

Mirror, Mirror, on the Wall

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We have written about the [Risks of “Winning”](#) for Ukraine. Basically, Ukraine has been winning the information war (social media, global support), but while they have slowed Russia’s advance, the physical war is not over (sadly). We are potentially at an inflection point, where Putin may back down and accept some peace, or he could escalate.

I can’t help but envision Putin, standing alone in front of a mirror, like the Evil Queen, asking this magic mirror questions about who has the most valid reasons for military operations. Putin seems to have miscalculated on many fronts ([Shock and Flaw](#)), but that doesn’t mean he sees it that way!

Mirroring

We’ve discussed this before, but “mirroring” is a risk (at least in intelligence circles) that you impose your own beliefs on the people you are trying to figure out and by attributing your own values and perspectives on your target, you misread information and come to incorrect conclusions.

Although Putin just did the largely unthinkable, a full-scale invasion of Ukraine, the prevailing attitude still seems to be that “he wouldn’t do that.” But why wouldn’t he do that? Just because you or I wouldn’t do that, doesn’t mean he wouldn’t! In the past few days, the media has been addressing how unhinged he seemed in the days and weeks leading up to the invasion (and after). **Why would we expect him to respond “rationally” or “as we would” to pressures we are applying?**

Also, we don’t know whether Putin is acting on “full information” or being fed a steady diet of information that is more to his liking?

On a simple level, look at yesterday’s “**peace talks.**” Without a doubt, Putin would accept peace, but only on terms that he demanded initially! Despite clear evidence that Ukraine is happy being Ukraine, Putin still seems to believe his “liberator” story. On the other hand, given how the campaign has gone so far (and how much support Ukraine has received), why would Ukraine now cave to a deal that they rejected before? **When two sides have such differing opinions on what “peace” is meant to be**, it is difficult to see how we get to an agreement.

Maybe Putin will realize that he miscalculated. Maybe Putin will decide that the tactics he has used in the past (not worrying at all about civilian casualties) aren’t appropriate here. Maybe he will question his messages about the Ukrainian government and the “new” theory that Lavrov has been expounding that Ukraine may be getting nuclear weapons. Maybe the pressure from the other oligarchs will dissuade him.

There are lots of reasons to be hopeful, but the Evil Queen was one of those Disney characters that didn’t change to good at the last minute...

Bottom Line

I want to be optimistic, but I am incredibly concerned that we aren’t doing a good enough job of getting inside Putin’s head and that is making us too complacent about where this war is headed.

While energy prices are getting the bulk of the attention, **corn, soybean oil, and everything wheat related are seeing prices skyrocket.** European Carbon Emissions futures prices are dropping (a warning sign on the economy?) and crypto is outperforming any other “safe haven” or “risk asset” as investors respond to sanctions, the use of SWIFT as a tool to change behavior, etc.

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