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Be Careful What You Wish For

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As Vladimir Putin's "special military operation" in Ukraine grinds into its seventh month, conditions on the ground are changing more and more rapidly by the day. The scale of the failures befalling the Russian war machine in recent weeks have even some of Putin's closest allies, like Xi Jinping of China and Narendra Modi of India, raising concerns, sometimes publicly, over his war in Ukraine. In early September, Russia was stunned by a Ukrainian counter-offensive near Izyum in the country's northeastern Kharkiv region. Surprised by a rapid and unexpected Ukrainian advance, Russian soldiers appear to have in many cases simply abandoned their military kit. Reports pin Ukrainian gains at over two brigades worth of functional Russian equipment (including tanks, radar systems, and firearms) and liberation of over 2,300 square miles of previously Russian-held territory.

Beset by logistical nightmares, flagging troop morale, and a vigorous Ukrainian opponent, Russia has been scraping its reserves for military assets, going so far in June as to begin operationalizing decades old T-62 tanks from its Eastern Military District. Russian troops are ill-equipped, with many taking uniforms and boots from Ukrainian dead and wounded due to their higher quality. Countless videos have captured an undisciplined Russian military cadre stealing necessities like food and alcohol, in many cases going so far as to steal luxuries like washing machines and radiators from Ukrainian homes.

With Putin's "special military operation" going poorly on many fronts, Russian inability to establish air superiority (let alone air supremacy), and the stunning collapse of Russia's eastern flank in Kharkiv, the war has entered a dangerous new period. On September



21, after announcing and hastily calling off a nationally televised speech the night before, Putin delivered a fiery seven minute speech announcing a partial mobilization of up to 300,000 military reservists. Russian puppet-governments have called for rapid referenda on annexation of Ukrainian lands in defiance of international law, potentially giving Putin some pretext for declaring fighting for those areas as a direct attack on Russia. Such a scenario could be used by Putin to take the war to an even more lethal level via the use of weapons of mass destruction.

However, even the September 21 speech has not gone according to plan for the beleaguered Russian military. Within hours of the speech, the top trending Google search in Russia was "как сломать руку в домашних условиях," or "how to break an arm at home." Traffic jams caused by those potentially targeted for conscription caused scenes at scores of Russian border checkpoints as thousands tried to escape the net of the

military call-up. Videos of the newest conscripts show highly disorganized and unmotivated recruits, with many appearing to have been called-up from Russia's central and eastern ethnic regions. Though the Kremlin maintains a tight grip on news media, footage of war protests, domestic news stories noting a run on airline tickets departing the country, and online criticism of the war efforts to date continue to grow. Having spent so much effort to convince ordinary Russians that his war in Ukraine has been a resounding success, Putin is finding it difficult to turn the tide in his favor using conventional means such as larger mobilization of the Russian army. With Putin increasingly turning to threats of nuclear war, it appears even he has come to the realization that his options are dwindling.

These developments may seem heartening to Western observers – an evil regime that flouted international laws in launching an attack on its peaceful neighbor is being righteously beaten back. What was at first expected to be a quick Russian victory, then a grinding stalemate, seems suddenly to be nearing a conclusion that would be very palatable to the West – an end to the conflict without NATO military intervention. However, an emboldened Ukraine may be pushing toward a resolution that could expose conflicts of interest with its Western benefactors while simultaneously pushing Putin closer to nuclear escalation as the walls close in around him. If an increasingly cornered Putin senses faltering Western support for Ukraine, his calculus regarding the use of chemical weapons, tactical nukes, or even sabotage of essential European natural gas and nuclear infrastructure, may change in a dangerous way.

The source of a possible fissure between Ukraine and its Western allies lies in what I believe to be a growing disparity in what the two parties would view as a successful end to the conflict. Any resolution that included a return to pre-conflict Ukrainian borders, a cessation of aide payments, and the beginning of a return to “business as usual” would be a welcome development, both morally and financially, for Ukraine's allies. The Ukrainian position seemed largely in line with these goals but the recent battlefield successes

and reports of flagging Russian morale may have changed Ukrainian attitudes regarding what constitutes “pre-conflict Ukrainian borders.” Over a month ago, Ukrainian President Volodymyr Zelenskyy declared that he believed the war with Russia “began with Crimea and must end with Crimea - with its liberation.” Though the West, and indeed the United Nations at large, has never recognized the referendum used by Russia to attempt to justify its annexation of Crimea, neither did they offer much support when Zelenskyy made this declaration.

Though its status is murky, Putin almost certainly views Crimea as having been annexed into the Russian Federation and as such Russian soil. Furthermore, he has been resolute that attacks on Russian soil would cross his “red line” for the use of nuclear defenses. If Ukraine were to make good on its newfound aspiration to retake the Crimean Peninsula, Western resolve would be tested. Russia may be content to retreat from territory captured since February, but Crimea may be a step too far for Putin to suffer. With Russia on the retreat and a Putin that is perhaps more willing than ever to stomach a face-saving “surrender”, will the West be inclined to commit more resources to helping Ukraine recapture Crimea? Even if the West were to denounce Ukrainian aspirations to retake Crimea, how will it respond if Russia uses chemical weapons or tactical nukes in the peninsula's defense? With Ukraine remaining steadfast in its defiance and Europe already battening down the hatches to stave off winter fuel shortages, the odds of escalation seem more likely than any substantive negotiations for peace. Markets should temper their optimism that the Ukrainian conflict is nearing any kind of long-term resolution and be careful in cheering Putin's misfortune.

Alan Greenspan served five terms as chairman of the Board of Governors of the Federal Reserve System from August 11, 1987, when he was first appointed by President Ronald Reagan. His last term ended on January 31, 2006. He was appointed chairman by four different presidents.

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