Weekly Commentary 39 – September 2023

The Biden White House, talking left and moving right…Or say one thing and do something else…

If you have been following this blog over the last three years, you would, I hope, get the sense that most of my predictions have been on track. Both on financial markets as well as on geopolitical events.

Not that I am particularly smart. I do not claim prescience but I do have a dogged approach to unearthing the truth. This comes from training as a financial analyst, of which I am pleased to be, and after forty five years of practice, with the first five honed by disappointment that when a broker talks to you to get your business and the guy turns out to be wrong, you quickly learn to find out the truth for yourself. That's why in this blog, we treat the media version of events with a huge dose of salt, and I prefer to read across a wide range of media sources, question assumptions, to get to the bottom of things.

And it has been particularly effective in the last three years. Because now we have a western media that is no longer reporting the truth, preferring to stick unquestioningly with a liberal/US Democratic Party interpretation, and we have the ruling party in the US that goes out of its way to misrepresent the truth in order to counter right-wing or nationalist opposition. Man, the way the lies just spill out, you would think that lying is going out of fashion. The more lies there are, the easier it is to go check the facts and call them out. Hence, it has been easy to be right in the last three years.

It must also have been because Donald Trump perfected the art of lying in politics. When he was prez, his opposition detailed something like several thousand untruths he had articulated during his term of office. Sure, they were very keen to discredit the man who was the outsider from beyond the Beltway coming in to clean up the swamp. And indeed, Trump was a pied piper. It's fair game to find Trump's many assertions to be wrong or at least inaccurate. But both Trump and the blow back effect to counter him changed the gravity of words that are spoken by men in power. All over the world. The new normal became, it you can get away with it, whatever lie you make up will become the truth.

During the Biden years, the lying just got out of hand. Trump told petty lies – he would pluck numbers out of the air to support whatever tale he was telling. Biden has a completely different approach. He created the art of the alternative "narrative". Make up an alternative universe so that there is a complete, consistent story within the boundaries of the tale. Except for the fact that the entire narrative is bullshit.

That's what we have been seeing in the western narrative about the Ukrainian war, centered on the premise that western arms are superior and can defeat Russia easily. Or that Pax Americana is an empire that Biden will succeed to hold together in the face of the ascent of a multipolar global system. Let's look at how these "narratives" are just that, an artificial construct imagined in the mind of a Cold War era politician supported by a cast that is basically trapped in a hubris of American exceptionalism and white supremacy.

Let's look at the first narrative. This is the Ukrainian war, painted as resistance of democracy against Russian imperialism. The roots of the conflict, if you ask me, date back to McCarthyism when communists were enemies of the state, the Reagan era epithets about the "evil empire", the rejection of Trump by the American media and the Washington elite via cooked up stories of Russian interference in American politics which became Russiagate, and a general fear of a country with a large nuclear arsenal that may trigger Mutually Assured Destruction. This has become Russophobia.

Everything the Russian nation does has become evil to the American elite. Containment of that evil became the focus of American foreign policy on Russia, and the Americans would use NATO to do that. Hence the policy of NATO expansion began, on the guise that all the new members asked for it (ignoring the history that when Cuba asked for the same thing from Russia back in the early sixties, the US almost went to war). Even when a former American ambassador, William Burns (now head of the CIA), who warned in no uncertain terms that if Ukraine joined NATO, all Russian elites would support a war to counter it. That was the brightest of red lines. And the collective west chose to cross it, declaring that no negotiation was tolerated. And painted the inevitable war as Russian imperialism and a war of democracy versus autocracy. Of Good versus Evil.

That was just a "narrative". If you read Niall Ferguson in his latest opinion piece on Bloomberg, that is exactly the standard western narrative: *"The West's Patience is Running Shorter Than Ukraine's War"* It's a good read as long as you keep in mind the western bias.

When the history books are written decades in the future, it will be recorded this war is in fact, a classic geopolitical contest. A global hegemon, the USA, had decisively defeated the Soviet Union during the Reagan years, and relished the subsequent degradation of Russian might to third world nothingness. Then in the next twenty years while it was fighting meaningless wars against terrorism, it suddenly woke up to the fact that a capable leader, Vladimir Putin, has successfully revived the Russian nation under a new political entity, the Russian Federation. And this is as much a threat to the American empire as the old Soviet Union was, because the nuclear weaponry as well as the vast resources of the Russian Eurasian landmass were unchanged. Putin's talent and his new nation must be suppressed. Putin was conferred "autocrat" status.

And as Russia and China showed signs of bonding, the Americans were imagining that the rise of China would challenge their own position at the top of the totem pole, and that China must also be stopped. When Biden became president, he declared that he would prevent China from surpassing the United States. "China has an overall goal – to become the leading country in the world, the wealthiest country in the world, and the most powerful country in the world," he told reporters at the White House in March 2021. "That's not going to happen on my watch because the United States is going to continue to grow."

If China has to be defeated, its ally, Russia, must also go.

That's was all there was to it. The Ukraine war is not about Good vs Evil. It's just geopolitics.

Once the war engineered by the Americans begun, the propaganda was that the good must prevail. Will prevail. It gives no recognition to the fact that there were multiple opportunities to reverse confrontation, including two Minsk Accords ratified by the UN to end hostilities if all parties just kept to the terms specifically agreed to. Even after hostilities started, a new peace treaty was in final draft, when the west jettisoned it. Ukraine became a proxy, and its leader, Zelensky, became a puppet, to fight against the new geopolitical rivals, Russia and China. The war, engineered to use the manpower of Ukraine powered by NATO military doctrines and weapons to fight against its much larger neighbour to avoid deployment (and deaths) of western soldiers in actual combat, is a despicable ploy to keep wars "low cost" (in terms of citizens' lives) and politically acceptable to voters. Ukraine foolishly was led up the garden path on promises of NATO membership and westernisation of its economy by integration into the EU, without their realising that the west thought of Ukrainians not so differently as their Russian kinfolk, and such NATO membership would never happen.

And the Ukrainians could easily have chosen to be neutral. Like Austria. Or even Hungary. Live in peace with no loss of lives. But no, the collective west chose a neophyte, deliberately no doubt, with no military or geopolitical experience to lead their anti-Russian campaign, and dragged the country into a proxy war. In the end, they treacherously dodged the issue of NATO membership for Ukraine when the issue came up to be fulfilled. A NATO summit at Vilnius last July confirmed the duplicity.

The Ukrainians, being utterly corrupt, only have themselves to blame. A political class made off with immense riches, siphoned off from billions of dollars of aid that were showered on them as long as there were no western boots required on the ground, nor Ukrainian elites for that matter, having to get into the trenches. The soldiers who died on the battlefield were conscripts and nobodies.

In the last 18 months of combat, the west and its media kept to this narrative that it was a just war. The good were winning. Until it was not.

That fake tale of the good guys being victorious has been exposed as a scam. Most of the Global South not in the fray, initially hoodwinked to believe that Russia invaded Ukraine unprovoked, have already turned around to understand the historical circumstances and the background of the war were not what the collective west said it was. There were credible voices like John Mearsheimer and Jeffrey Sachs who explained how the war was duplicitously manufactured by the neocons in the west. Needless to say, the diplomats of Russia were also able to convince major non-combatant states like China and India that this was all a western, especially American, attempt to balkanise Russia, break it into small states that can be controlled and exploited by western oligarchs like it happened under Boris Yeltsin's weak leadership, and reversed by a far more capable Vladimir Putin. The western plan was actually an open secret let out by the not-so-discreet perpetrators of anti-Russia containment policy.

And throughout the initial stages of the war, it was publicised that the Ukrainians were winning. Propaganda gushed about Ukrainian victories, and exaggerated Russian losses. And the ordinary folks of Europe and America were conned by it, like they believed American tales of success in Vietnam, Iraq and Afghanistan. Except that this is now the age of the internet, when truth seekers can get their own facts from a world of alternative media.

If not for this valuable source of information, the world might even have believed that the economic sanctions that were brought to bear on Russia have made headway, rather than the fact that the blow back of these sanctions have de-industrialized Germany and brought the whole of Europe into recession. Or that Zelensky, the clown who runs a corrupt country where billions of military and financial aid actually went into the pockets of government officials rather than the intended purpose of liberating the country, should be applauded as a war hero.

Those narratives have imploded.

When Zelensky went to the UN last week, in an attempt to garner support from non-western countries and to call for isolation of Russia, including evicting it from the Security Council, nobody listened. Besides his fans in the west, the rest of the world have heard the lies before, and opted not to waste time with this idiot, who is complicit for his crimes of corruption with the rest of his team recently sacked for that offence. The UN hall was embarrassingly empty, and Ukrainian TV had to make up a story that Zelensky was still the media star he once was, by using previous but unrelated videos of a packed UN chamber as a backdrop during his speech. This turned out to be a disaster, when the fake video clip showed Zelensky also sitting in the audience during his own speech, making it a ridiculous spectacle of a clown listening to himself on the podium.

That's how much Ukrainian and western media lie, to propagate their narratives.

After the failed attempt to elicit more support for Ukraine's proxy war at the UN, Zelensky moved on to Washington to beg for more aid. The last time he did that, in Dec 2022, he was welcomed by the American elite. This time, not so much. Here is an AP report on the challenges facing Zelensky in trying to repeat his publicity stunt nine months ago.

Political divide emerges on Ukraine aid package as Zelenskyy heads to Washington

BY KEVIN FREKING

September 19, 202, Associated Press

WASHINGTON (AP) — Ukrainian President Volodymyr Zelenskyy's visit to Washington this week comes at a critical juncture for his alliance with the United States as Republican leaders in Congress diverge on how to send more military and humanitarian aid to the country.

President Joe Biden is seeking an additional $24 billion in security and humanitarian aid for Ukraine, in line with his promise to help the country for "as long as it takes" to oust Russia from its borders.

But ratification of Biden's request is deeply uncertain thanks to a growing partisan divide in Congress about how to proceed.

Republican House Speaker Kevin McCarthy has told reporters that he wants more Ukraine aid to be debated on its own merits as a standalone bill, rather than attaching it to other priorities like government funding.

Cracks in Western wall of support for Ukraine emerge as Eastern Europe and US head toward elections

But the Senate has other ideas. Leaders in the chamber would like to combine the Ukraine aid with other priorities, such as a short-term spending bill that will likely be needed to avoid a shutdown at the end of September.

The differing approaches threaten to become a stalemate that could easily delay future rounds of American assistance to Ukraine, raising the stakes for Zelenskyy as he makes his first visit to the United States since his surprise address to Congress at the end of 2022. In that speech, Zelenskky thanked “every American” for support as then-House Speaker Nancy Pelosi, D-Calif., and Vice President Kamala Harris dramatically unfurled a Ukrainian flag behind him.

Nine months later, with Republicans now in control of the House majority, there is growing wariness among voters about continued support for Ukraine as Russia turns its invasion into a costly war of attrition. In Congress that skepticism is concentrated among House Republicans, where many share former President Donald Trump’s “America First” approach and want to halt the aid entirely.

The U.S. has approved four rounds of aid to Ukraine in response to Russia’s invasion so far, totaling about $113 billion, with some of that money going toward replenishing U.S. military equipment sent to the frontlines. Most members of the House and Senate support the aid, viewing defense of Ukraine and its democracy as a global imperative.

McCarthy has stressed the need for oversight of Ukrainian assistance but has also been critical of Russia, criticizing the country’s “killing of children” in a speech this summer. But he is juggling a desire to help Ukraine with the political realities at home, which include a demand from many in his party to slash government spending.

In some ways, attaching Ukraine aid to other pressing matters could improve the odds of passing it quickly. Some lawmakers will be more inclined to vote for Ukraine assistance if it gets included with say, disaster relief for their home state.

But the maneuver would also deeply divide House Republicans and is sure to inflame critics of McCarthy who are threatening to oust him from the speakership.

“I don’t know why they would want to put that onto a CR,” McCarthy said, using Washington parlance for a short-term continuing resolution that keeps agencies funded. “I think it should be discussed on its own.”

Meanwhile, Senate Republican leader Mitch McConnell has put Ukraine aid at the top of his to-do list, and has been speaking from the Senate floor for weeks about the urgency he sees to act.

He brought in inspectors general last week to brief GOP senators on how U.S. aid is being tracked to address concerns about waste and fraud. And in one of his speeches on the Senate floor, McConnell responded to critics who say that the U.S. has borne too much of the burden on Ukraine by pointing to the assistance also flowing from European nations.

“In fact, when it comes to security assistance to Ukraine as a share of GDP, 14 of our European allies are actually giving more,” McConnell said.

Senate Majority Leader Chuck Schumer, D-N.Y., and McConnell have called for senators to meet with Zelenskyy on Thursday morning.

Sen. Thom Tillis, R-N.C., said he believes aid should be provided as soon as possible, and the legislative vehicle for that is unlikely to be a stand-alone bill.

"I for one think we ought to go ahead and get it done," Tillis said. "We have to get the Ukraine funding done in a time that doesn't produce a lapse, at least a perceived lapse, because I think that's a strategic win for Putin and I don't ever want Putin to have a strategic win."

But Rep. Ken Calvert, R-Calif., warned against adding Ukraine aid to the short-term spending bill. He said the focus needs to be on first passing an overall defense spending bill as well as the other spending bills.

"We can't divert attention outside of that," Calvert said. "There's significant munitions within Ukraine right now I think to get through the end of the year."

Rep. Mike Garcia, R-Calif., said he's not necessarily opposed to more Ukrainian assistance, but he said the average American doesn't know how the war is going, and the average member of Congress can't say, either.

"Tell us what you're doing with the money, and let's have a debate on the floor about this funding and not ramming it down our throats," Garcia said.

House Republicans hope to bring up for a vote this week a stopgap spending bill that doesn't include Biden's aid package for Ukraine.

"I cannot think of a worse welcome for President Zelenskyy who visits us this week than this House proposal, which ignores Ukraine entirely," Schumer said.

Still, Rep. Michael McCaul, the top Republican on the House Committee on Foreign Affairs, voiced confidence that Ukraine aid will continue.

"It has to pass. What I hear from our NATO allies ... is that if the United States is not in, the whole thing falls apart," McCaul said.

Indeed… At this time, the US Congress is bogged down by matters of the country's own budgeting, and there is a threat that the government will shut down by 1 Oct (unlikely to happen). As such, an Ukrainian appeal for more money to be sent to them seems in conflict with the budgetary problems of the US government. Sure, Biden can probably still swing this next $24 billion to send into the pockets of the corrupt Ukrainian government with some petty cash left over for their army to fight Russia, but the scrutiny has finally begun. One senator, Rand Paul, made the point that the US does not have a pot of spare money it can use to give Ukraine. The money has to be borrowed (from China, he also said, although that is stretching the truth) and it will be inflationary. And he wanted more scrutiny on how the funds would be used.

Rand Paul may not get his way this time, but in election year 2024, more of these kinds of objections will arise, from Donald Trump downwards. And I am going to bet that this aid will peter out over the course of the next few months. Especially in view of the fact that the

Ukrainian military effort has floundered completely. Americans will ask, how much more to be thrown into a gaping black hole? For what?

Further, there was an event which took the world by surprise this last week. Poland, once the staunchest of Ukraine's allies with Duda, its president, displaying intense signs of comradeship with Zelensky, now wanting to cut ties with his neighbour. The words he expressed were frigid, when he likened Ukraine to a drowning man, who in desperation has immense strength from panic and adrenaline that can overcome a rescuer and lead to the latter's death as well. These words are in response to Ukraine taking legal action (at the WTO) against Poland, Hungary and Slovakia for refusing to allow the import of inferior quality Ukrainian grain, which hurt local farmers. Both countries have turned from partners allied against Russia to being at loggerheads. Poland can afford the distancing but not Ukraine. It comes at a time when Ukraine is facing a reaction from all over Europe of being obnoxious and overbearing in their demand for aid. Poland is just the first to break ranks.

Therefore, with the events of this week, the war enters uncharted territory. Until now, Ukraine did not lack friends in the west. Those friends supported the Kyiv government with a massive supply of weapons and financial aid. And it was thought that would be enough to drive the Russians out. But Zelensky and his generals screwed it up. They lost 20 percent of Ukraine's territory, 400,000 men (70,000 just in the last 3.5months of the counter offensive), and much of the western weapons provided to it, which have burned on the steppe. And they haven't figured a way to cross Russian fortified lines of defence yet. The war has floundered.

Most independent, ie non-mainstream, analysts would say that the series of defeats in 2023 of the Ukrainian army by the Russians are quite conclusive. And they bear resemblance to the main battles on the Eastern Front between the western army of that time, the German Wehrmacht and the Red (Russian) Army during WW2. The parallel battles are: in the winter of 1942, there was the Battle of Stalingrad, an urban conflagration that saw the Russians winning. This was similar to the Battle of Bakhmut through the winter/spring of 2022-3. Again the Russians were victorious. Both Stalingrad and Bakhmut were followed by a campaign of movement on the steppes, in the Battle of Kursk, during the summer of 1943 and Zaporozhia in 2023. The Russians built deep defenses on the approaches to Kursk, just as they in the occupied territory of Zaporozhia, Donetsk and Lugansk, and the Germans brought up all kinds of supposedly superior weapons (Tigers and Panthers in 1943 and Leopards in 2023). The Russians crushed their enemies with impunity. After the Kursk battle, the German army was spent. The rest of World War 2 on the Eastern Front was a mopping up action by the Red Army. They did this in what became known as Operation Bagration, a summer offensive in 1944 that completely wiped out Army Group Center, on the direct route to Berlin. The worrisome thing for the collective west today is that if they studied the history of the Eastern Front in WW2, we may have already seen Stalingrad and Kursk re-enacted, but Bagration is yet to come. If that happens in a historical parallel, the war will end with the fall of Kyiv.

Like in the days after the Kursk battles, the western army (German in WW2 and the proxy army of the west in 2023) have been decisively defeated. If the road map is the same, then the west will need to expect the worst to come with the equivalent of Bagration. This will likely happen when the Russians become confident that the political support for Kyiv is waning. If you ask me, they are probably preparing for it right now. This offensive, should it roll out, will start from outside the city of Kharkov and move west to the Dneiper River.

Like the German army of WW2 after the Kursk battles, the Ukrainian army today is decimated, spent. Whatever the western media tries to put up as a brave front in its reporting of what's going on in the front, the actual Ukrainian actions look exhausted and lacklustre. There is no more spunk in the fight. This is largely because they are running out of manpower. You cannot lose 400,000 soldiers in a prewar army thought to have 600,000 men augmented by inadequately trained conscripts and still expect it to be effective.

That army also lacks weapons. Here is a report that details what the deficiency is.

Ukraine is firing shells faster than can be supplied. Can Europe catch up?

By Joseph Ataman and Clare Sebastian, CNN

September 17, 2023

The scene looks almost lunar. Drone videos covering more than a thousand miles of the Ukrainian front line show great craters of earth, scooped from the ground by unseen barrages.

Artillery has dominated the war in Ukraine. But nearly 18 months in, a significant gap still remains between the shells Ukraine wants and how fast European and American factories can supply them. And concerns are rising that Europe's patchwork of arms manufacturers is ill-suited to meet these needs.

Away from the front, Ukraine's war has become a numbers game: who can acquire, make and resupply more tanks, bullets, and, most of all, artillery shells.

Amid their counteroffensive, Ukrainian guns are firing up to 6,000 rounds daily, Ukrainian MP Oleksandra Ustinova told CNN, but the military wants to shoot more than 10,000. Even that is a fraction of the 60,000 shells that Russia was using at the peak of its barrages this year, per an Estonian and Ukrainian government analysis.

All in all, Kyiv needs some 1.5 million artillery shells annually, according to the CEO of one of Europe's largest arms manufacturers, Rheinmetall.

By July, the US had supplied more than two million artillery rounds to Ukraine since the 2022 invasion, the Pentagon said. The European Union has supplied at least a quarter of million this year, in addition to bilateral donations directly between individual member states and Ukraine. The United Kingdom, too, has also donated ammunition.

But in February 2023, Europe-wide production of artillery ammunition had a maximum capacity of 300,000 shells annually, Estonian defense officials estimated. The best-case scenario of an increase to making 2.1 million shells annually is still years away from being realized.

With European stocks depleted and existing production lines overwhelmed, ammunition buyers are keen to get their hands on whatever's available. In an interview with CNN, the CEO of shell casing manufacturer Europlasma described the buyers' message as: "We'll take all you can make."

Call to arms

"I need ammunition, not a ride," Ukraine's President Volodymyr Zelensky told his American counterpart as Russian tanks rolled across the border last year.

Determined to help Ukraine in its struggle for survival, the European Commission in Brussels in March announced plans to provide Ukraine with 1 million artillery shells by March 2024 in a three-stage plan.

Initially, under the plan, European states would send what they could from their own national reserves. As of July 2023, some 224,000 shells had been delivered to Ukraine, per the EU.

The second stage called for European states to collectively purchase shells from local providers, avoiding competition between allies and hopefully boosting efficiency – eight major contracts at a cost of 1 billion euros ($ 1.06 billion) are being signed with suppliers currently.

Thirdly, the EU promised 500 million euros to boost longer-term production of 155mm shells – the NATO standard for artillery, investing in bigger factories and more secure supply lines to guarantee future production capacity.

Backed up orders

Amid the rush to ramp up production, manufacturers are facing backlogs that could take years to work out, with production lag times that threaten their home country's military readiness.

A French parliamentary report from February 2023 stated that standard 155mm shells would take up to 20 months to be delivered, rising to between 24 to 36 months for more advanced guided models.

"Three years ago, everyone thought we can do everything with airplanes. It's not possible. Yes, we need strong land forces," Rheinmetall CEO Armin Papperger told CNN.

German arms company Rheinmetall has a 40 billion euro ($43 billion) backlog of orders across its catalog of ammunition, weapon systems and vehicles, Papperger said, with ammunition accounting for 10 billion euros of that.

It's a similar situation across the Atlantic, with the US military ordering some ammunition "20-30 months" ahead of delivery, according to William LaPlante, Under Secretary of Defense for Acquisition and Sustainment.

The numbers behind the increase in European production are impressive.

Rheinmetall says its production should hit 400,000 shells this year, with 600,000 its goal for 2024. That's up from producing less than 100,000 shells annually pre-2022.

Scandinavian munitions producer Nammo hopes to see production reach 80,000 shells annually next year, up from "a few thousand" in 2021.

However, these increases speak as much to the paltry demand prior to Russia's 2022 invasion of Ukraine, as the EU's push for increased production.

US suppliers have faced a similar uphill battle to boost production, with total US production expected to reach 100,000 shells monthly in 2025, up from 14,500 per month in early 2023, according to the head of Pentagon acquisitions, William LaPlante. US monthly production is currently at 28,000 shells per months, LaPlante added.

Even Tuuli Duneton, the senior the Estonian defense official who helped engineer the EU's plan, admitted that the goal of producing 1 million shells for Kyiv in 12 months was "ambition combined with pragmatism," given the difficulty of convincing member states to back a more demanding goal.

"This is just the beginning. This is something that ideally would grow, as the years go on, this number," she said of the scheme, which is currently set to end in 2025.

However, the EU's promise of 500 million euros ($532 million) to supplement private investment may be insufficient.

Nammo's CEO Morten Brandtzæg estimates some $7 billion will be required to meet Kyiv's needs currently and to restock Ukrainian and European arsenals, a project that could take a decade.

"It's a very close dialogue with the governments, where can they co-invest? Where can we build more capacity? Where can we share the risk for building war-time capacity? The industry can't pay for all that themselves," Brandtzæg said.

For suppliers like Europlasma, whose CEO isn't counting on any European investment as they don't produce finished shells, investing in their own operation wasn't a choice.

With such high demand for shells currently, "if you're not able to deliver at least 50 or 100,000 [shells] every year, you're not on their radar," Europlasma CEO Jérôme Garnache-Creuillot told CNN. "It's a waste of time."

No golden bullet
The EU's plan isn't a catch-all solution.

“If the goal is to supply Ukraine with munitions right away, it’s probably not terribly efficient,” Jonathan Caverley, a professor at the US Naval War College, told CNN.

“And if the goal is to actually develop a sophisticated and effective, rationalized, European-wide defense industry, this isn’t going to work either,” he added.

For now, the West hasn’t mastered getting cheap, standardized artillery at scale into Ukrainian hands and NATO stockpiles.

Russia though – with its more state-backed manufacturing – appears to have achieved just that.

Despite international sanctions and the mounting cost of the war, Russia is still producing artillery ammunition at a rate seven times cheaper and eight times faster than the West, according to the Estonian defense ministry.

Duneton, the Estonian defense official, conceded that given Russia’s commitment of human and financial resources to ammunition production, “they will continue to produce ammunition much faster than [Europe is] capable of.”

In Europe, there are at least 13 defense companies across 12 states within the EU, UK and Norway able to produce 155mm ammunition, according to defense think tank IISS.

Despite NATO countries principally using 155mm-caliber guns and ammunition, there still could be much more standardization of production of the shells, Caverley said, particularly in Europe where historically suppliers have catered almost exclusively to their home nation’s specific demands.

A more standardized production of 155mm shells, producing bulk deliveries of cheap artillery rounds, is less appealing to manufacturers, Caverley argued, as the current model of bespoke orders of more specialized shells typically offers higher profit margins.

Neither is scaling up simple. Manufacturers face issues over supplies of raw materials and electronic components, delivery of machinery that could take up to a year, and finding trained labor.

At Europlasma, recruitment for its forge has been such a concern that executives even asked a visiting team of Ukrainian buyers if they could send workers to France.

While European defense officials remain cautiously optimistic of the prospects for the EU’s plans for long-term production boosts, there’s a very rigid ceiling on how quickly much-needed shells can reach Ukraine’s troops.

That’s a harsh reality for the Ukrainians to endure, especially as criticisms swell over the slow counteroffensive.

For, despite all their allies’ support, in the words of the EU’s top diplomat, Josep Borrell, “weapons without ammunition are useless.”

In another article, this time in Axios, it was reported that "at the top of Biden's expanded meeting with Zelensky, the Ukrainian president was asked by reporters whether he thinks Congress will approve additional aid.

Biden answered in his place: "I'm counting on the good judgment of the United States Congress. There is no alternative."

In my humble opinion, with the Polish situation as it is, the alternatives are exhausted. In the near term future, aid to Ukraine will evaporate.

The failure of the Ukrainian proxy war, or Project Ukraine, to weaken Russia has had huge collateral damage so far. The EU economy is in tatters. Russia will have a GDP growth rate in 2023 of about 2 percent, and the EU countries are all doing worse than that, mostly around zero or even negative. Even the US is not doing better than Russia. In other words, the economic war has also been lost, and once the BRICs organization come into fruition in the next few years, Russia will emerge from under the shadow of its sanctions. And undefeatable economically. It has already reported the intention to double military expenditures in 2024 (while the west scrounges on behalf of Zelensky).

The collective west will not admit publicly that the war - militarily, economically and now in terms of the propaganda - has been lost. They will just go on pretending that it can, or will, go on for a long time. And those who support the war will have to pay a political price for that support, because the European and American electorates are war-weary, even when their governments did not actually put citizens' boots on the ground. The world today is different from the world during the second world war. There is no tolerance for pain. And domestic economies are all feeling the pain from recent debacles, mostly cost of living problems, which is again derived from the sanctions war. It is not difficult to understand why the western electorates want the war to end.

Therefore, without decisive victories on the battlefield and a clear definition of what victory means, politicians have to talk like leftists but actually move to the right. What this means is that there will be lots of verbiage to say that Ukraine and the international order need their country's support, but every politician in Europe and soon in America will want to be seen to be tardy in writing a cheque for Kyiv.

In the case of the US, there will be even greater momentum for politicians to move right, to drop Ukraine and do things for their own country. Is this because Trump is gaining on Biden because he wants to end the war while Biden wants to fight another forever war? It may well be.   And in case that is a factor in the polls, it is unlikely that Biden will move too far away from the Trump position, in spite of what he says.

The dilemma of whether to move to the left or the right, is not restricted to just the Ukraine project.   For Biden, there are other domestic problems.   The latest is the issue of the Union of Auto Workers, UAW, which is engaged in a monumental fight against three car makers for an unsustainably expensive wage hike. Given the importance of the auto industry to the US economy, one would expect the American government to play a key role to pacify tempers and get both sides to sit down and negotiate a settlement.   But no, Biden, recognizing the unions are solid Democratic supporters, has no choice but to stand in the picket lines. "In solidarity with the men and women of UAW as they fight for a fair share of the value they helped create," he writes on X.

Well, good luck to him.   For the sake of politics, he is actually weakening, not strengthening the American labour force.   Why do I say that?   It is simple.   The American labour force is paid at rates that are beyond their productivity.   Take a look at this WSJ article below:

American Labor's Real Problem: It Isn't Productive Enough

Factory workers want lots more pay and fewer hours, but that's hard to justify when U.S. manufacturers are losing ground

By
Greg Ip, WSJ

Sept. 20, 2023

For the United Auto Workers, it makes perfect sense to demand more pay and better work-life balance from Detroit's three automakers. After all, workers throughout this historically tight labor market are getting exactly that.

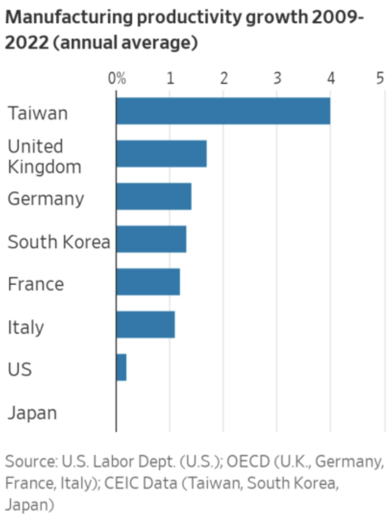
But what makes sense to striking factory workers makes no sense for manufacturing as a whole. Pay is ultimately tied to productivity: the quantity and quality of products a company's workforce churns out. And here, American manufacturing companies and workers are in trouble. The issue isn't with labor-intensive products such as clothing and furniture, which largely moved offshore long ago. Rather, it's in the most advanced products: electric cars and batteries, power-generation equipment, commercial aircraft and semiconductors.

President Biden might be celebrating a manufacturing renaissance based on new factories, but the share prices of former manufacturing icons : Ford Motor, Intel, Boeing and General Electric suggest skepticism is warranted about the durability of this renaissance: All are at a fraction of all-time share-price highs.

Yes, American companies still lead the world in design and innovation, but the resulting products increasingly are made abroad, especially in Asia. Biden, like former President Donald Trump before him, wants to reverse this, through tariffs, subsidies and other government interventions. Japan, South Korea, Taiwan and especially China certainly intervened plenty to help their manufacturers.

But attributing manufacturing performance to government policies alone is dangerous; it underplays how far Asian manufacturers have come in cost and quality and how far their American counterparts have slipped.

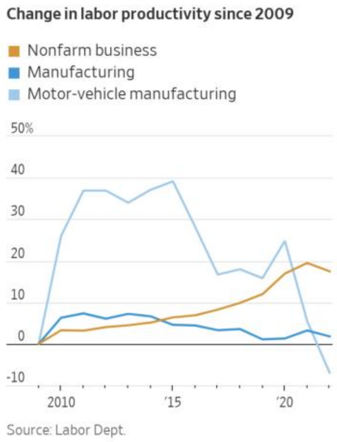
Since 2009, manufacturing output per hour in the U.S. has grown just 0.2% a year, well below the economy as a whole and peer economies in Europe and Asia, except Japan.



In motor-vehicle manufacturing, the picture is especially bad: From 2012 through last year, productivity plummeted 32%, though some of this was no doubt due to pandemic disruptions.

To say American workers aren't productive enough isn't to say it's their fault; after all, productivity depends on a multitude of factors beyond the workers, including management decisions, the supply chain, public infrastructure and regulation. For example, American manufacturers use far fewer robots than their competitors, in particular in Taiwan, South Korea and China, according to the Information Technology and Innovation Foundation, a Washington think tank.

Nonetheless, workers' fates are inextricably tied to how these factors in combination perform, and for the UAW, they have performed badly. The Detroit Three—Ford, General Motors, and Stellantis, owner of Chrysler—have been losing market share for years, to other brands and to nonunion U.S. plants. They account for just two of the 10 most dependable brands ranked by J.D. Power and just one of the 10 best cars picked by Consumer Reports. In electric vehicles, they are far behind Tesla, whose highest-output plant and main export base is in Shanghai.



Warehouses and hospitals can pass the cost of higher wages and reduced hours to customers without being undercut by foreign competitors. Manufacturers don't have that luxury. That's why Detroit is recoiling at the UAW's demands. While their output per employee is among the highest of 11 global manufacturers ranked by consultants AlixPartners, so are their costs per vehicle. The lowest cost: China's.

Labor presents problems other than just cost, such as the shortage of skilled workers. "They find desirable candidates, they hire them, they train them, they don't retain them," said Jim Schmidt, an automotive expert at consultants Oliver Wyman. "A lot of the younger workforce doesn't want to do that type of work." For some, absenteeism is another problem.

"You need a lot of additional labor to backfill for absenteeism," Schmidt said. "That can lead to large effects on productivity, quality and culture."

The U.S.'s manufacturing problems go much further than autos. Since its top-selling 737 was grounded by crashes in 2018 and 2019, production problems have left Boeing far behind Europe's Airbus, which delivered three times as many aircraft last year and twice as many this year. Boeing's 787 Dreamliner has been plagued by quality defects. Since the pandemic, Boeing has experienced "a crisis of loyalty among its workforce" with high turnover compounding supply chain problems, said Michel Merluzeau of AIR, an aerospace advisory firm.

In semiconductors, U.S. companies still dominate design, while steadily ceding production to Asia. Intel is the last major U.S. firm that both designs and makes chips, but its manufacturing capabilities have fallen far behind Taiwan Semiconductor Manufacturing Co. Today, none of the most advanced chips are made in the U.S.

This is a national security threat which the Trump and Biden administrations have sought to correct by persuading TSMC, in part through subsidies authorized by the Chips and Science Act, to build two fabs, or semiconductor fabrication plants, in Arizona.

Whether those fabs will be as productive as those in Taiwan depends crucially on management and labor. Burn Lin, a former vice president of research and development at TSMC who is now dean of the college of semiconductor research at National Tsing Hua University in Taiwan, said it isn't enough to have the most sophisticated tools. He said employees must know how to interpret thousands of measurements that the tools generate, and monitor the tool just the right number of times: too often wastes time, too infrequently introduces defects.

Getting this right often depends on culture, training and learning-by-doing, which can't be instantly transplanted. TSMC has had a fab in Washington state since the 1990s, and its yields are still lower than at the equivalent fabs in Taiwan, Lin said. A TSMC spokeswoman said yields are comparable.

Even constructing a fab's clean room involves pouring the concrete and welding the pipes in just such a way to avoid tiny imprecisions that ultimately reduce yields, Lin said. It's why TSMC is seeking to bring several hundred workers from Taiwan to Arizona to aid in the construction. Local trade unions have objected, saying this contradicts the Chips Act's goal of creating local employment.

Unions need to accept they're not yet up to the job. "Everyone loses the skills they don't practice," Kevin Xu wrote recently on his China-focused blog, Interconnected. Xu, who once worked with unions to get former President Barack Obama elected, says unions need to be told "that they are not the best, but they can be if they stay humble (and) soak up all the know-how and skills from workers elsewhere."

The above warning about labour productivity in US manufacturing not being competitive is not at all surprising. When factory workers get US$100,000 annual salaries plus benefits in a 4.5 day week, the oligarchs can find many places on this planet when they do that on 1/5th that cost. Therefore, beside political exigencies, I do not believe that Biden is truly supportive of this union action. All his economic advisors, before or after they read the WSJ, would mull over this matter and advise Biden accordingly. No economist of sound mind would support that kind of cost increases in American manufacturing and expect it to survive. I wrote about that last week, before I read that WSJ piece. Therefore, given that Biden has no independent economic views, he will indubitably heed advice from his advisors that will place limits on wage growth.

The standing in the picket line and helping the workers get a fair share of their gains is total bullshit. If Biden does that, he will weaken what he is trying to do to bring manufacturing back to the US. If productivity is worsened by high wages, which is what accepting the UAW demands mean, the car making labour force goes to shit, compared to those in other countries. American automobiles will become uncompetitive everywhere in the world, including inside the country. And high wages will spread to other sectors of the manufacturing economy. Game over.

If that is going to be the case, it just would not make sense for the president of the country, trying hard to reclaim the initiative in manufacturing or at least not losing further ground to other countries, to support strike action. Therefore, Biden said what he had to say to make himself look good to the UAW, but he cannot be serious to support their action against the employers. And he would probably be told by his central bank chief that if wages go up significantly, the hopes for moderating inflation would be over, and that will have a direct impact on his prospects for re-election. Therefore, it is unimaginable for Biden to want UAW wages to go up significantly. Stand in line with UAW to push for a 40% hike in wages? That's nonsense. It is just political rhetoric.

To recap, we have covered two issues that have recently forced the American government to move in opposite directions to their rhetoric. In both the Ukraine project and UAW strike, Biden has to talk leftist – viz support Ukraine and the UAW picket lines, but actually move to the right – viz don't get too far away from the Republicans to write cheques for Ukraine and help the automaker companies solve the problem of unproductive labour in the ranks of the workers.

At the end of the day, my gut tells me that whatever the politicians say, it is not necessarily the truth. What they actually do can be very different. And therefore, what we need to do is to follow what Russia and China, or the capitalist class such as the automakers, do. Which is: disregard the noise coming out of politicians' mouths, and just watch what they do.

In short, don't listen to the trash talk; look at how they punch.

Some will argue that a few white lies, recognized as political rhetoric is tolerable in a society plagued by vote hunting with lies, would be perfectly fine. The problem is that the liars get used to it, and you see exactly the same pattern being repeated both in America's dealings with Russia and China. In the case of China especially, what is uttered in public to Chinese diplomats and officials is usually the diametric opposite of what the Americans then do. It is duplicitous. Blinken went to Beijing to seek better communication, but at a speech last week at John Hopkins, he essentially declared a revival of American hegemonism over China and Russia again. That's the war-mongering Biden team for you.

That is why the Chinese don't want to see the Americans if they can help it. Xi has avoided Biden at the G20 meeting by not showing up. What's the point of having Biden tell you one thing and then one day later, he does something opposite to the words. The Chinese are obviously very frustrated, and they think that the lying is endemic.

Until they see a sea-change, the cold war or the hot peace, cannot be resolved by double talk.

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Un-Influencer in a World full of Hubris