



Real Risks and the Red Sea

Been a while since I wrote a public post. I'm continuing the tradition of combining higher level strategy I learned with audiobooks overlaid with the reality I know at the ground level, and then asking questions about what that ven diagram reveals, with as always, a bit of humor. Picture above is DALL-E3 art I generatated in ChatGPT. Hope your 2024 is off to a great start! RC

London, September 1870

The British diplomat read the telegraph again, as if doing so a second time would make the uneasiness he felt dissipate.

“Napoleon surrenders with 100,000 men at Sedan. Prussia marches on Paris.”

The diplomat let the telegraph drop down to his side as looked out his window, the city of London before him.

His superiors had assumed the French would win. They had the most powerful army on the continent and they had been fighting a coalition of German states, with the Prussians distrusting the Bavarians that fought with them almost as much as they distrusted the French.

He shook his head as thought about a dinner a few months ago, where his seniors, between sips of a nice bordeaux, had confidently told each other France would win, or at the worst, the Prussians and French would fight each other to a stalemate, which would be good for Britain.

Knowing nods had followed that declaration around the dinner table as he sat silently.

He crumpled the telegram in his hand at the memory of them being willfully blind to a possible outcome simply because they thought it unlikely.

Then with a sigh, he smoothed the telegram back out and tossed it on his desk.

The diplomat, who had been posted in Berlin before, had always been careful to keep his mouth shut with a pleasant look on his face when his seniors would discuss the war.

None of them had any interests in his observations from while he was posted in Berlin.

They didn't mean to be dismissive, they simply had an established world view that seemed frozen in time. He would often think while watching them, he needed to guard against this behavior in himself as he aged.

His seniors, for the most part, were veterans of fighting in Afghanistan, now well established in government, whose fathers had all fought in the Napoleonic Wars.

All the seniors had a high opinion of French military prowess based on stories their father's told of meeting endless volleys of rolling French fire amidst the choking smoke and roar of battle.

For the diplomat, explaining why his bosses' opinions of current French strength were misplaced, was in their mind, saying their fathers, who they held in high esteem, were wrong.

Doing that, he thought, would have only made them say he was a disagreeable fellow and his next posting would be Calcutta.

At least the abominable heat and food poisoning would have kept him trim he thought with a smirk.

No, he had done what he could, written detailed reports from Berlin, of how the Prussians learned lessons from crushing the Austrians in 1866 only four years earlier, to how deftly Bismarck wielded diplomacy with a long term view to forge a united German Empire in Europe.

While Prussia had been rising, France had been coasting on the reputation of past bravery.

The French had not fought a war on their own soil since the fall of the first Empire in 1815. Many in France today had never seen war, did not know how to manage real risk, and where France had fought overseas, their most recent campaign in Mexico had ended in defeat.

Yet his seniors had placed their faith in a French victory, or at worst a stalemate. A French defeat, and along with it, a power shift on the continent of Europe, had never been entertained in the slightest.

As the British diplomat watched Londoners open umbrellas to avoid the rain starting to fall from the dark clouds overhead, he wondered how the British Empire, caught totally by surprise by a strong German Empire, would react.

The British diplomat didn't know it yet, but his misgivings at the faith his seniors put in French military strength based on past glory had been appropriate.

After the war, historians would note the aging Emperor Napoleon III had not been up to the task, he had countermanded his own orders and hesitated, instilling further hesitation and confusion into his commanders, who then failed to seize several key opportunities presented when the Prussian had made mistakes.

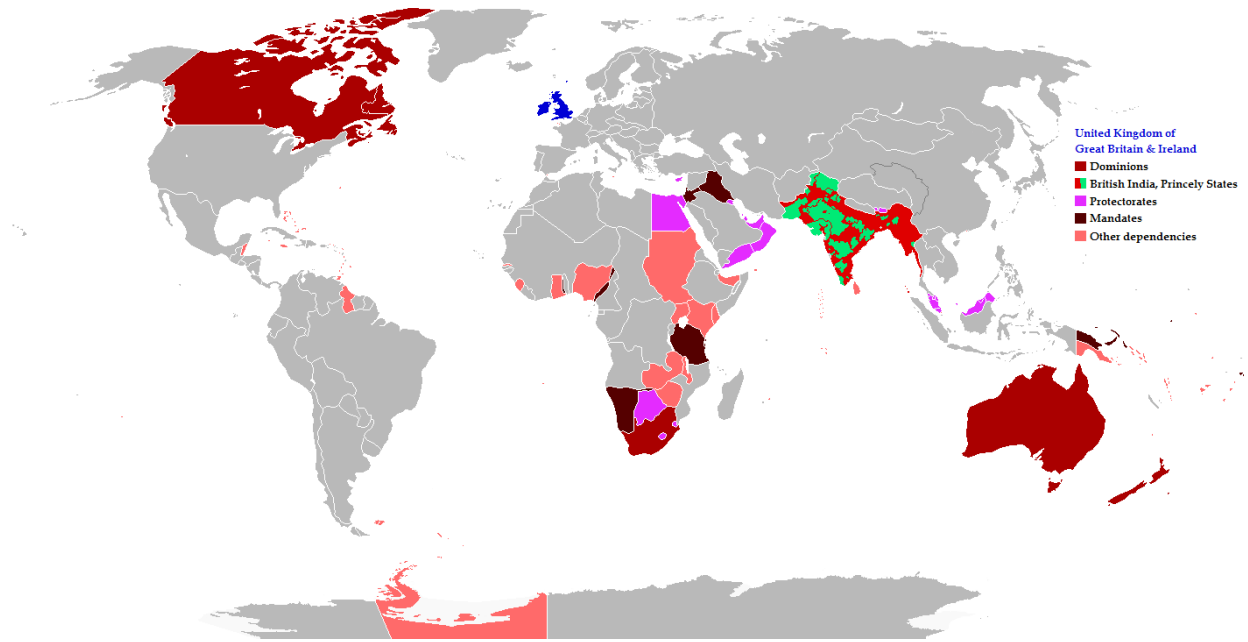
The war had been decided by France committing a few more unforced errors than Prussia.

Just as the young diplomat couldn't know, in forty-six years, he would pay a steep personal price for the British Empire confronting a strong German Empire.

He would spend countless dark days in his old age wondering if any of this had meant anything as he sat silently hugging his sobbing, inconsolable wife when news reached them on a beautiful day in July 1916 when their only son, not yet born, fell at the Battle of the Somme.

His son would be a small drop in an ocean of blood spilled among the 57,470 casualties the British Empire suffered in a single day of fighting on a warm summer day in France, but to him and his wife, they lost their whole world.

The British diplomat wouldn't consider it for decades to come, but he would reflect back on this moment, a rainy afternoon in 1870, and realize his seniors never considering a Prussian victory led to the end of not only his family in the next century, but also the eventual end of the Empire they all served.



The British Empire in 1919

The World Wars the British Empire would go on to fight in the 20th century to combat a now strong Germany after the balance of power shifted on the European continent in the Franco-Prussian War would leave her weak and unable to stop the Americans at Bretton Woods from making the US dollar the world reserve currency.

With a new Rules Based Order (RBO) being forged out of World War II with the US Navy now supreme on the oceans of the world and the US dollar the world reserve currency, it was a slow decline for the British empire.

India gained independence in 1947. Then in 1956, Britain would be curtly told by the US to abandon their joint invasion of Egypt with France and Israel, and leave the Suez Canal alone.

The message was clear, the US would enforce their new RBO, which they saw as the first world order to end all empires, including the British Empire.

Two decades later, in 1976, the once proud empire would have to borrow \$3.9 billion from the International Monetary Fund (IMF), the largest loan ever requested, to maintain the value of sterling after inflation ran 25% in 1975 causing a currency crisis.

In 1997, with the turnover of Hong Kong back to China, the sun would finally set on the British Empire.

But from his window in 1870 London, our diplomat could not foresee the details of the turbulent century that waited for his family and country which started with a one sentence telegram from France about an event dismissed as not possible by his superiors.

There is no way we can know which particular unlikely event, among all the other unlikely events that happens in our lifetimes will be the one we look back and say, that one mattered.

The only path I know that works is to not dismiss risks is to think rationally about how severe the consequences will be if that risk materializes, a mix of severity and possibility of happening combine to determine how much risk mitigation is prudent.

It requires wisdom - the ability to see risks, plan for them, and then, if those risks never materialize, be able to say, my planning was not a waste, I don't know the future, I can only make the best decisions I can in real time and do my best to make sure no singular event can ruin me.

A 7th Century Absolute Monarch in the 21st Century

Similarly as a Prussian victory in 1870 was dismissed outright in the halls of power, I can't help but draw a parallel to what is currently happening in the Red Sea.

I have been hearing a lot of, *"it is time to stop knocking down arrows and shoot the archer"* so I wasn't surprised the US has struck back at the Houthis.

But now what?

The Houthis are not going to stop. They have had tens of thousands of bombs dropped on them in eight years of fighting against a Saudi Arabia coalition. A few strikes by the US is another Thursday night in Yemen to the Houthis.

My concern is I will now start hearing when the Houthis continue, *"it is time to shoot the general giving the archer their orders!"*

The general of course, being Iran.

I think that is absolute madness for a variety of reasons and hopefully I am concerned for no reason, and this does not happen, but it is on my mind as I wonder, what now after the Houthis are undeterred?

Unfortunately, the US struck the Houthis because the powers that be felt like that they had no choice. They could not let dudes in mandresses and flip flops embarrass them. That is the heart of this issue.

The RBO responded to the Houthis because the Houthis were schooling the RBO on their own naval doctrine on the global stage for the world to see. The RBO can't have that.

There are two things the RBO won't tolerate being fucked with, the ability to project naval power and the US dollar. I would say the rule of law, which used to be the third pillar of the RBO, but the US is doing a fine job of ruining that for themselves without any outside help.

I won't spend much time on it in this dispatch, perhaps another, but in late February we will see if the G7, the heart of the RBO, goes through with confiscating hundreds of billions in Russian assets. The Financial Times have been writing articles on it.

I don't know exactly where I got it from, but I think of articles in the FT as political weather balloons, launched to see which way the political winds are blowing before an action is taken.

When I read the FT pieces on seizing Russian assets, I think surely we can't be this insane, surely policy makers know other nations and people will from then on no longer trust the RBO, but I'm not so sure.

So we will see in late February if the G7 manages to demolish one of the pillars of the RBO on their own and leave us with only US naval might and the US dollar for the RBO to balance on.

For now, let's look deeper at the human factor of who these people are challenging the RBO in mandresses and flip flops. It is a story that could be a *Netflix* series to rival *Al Hayba*.

The Houthis are a hardened remnant, forged in years of conflict and chaos. Called the Houthis by the west, they call themselves Ansar Allah, or Helpers of God. The name Houthi comes from their leader, Hussein Badreddin Al-Houthi, who led the rebellion in 2004 after hundreds of Houthi members were arrested by the Yemen government.

A few months later, Hussein died fighting and his brother took up the banner as commander.

The rebellion started over a border agreement between the President of Yemen and Saudi Arabia in 2004. Keep in mind the Houthi are Shia Muslims with the Yemen government being Sunni, so it is seen by the Houthis as a struggle against a puppet government of Saudi Arabia that discriminates against them.

If you want my opinion after living in the Middle East for over five years and heading back there next year to live for a few more years, while the divide between Sunni and Shia Muslims is real and goes back to the 7th century on who was the rightful heir to the Prophet Muhammed, they are like you and me, most want to live their life, raise a family, have a few hobbies, and have fun.

I'm sure there is discrimination that happens, but I also think the US never misses an opportunity to hammer a wedge between them and calcify grievances into tribes of alliances since divide and conquer is always the preferred method of centralizing control.

No different than what our own politicians, media, tech, big corporations, and institutions are doing to us as Americans, fracture us so we hate each other which make us easier to control. It always surprises me when people think the things the government does to people overseas won't be done to them eventually.

From 2004 – 2010 there are multiple clashes, ceasefires, and operations run by the Yemen government to crush the Houthi rebellion with names like "*Operation Scorched Earth*" and "*Operation Blow to the Head*".

With op names like that, doesn't take much imagination to think what happened to the civilian population and how non-existent the rules of engagement were.

Around this same time the Houthis start fighting a two front war with Yemen government forces on one side and border skirmishes with Saudi forces on the other.

By 2011 the Arab Spring reached Yemen and when the President refused to step down, the powerful Hashid tribal federation of northern Yemen sided with the Houthis, who were previously loyal to the government, and fighting erupts in Sanaa.

Early 2012, the president finally resigns and his deputy is sworn in as President of Yemen for a two year term. Fast forward to 2014, after two years of trying and failing to form a unity government, with rising

anti-government protests, the President dissolves his government, and the Houthis take control of the capital again. In early 2015 the Houthis take control of the Yemeni government and the ex-President who dissolved his government, Hadi, flees to the port city of Aden in southern Yemen, rescinds his resignation and starts calling the Houthi takeover a coup, with the UN rapidly denouncing the Houthis.

Saudi Arabia then lead a coalition of Arab states including UAE, Egypt, Morocco, Jordan, Bahrain, Sudan, and Kuwait against them. US sales of ordnance to Saudi Arabia continued higher and the coalition bombed the Houthis, deployed ground forces killing thousands, and imposed a naval blockade with deaths across the population from disease and starvation.

When the President of Egypt was ousted as part of the Arab spring, the US rejoiced, yet when the President of Yemen was ousted for similar reasons, the Houthis got US made ordnance dropped on their heads by a Saudi coalition. Why?

The fighting rages, wanes, then rages again for the next *seven* years. Despite bitter fighting and confronting disease and starvation, the Houthis consolidate control over 70-80% of the country.

I'm not trying to make the Houthis out as the good guys in this story. There is plenty of intrigue, shifting alliances, killings, coercion, ideology, and betrayal to go around.

Yemen is an Arab *Game of Thrones*, no one is safe and it is important to recognize the Houthis have been fighting in some form or fashion for almost ten years.

The Houthis are not a bunch of dudes who jumped in the back of a Hilux, rolled into Sanaa one day and overthrew the President. There are years of failed treaties, ceasefires, agreements, alliances, and governments. It is a complex situation that isn't going to be solved with the RBO dropping a few more bombs on them when they have had nothing but bombs dropped on them for almost a decade.

I was in Sudan in 2018. One of the contributing factors to the overthrow of Al Bashir in Sudan was the fact he couldn't repay loans Saudi Arabia had made Sudan, so instead he sent Sudan's sons to fight against the Houthis as the ground element. The Sudanese didn't like that.

I knew a few Sudanese officers, they were solid dudes. The fighting was bitter, thousands killed on both sides, but the Houthis held their ground.

Saudi Arabia is a 7th century absolute monarchy in the 21st century and this absolute monarchy has been waging a war without mercy against the Houthis for a long time, using everything from the Sudanese army, US made bombs, to trying to kill them off with disease and starvation when fighting them didn't work.

Yet through all this, the Houthis remain, now a hardened remnant, forged in years of chaos.

Which is why I don't think the RBO response will deter the Houthis in the slightest.

The Houthis have been getting hit with US style strike packages and munitions for years by the Saudi coalition. The US trains and equips the Royal Saudi Air Force. The RBO hitting them was just another Thursday night in Yemen.

Consider the absolute disparity between what the Houthis consider pain after being hardened through years of conflict and what the average western person considers pain.

The US, and I think the west as a whole, is super soft. I'm talking marshmallow soft, and absolutely including myself in this assessment.

I may be on my third war zone not counting Africa, but candidly, a terrible day for me is if I don't start it with a quad shot latte with just the right amount of foam. If my phone freezes streaming 4k movies, or someone doesn't rerack their weights at the gym, I get annoyed. I go to sleep every night with the A/C set to 66, snuggled under a high quality duvet with pillows filled with down plucked from geese, on the same mattress Four Season hotels use. I love my life.

So when we lost power for 36 hours and I didn't have air conditioning, water, or internet, it felt like the end of days to me.

I couldn't imagine living through eight years of conflict, electricity that doesn't work all the time, while my family is confronting starvation and disease. Makes my problems in life look like the joke they are.

This is the heart of the problem going forward for us.

Winning through violence is about making your opponent accept that your will being imposed on him is less painful than him continuing to fight you.

We have started launching missiles at the Houthis. I understand why we did it, but has anyone at the policy level thought about the sheer level of violence that we are going to have to impose on a group of people who have fought a 7th century absolute monarch for years and are still unbroken and in the fight?

Did our policy makers contemplate if they were willing to do what it takes to apply that level of violence?

Because if the answer is no and we're not committed to that level of violence, then is this really winnable?

In between all the aircraft carrier memes set to AC/DC, it is worth considering the Houthis are a lot more comfortable with chaos and suffering than we are and have a lot less to lose than we do.

Their pain threshold is dialed to 1,000 after fighting a Saudi coalition for seven years. Meanwhile my acceptable pain tolerance is set firmly at why is there 2% milk in my latte instead of whole milk? Look at this foam, I feel attacked, please may I have a new one?

Shooting down used Nissan Altimas with SM-2s

Another element to this situation is the Houthis are forcing the RBO into the same pattern of asymmetric losses the Taliban did to the US/NATO in Afghanistan.

Forcing the US to shoot down drones that are the monetary equivalent of flying used Nissan Altimas with SM-2s that cost millions which the US isn't making enough of to keep up with the rate of fire by the Houthis is not sustainable.

A steady string of asymmetric losses is not a winning strategy. Just ask the Taliban, who kept trading us \$500k MRAPS for homemade explosives made in a backyard with a cement mixer while guys drank chai and listened to Bollywood songs on a 1997 Nokia phone until we got tired of losing and left.

The important difference is that was done in a central Asian country that has a near zero impact on the RBO. The US was able to just fly away and forget about the entire thing.

The Houthis however, are hitting at a foundational pillar of the RBO under the protection of anti-ship ballistic missiles, essentially using the RBO's own strategy of controlling naval chokepoints to control trade against them.

The RBO can't let that stand. What is fascinating to me is the anti-ship ballistic missile component to this that apparently the US thinks is a legitimate threat to naval assets.

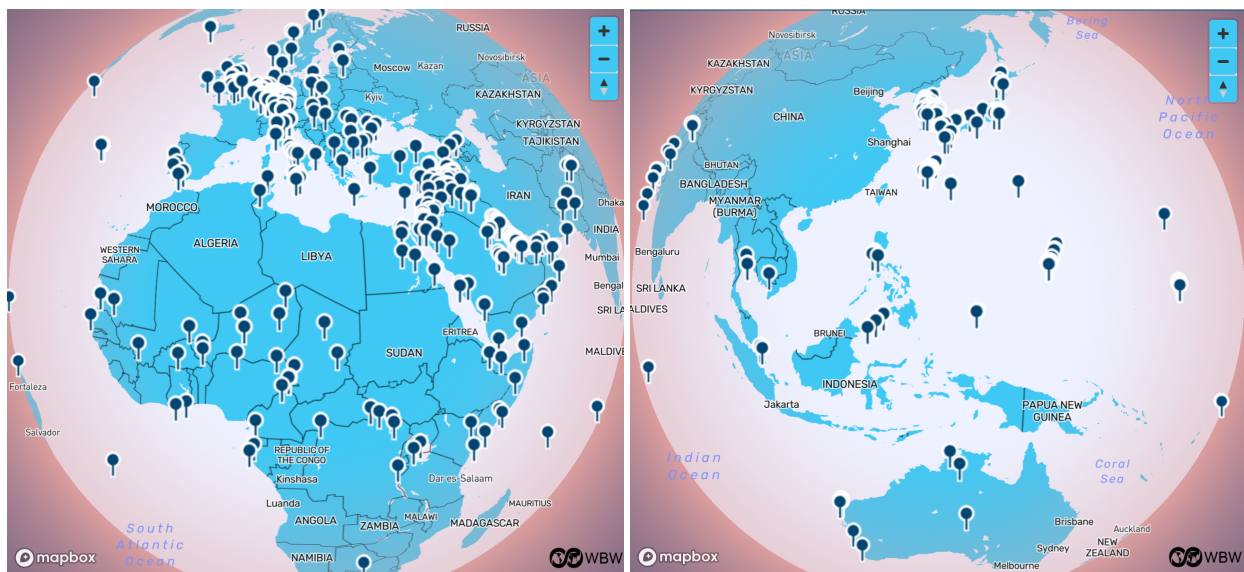
The technicals are over my head on the anti-ship ballistic missiles, so instead read *The Red Sea Show* by Mike Mihajlovic. How the ballistic missiles search for ship patterns on the descent to adjust trajectory is interesting.

<https://bmanalysis.substack.com/p/the-red-sea-show-i>

The Houthis are taking the US to school in our own naval doctrine, established by Alfred Thayer Mahan in 1890 with his book, *The Influence of Sea Power Upon History, 1660-1783*.

Mahan theorized by controlling maritime chokepoints, a navy could control entire oceans.

The US seized on this concept, recognizing by controlling the oceans, a nation could control maritime world trade. Control maritime trade, you control the currency which trade is conducted in, and if you control the currency, you control the world. Which is why the US has 800 bases in 70 countries give or take.



I doubt the Houthis are going to stop. I don't know them, but I've spent a lot of time in the Middle East.

It isn't hard to look at what they have been through and imagine the reason they are hitting Israeli shipping is because they can relate to feeling like they are fighting for their lives while not only no one cares and US made ordnance is being dropped on them, so they are doing what they can to help people who they view are now in a similar situation.

You can totally disagree with that, all good. As Brent Johnson would say, acknowledging something is not the same as advocating for it.

The problem for the RBO is that they can't fly away from the Houthis like they could the Taliban and pretend it never happened. The Houthis are sitting at one of the most important maritime shipping lanes in the world and making Maersk reroute ships around the Cape of Good Hope like they are 15th century Portuguese explorers following Vasco da Gama instead of container ships in the 21st century.

This is highly embarrassing to the RBO having one of their pillars being attacked by dudes in mandresses and flip flops flying used Nissan Altimas out to sea and making shipping reroute to the 15th century.

So far I see people unconcerned, confident in US Naval might to smite the Houthis.

I can't help wonder, what would be as unthinkable as a Prussian victory at Sedan in 1870 that would go on to shift the balance of power? Perhaps a US Navy ship being sunk with an anti-ship ballistic missile?

I sincerely hope we don't lose a ship, but just because it is unlikely and I don't want it to happen doesn't mean it is not worth considering how that would shift the balance of power as anti-ship ballistic missiles start popping up like Starbucks at Targets as every country with a maritime chokepoint off their coast starts putting them in place.

The RBO is playing a game against a more committed opponent who has a much higher pain tolerance with a lot less to lose. Hopefully we can find a way to exit this gracefully, these risks pass like so many other that never materialized, and we can peacefully get to a day where we don't have 800 US bases worldwide, because that is insane. But that is another dispatch for another day.

See you out there, Radigan