Bakhmut axis.

At the present moment, Ukraine's position around Bakhmut has badly deteriorated, with Russian forces (largely Wagner infantry supported by Russian army artillery) making substantial progress on both of the city's flanks. On the northern flank, the capture of Soledar pushed Russian lines to within spitting distance of the north-south highways, while the near simultaneous capture of Klishchiivka on the southern flank has propelled the frontlines to the dootstep of Chasiv Yar (firmly in Bakhmut's operational rear).

The Ukrainians are not presently encircled, but the continued creep of Russian positions ever closer to the remaining highways is easily discernable. Currently, Russian forces have positions within two miles of all the remaining highways. Even more importantly, Russia now controls the high ground to both the north and south of Bakhmut (the city itself sits in a depression surrounded by hills) giving Russia fire control over much of the battle space.

I am currently anticipating that Russia will clear the Bakhmut-Siversk defensive line by late March. Meanwhile, the denuding of Ukrainian forces on other axes raises the prospect of decisive Russian offensives elsewhere.

At the moment, the front roughly consists of four main axes (the plural of axis, not the bladed implement), with substantial agglomerations of Ukrainian troops. These consist, from south to north, of the Zaporozhia, Donetsk, Bakhmut, and Svatove Axes. The effort to reinforce the Bakhmut sector has noticeably diluted Ukranian strength on these other sectors. On the Zaporozhia front, for example, there are potentially as few as five Ukrainian brigades on the line at the moment.

At the moment, the majority of Russian combat power is uncommitted, and both western and Ukrainian sources are (belatedly) becoming increasingly alarmed about the prospect for a Russian offensive in the coming weeks. Currently, the entire Ukrainian position in the east is vulnerable because it is, in effect, an enormous salient, vulnerable to attack from three directions.

Two operational depth objectives in particular have the potential to shatter Ukrainian logistics and sustainment. These are, respectively, Izyum in the north and Pavlograd in the South. A Russian thrust down the west bank of the Oskil river towards Izyum would simultaneously threaten to cut off and destroy the Ukrainian grouping on the Svatove axis (S on the map) and sever the vital M03 highway from Kharkov. Reaching Pavlograd, on the other hand, would completely isolate the Ukrainian forces around Donetsk and sever much of Ukraine's transit across the Dneiper.

Both Izyum and Pavlograd are roughly 70 miles from the start lines of a prospective Russian offensive, and thus offer a very tempting combination - being both operationally significant and in relatively manageable reach. Beginning yesterday, we started to see Russian advances on the Zaporozhia axis. While these consist, at the moment, mainly of reconnaissance in force pushing into the "grey zone" (that ambiguous interstitial frontage), RUMoD did claim several settlements taken, which could presage a genuine offensive push in this direction. The key tell would be a Russian assault on Orikhiv, which is a large town with a genuine Ukrainian garrison in it. A Russian attack here would indicate that something more than a probing attack is underway.

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The bird's eye view of this conflict reveals a fascinating meta-structure to the war. In the above section, I argue for a view of the front structured around Russia progressively breaking through sequential Ukrainian defensive belts. I think that a similar sort of progressive narrative structure applies to the force generation aspect of this war, with Russia destroying a sequence of Ukrainian armies.

While the Ukrainian military exists at least partially as a continuous institution, its combat power has been destroyed and rebuilt multiple times at this point through western assistance. Multiple phases - life cycles, if you will - can be identified:

- *In the opening months of the war, the extant Ukrainian army was mostly wiped out. The Russians destroyed much of Ukraine's indigenous supplies of heavy weaponry and shattered many cadres at the core of Ukraine's professional army.*
- *In the wake of this initial shattering, Ukrainian combat strength was shored up by transferring virtually all of the Soviet vintage weaponry in the stockpiles of former Warsaw Pact countries. This transferred Soviet vehicles and ammunition, compatible with existing Ukrainian capabilities, from countries like Poland and the Czech Republic, and was mostly complete by the end of spring, 2022. In early June, for example, western sources were admitting that Soviet stockpiles were drained.*
- *With Warsaw Pact stockpiles exhausted, NATO began replacing destroyed Ukrainian capabilities with western equivalents in a process that began during the summer. Of particular note were howitzers like the American M777 and the French Caesar.*

Russia has essentially fought multiple iterations of the Ukrainian Army - destroying the pre-war force in the opening months, then fighting units that were refilled from Warsaw Pact stockpiles, and is now degrading a force which is largely reliant on western systems.

This led to General Zaluzhny's now-famous interview with The Economist in which he asked for many hundreds of Main Battle Tanks, Infantry Fighting Vehicles, and artillery pieces. In effect, he asked for yet another army, as the Russians seem to keep destroying the ones he has.

Let's review the evidence here, and see if we can make a reasonable conclusion:

1. *Ukrainian officials admit that their artillery is outgunned by 9 to 1 in critical sectors of the front.*
2. *Russia deploys a cutting edge counterbattery system and increased numbers of Lancet drones.*
3. *The Russian MoD claims that they have been hunting and destroying Ukrainian artillery systems in large numbers.*
4. *NATO has hurried to put together a massive package of artillery systems for Ukraine.*
5. *The United States is raiding critical forward-deployed stockpiles to supply Ukraine with shells.*

I personally think it is reasonable, given all of this, to assume that Ukraine's artillery arm has been largely shattered, and NATO is attempting to rebuild it yet again.

The main point of contention in recent weeks has been whether or not NATO will give Ukraine Main Battle Tanks. Zaluzhny hinted at a badly depleted Ukrainian tank park in his interview with the Economist, in which he pleaded for hundreds of MBTs. NATO has attempted to provide a stopgap solution by giving Ukraine various armored vehicles like the Bradley IFV and the Stryker, which do restore some mobility, but we must unequivocally say that these are in no way substitutes for MBTs, and they fall far short in both protection and firepower. Attempting to use Bradleys, for example, in the MBT role is not going to work.

Thus far, it appears that Ukraine is going to receive a small handful of Challenger tanks from Britain, but there is also talk of donating Leopards (German make), Abrams (American), and Leclercs (French). As usual, the battlefield impact of Ukraine receiving tanks is being both greatly overstated (by both Ukrainian shills and pessimistic Russians) and understated (by Russian triumphalists).

The number of tanks that can be reasonably given to Ukraine is relatively low, simply because of the training and sustainment burden. All of these tanks use different ammunition, special parts, and require specialized training. They are not the sort of systems that can simply be driven off the lot and directly into combat by untrained crew. The ideal solution for Ukraine would be to receive only Leopard A24s, as these might be available in decent numbers (perhaps a couple hundred), and at least they would be standardized.

We should also note, of course, that these western tanks are not likely to be game changers on the battlefield. The Leopard already showed its limitations in Syria under Turkish operation. Note the following quote from this 2018 article:

"Given that the tanks are widely operated by NATO members - including Canada, the Netherlands, Denmark, Greece and Norway - it is particularly embarrassing to see them so easily destroyed by Syrian terrorists when they are expected to match the Russian Army."

Ultimately, the Leopard is a fairly mundane MBT designed in the 1970's outclassed by the Russian T-90. It's not a terrible piece of equipment, but it's hardly a battlefield terror. They will take losses and be attrited just like Ukraine's prewar tank park was. However, that doesn't change the fact that a Ukrainian army with a few companies of Leopards will be more potent than one without them.

I think it's fair to say that the following three statements are all true:

1. *Receiving a mixed bag of western tanks will create a difficult training, maintenance, and sustainment burden for Ukraine.*
2. *Western tanks like the Leopard have limited combat value and will be destroyed like any other tank.*
3. *Western tanks will raise the combat power of the Ukrainian army as long as they are in the field.*

Now, with that being said, at this point it does not appear that NATO wants to give Ukraine main battle tanks. At first it was suggested that tanks from storage could be dusted off and given to Kiev, but the manufacturer has stated that these vehicles are not in working order and would not be ready for combat until 2024. That leaves only the possibility of dipping directly into NATO's own tank parks, which thus far they are reticent to do.

Why? My suggestion would simply be that NATO does not believe in Ukrainian victory. Ukraine cannot even dream of dislodging Russia from its position without an adequate tank force, and so the reticence to hand over tanks suggests that NATO thinks that this is only a dream anyway. Instead, they continue to prioritize weaponry that sustains Ukraine's ability to fight a static defense (hence, the hundreds of artillery pieces) without indulging in flights of fancy about a great Ukrainian armored thrust into Crimea.

However, given the intense war fever that has built up in the west, it's possible that political momentum imposes the choice upon us. It is possible that we have reached the point where the tail wags the dog, that NATO is trapped in its own rhetoric of unequivocal support until Ukraine wins a total victory, and we may yet see Leopard 2A4s burning on the steppe."

The above analysis basically provides a realistic assessment of what the Ukrainian battlefield looks like, right now, and it is based on logic derived from available evidence rather than hope engendered by propaganda. It may not be very friendly to western accounts of success but the essential conclusion is correct – there would not be this collective sense of panic and desperation as the Russians advance in the Donbas and the Ukrainians keep asking for more and more weapons. Even the Americans have told the Kyiv regime to postpone any "offensives" until these weapons arrive, implying Ukrainians on the own were getting over-extended. It also shows that this largesse by the collective west is intended to keep the conflict contained within the territory of Ukraine and casualties to the Ukrainians. It reflects a morbid fear that they could see body bags of their own citizens coming home in the numbers anywhere close to what the Ukrainians are actually experiencing. It is understandable but despicable.

If you don't like how the above article presents its assessment of the war, here is an alternative description, found in the pages of Responsible Statecraft, a publication of the Quincy Institute, a foreign policy thinktank backed by George Soros and Charles Koch, who cannot be said to have any love for Russia:

Iraq, Afghanistan provide lessons on US weapons flows

While not analogous to Ukraine, recent American combat experiences can be informative as we consider sending advanced systems to Kyiv.

JANUARY 23, 2023

Written by
James R. Webb

"There are a host of reasons, backed by historical examples, why sending more and more advanced weapons into Ukraine will not be a panacea. In fact, sending them might boomerang against the U.S. at some point. This is an argument for caution, as it looks like the West is willing to send more of its most sophisticated equipment into Ukraine to "win the peace."

Among those who support such an increase are Iraq War architect Condoleezza Rice and former Bush and Obama Defense Secretary Robert Gates. In a recent Washington Post op-ed, the pair wrote, "Time is Not on Ukraine's side" and Ukraine is losing its war with Russia. For Americans, it is time to act "with a sense of urgency."

There is enormous pressure to give Ukraine more advanced weapons that, until now, the Biden administration has been unwilling to send. Given the course of history, it would be foolish not to acknowledge that opening a pipeline of weapons — particularly our best — invites a number of risks and realities. Plus, so many other factors, like enemy adaptability, can outweigh the advantage of superior technology.

We should be aware of the lessons. While they are not analogous, recent U.S. military combat experiences in Iraq and Afghanistan should be informative.

1.) The history of warfare teaches that technological advantages are temporary and last until an adversary makes adjustments to mitigate them. The U.S. war in Iraq is not only a case study of how

U.S. adversaries adapt their tactics to negate American technology, but also how arming proxies can "boomerang."

The Iraq war famously began with "Shock and Awe" in March 2003. With U.S. military and technical prowess on display, this conventional campaign delivered Baghdad to U.S. troops in less than a month. However, Iraqis were not done fighting. Having been soundly defeated in the open, they transitioned to guerrilla warfare, making the narrow streets of densely populated cities the new battlespace.

In places such as Fallujah, Ramadi, and Baghdad, Iraqi insurgents canalized the greatest maneuver force in the world into narrow streets littered with improvised explosive devices, commonly known as "roadside bombs." IEDs represented perhaps the most impactful adaptation of the war. Often consisting of artillery shells and harmless household items such as a cell phone, or garage door opener, they accounted for 60 percent of U.S. fatalities in Iraq.

While the initial invasion of Iraq came at a cost of less than 150 American lives, by the time President Obama completed the U.S. withdrawal from Iraq in 2011, nearly 4,500 Americans had been slain in grinding urban combat with an insurgency that leaders said would not happen.

However, it was about to get even worse. In 2014 the Islamic State, a conglomeration of disaffected Iraqi Sunni tribesman working in concert with al-Qaida in Iraq, emerged and seized Fallujah primarily with American equipment intended for Iraqi Security Forces. In 2015 the group then seized Ramadi and a cache of American-made weapons that would drive the rapid expansion of the Islamic State.

ISIS then used 2,300 Humvees, 52 M198 Howitzers, 74,000 machine guns, 40 M1A1 Abrams tanks, and other American-made systems to buttress a "Caliphate" which at its peak encompassed roughly one-third of Syria and 40 percent of Iraq. It took a reintroduction of U.S. troops into Iraq and thousands of airstrikes over multiple years to subdue the group and return captured territory.

2.) While it is undeniable that the Taliban made effective tactical adjustments to U.S. forces during the war in Afghanistan, it is more important to consider how extended exposure to U.S. technology led to it being both compromised and used against us.

In 2011, Iran captured and then reverse-engineered a CIA RQ-170 Sentinel drone. However, according to an Iranian Engineer, this did not happen by luck. Instead, Iranians reverse-engineered less capable drones over multiple years until they found a weak point, the GPS. Iran then tricked the drone into landing unscathed on an Iranian airfield.

The Sentinel episode followed a 2009 incident in which Shiite militants in Iraq with ties to Iran were found in possession of live Predator Drone feeds. The militants had managed to access the feed through cheap, publicly available software.

It is vital to understand that at the time, the Predator and Sentinel were considered "state of the art." Yet, both were compromised by a foreign adversary after exposure on the battlefield. Iran is now sending Russia drones to attack Ukrainians on the battlefield today.

Moreover, it is well documented that as the Afghan government collapsed in 2021, the Taliban captured at least $7 billion worth of U.S. equipment, some of which has made its way into the hands of Iranians. At the same time, the Taliban has also promised to share the spoils with Beijing. It is important to keep this in mind as the next batch of sophisticated weaponry is sent to Ukraine.

Presenting further risk is Ukraine's detailed history of arms diversion and corruption before the war, while the sheer instability of the country creates further vulnerabilities for our arms supplies. The U.S. government insists it is monitoring this, though watchdogs warn there is not enough oversight yet to ensure these weapons will not someday get into the wrong hands.

Within the next few months, Patriot missile batteries and Bradley Fighting Vehicles will be delivered to Ukraine. Additionally, Great Britain has promised 14 Challenger 2 tanks and enough mechanized equipment to outfit a brigade. London hopes that Ukraine will use this delivery as the core of a 2023 Spring counter-offensive by Ukraine. Whether this happens and what the result will be is to be determined.

Something to keep in mind is how easily conventional armies can adapt.

In 2022, Ukraine took possession of at least 20 U.S. HIMARS multiple rocket launcher systems, a technology only previously shared with NATO allies. Additionally, the advanced rocket artillery system is a pillar of the Marine Corps Force Design 2030 Concept, centered on defending the littorals in the Pacific from potential Chinese encroachment.

Additionally, in 2022, the U.S. Army requested $1 billion in funding for precision missiles, fired primarily from HIMARS, for use in the Pacific. It would be naive to think that the Russians would not share their experience contending with HIMARS with China, with which it engages in military drills on a regular basis now. Such a development could severely degrade vital elements of the new Pacific strategy, such as MCFD 2030, before it is even fully implemented.

Besides that, analysis from the Foreign Policy Research Institute states that Russia has already adapted to the presence of HIMARS and may already have enough information to have the edge over the system.

According to the report from Rob Lee and Michael Kofman, despite HIMARS having an immediate impact on the battlefield, Russian forces adapted within weeks, significantly reducing its effectiveness. While detailing Russian adaptations, Lee and Kofman wrote, "…the overall effect of HIMARS may be overstated, and its impact leveled off after the first two months of use on the battlefield."

The war in Ukraine has understandably evoked strong emotions. However, we should not let this convince us that flooding Ukraine with even more advanced weaponry is a panacea for the conflict. Further, we would be wise to remember how similar policies in Afghanistan and Iraq sent the boomerang careening back at us.

Will this latest batch of weapons headed to Ukraine finally win the peace? While this is possible, do we fully understand what we are giving up to do so? As history shows, no matter how advanced a weapon is, someone will eventually figure out a way to counter it. "

My conclusion is simply this: Once you are educated on military history, it would be obvious that Russia is winning the war in Ukraine and will undoubtedly win the war eventually, not just against Ukraine, but against the entire NATO. This may be disconcerting to the collective west. The time has come to stop escalating the war. The even more obvious thing to do is to engage in non-deceitful negotiations, unlike those used through the years between 2008 and 2022, especially in the shameful subterfuge known as the Minsk Agreements of 2014 and 2015, which in actuality were delaying tactics to build up the Ukrainian army to defeat Russia. If there had been genuine attempts at peace, the collective west would not find themselves in their current position of their own making.

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It is better late than never to change course.

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Un-Influencer in a World full of Hubris