Oil, Gas and Gallium: The Economics of Peace on Earth?
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The new National Security Strategy of the United States seeks "strategic stability" with Russia. It declares that China is merely a competitor, that the Middle East is not central to American security, that Latin America is "our hemisphere" and that Europe faces "civilizational erasure." India, the world's largest country by population, barely rates a mention – one might say, as Neville Chamberlain did of Czechoslovakia in 1938, "a faraway country... of which we know nothing." Well, so much the better for India, which can take care of itself.

The *realpolitik* of this document is breathtaking, yet the underlying logic is not stated. Indeed, as a statement of political ideology or "values", the strategy is incoherent. It declares respect for the sovereignty of countries whose governing systems differ from ours but then berates Europe for antidemocratic practices. It admits the end of US hegemony, but then asserts possession of the whole Western hemisphere, citing the Monroe Doctrine as though it were holy writ. What Ariadne's thread – if there is one – ties all this together?

It is a logic of resources, and in the first instance of fossil fuels. With oil flowing thick and fast from Texas and reserves in Canada and Venezuela, the US can exit the Persian Gulf. It could even – in principle, let's not predict that it will happen in practice – leave Israel to its own devices. Russian gas, more precisely the lack of it, has sealed the fate of Europe: Germany is deindustrializing while Britain and France, their empires long gone, are in deep decline. Sanctions having failed, Russia's eventual victory in Ukraine is assured. Hence it is necessary to accommodate Russia and if necessary, which it apparently is, to break America's longstanding ties to Russophobic European elites. It is a simple fact that where there is affordable and abundant energy, business prospects are better.

With China, the resource issue is rare earths and, especially, gallium, a byproduct of refining bauxite into alumina. China controls rare earths through a near-monopoly on refining, which could erode, with determined effort, over time. Gallium is different; US aluminum capacity peaked in 1980 – not coincidentally, just as the Federal Reserve under Paul Volcker launched its great crusade against inflation – with American industry and trade unions as collateral damage. The Chinese advantage in the underlying refining is now 90 million metric tons to 1. The US cannot own-source gallium in adequate quantities on any timescale. As there is no substitute for gallium in advanced microchips, the US military cannot now confront China and prevail. *Detente* is therefore necessary for America, as it is desired and accepted by China. The remarkable softening of the Trump line toward China is the direct consequence of this material reality, likely conveyed to the administration by the affected contractors.

Then there is the contrasting notion that the nations of Latin America are not really countries, but dependencies and satrapies – colonies in all but name – run by *caciques*. That there have been, and still are, such countries in the region cannot be denied. But Mexico and Brazil, not to mention Colombia and Venezuela, not to mention Nicaragua and Cuba, have other ideas. The brazen, Miami-mobster tone of this document is scarcely removed from the years before the American Civil War, when Cuba and Mexico were seen as new frontiers for Southern slaveholders. The new frontier is, of course, oil.

As strategy the new order is not ironclad. So far it has not much affected Pentagon planning and it should not be taken too seriously until bases are closed, aircraft carriers decommissioned, and nuclear weapons mothballed, while a new Navy based on regional requirements takes shape. It is also hedged

in several unrealistic ways, such as the notion, quickly quashed by China, that perhaps Japan (and Korea) might defend the "first island chain" – that euphemism for Taiwan. Equally unrealistic is the idea that Europe will step up on self-defense, with triple or more the present military spending while their economies continue to decline. [It is mathematically possible, but unlikely, that European countries can reach the five percent of GDP military spending target by shrinking their economies; the greater probability is that it will never be reached at all.] And for all the bluster and buildup in the Caribbean, the administration has so far restricted itself to piracy on the high seas, possibly aware that Venezuela is half again larger than Ukraine, with cantankerous locals and difficult terrain.

As economics, the new strategy is a mass of contradictions. It seeks reindustrialization while simultaneously protecting the financial system and the global dollar. It seeks technological leadership while cutting taxes, regulation, and the government's (long degraded) ability to specify what leadership entails. It wants to build up an invincible, full-spectrum military while promoting "pro-worker" "prosperity that is widely shared." This is the syndrome of the child who wants every shiny package under the tree. One may expect a tantrum when reality dawns that one can't have it all.

Still, for all its defects, as an assault on the previously sacrosanct, unipolar, Eurocentric world order, the new strategy is an ice-breaker. It recognizes the shift in the center of gravity of world power that has already occurred. It states openly that the United States cannot dominate the real-existing world, in defiance of what has been sacred politico-military and economic scripture since the fall of the USSR. A country that cannot dominate the world also cannot impose its supposed values on that world but must accept the other great powers as they are. The logical consequence of this confession is that the interests of other great powers must be respected, from which it follows that arrangements for peaceful coexistence need to be made.

Taken all in all, and as a harbinger of the coming post-Trump era in American politics, the new National Security Strategy opens policy space not seen in forty, fifty or perhaps sixty years – not since Reagan and Gorbachev, Nixon and Mao, or Kennedy and Khrushchev – who each in their own way tried to forestall the final nuclear confrontation. The panicked reaction of the European political leaders and of the US foreign policy and Democratic Party and media elites portends a colossal struggle to keep the old vision alive. Thomas Friedman's vicious pastiche of cringe and cope, published on December 4 in *The New York Times,* is a telling example of what to expect.

History teaches that caution is in order; the forces of a declining world power are dangerous, and often delusional, and for this reason previous efforts at peacemaking all came, eventually, to nought. Kennedy's overtures of 1963 to the Soviets, notably the test-ban treaty and his decision to exit Vietnam, ended with his assassination. Nixon's opening to China led to deep relationship, entirely unanticipated in the 1970s, that only lapsed into hostilities as China emerged as a leading economic power while the 1990s-era illusion of an "end to history" and convergence to "liberal democracy" fell apart. The end of the Cold War engineered by Gorbachev and Reagan gave way, under George H. W. Bush and then Bill Clinton, to claims of "victory" with the inevitable repercussion, *revanche.*

Yet in each of those episodes, the material advantages of the United States were stronger and its need to dominate the world greater than is true today. The US held overwhelming strategic superiority over the Soviets in the 1960s. While the stalemate in Korea was a straw in the wind and the defeat in Vietnam an embarrassment, even in the 1990s US power could be deployed to the Persian Gulf for quick and apparently easy victories. But since then, American military capacity has eroded. Russia has strategic parity; China has the deterrence it feels necessary. In conventional warfare, an era of missiles and drones has superseded that of aircraft carriers and bases, and the technological conditions of conflict

now overwhelmingly favor the defensive. The most powerful naval forces must be kept safely far from danger, as the Houthis have demonstrated in and around the Red Sea.

Fortunately, as US power has waned, so has the need for power projection. For now, the US is self-sufficient in energy – imports and exports roughly balance -- while the reserves it may require at some later date are nearby and not on the other side of the globe. Those resources that must be obtained from China can be had, so long as China's terms are respected; they will not be had if China sees the United States as a military threat. Similarly, US financial power – the purchasing power of the dollar – remains quite strong; the most significant threat to the dollar-based system comes from the threat of conflict and the effort to use the dollar as a weapon against supposed "adversary powers." The system, and the support it provides to American living standards, will survive for longer if it is not so used, and indeed if the supposed "adversaries" are instead treated as partners, if not as friends.

The *material* conditions, in short, favor peace. It helps that neither of the other great powers – let alone the almost-unmentioned India – has delusions of world domination. Taking the world situation as it is, the US can find common ground with Russia, and it can live with China as a co-equal and a trading partner. The Ukraine war is an enormous tragedy, but it is clear by now that it will end when Russian terms are met, unless it is allowed to escalate across the nuclear threshold, and that Russian ambitions do not extend to Europe. A few Himalayan skirmishes apart, China has not fought a war since 1979 and has practically no military presence outside its national territory nor any evident desire for such a presence. The new strategy is therefore an open invitation for Taipei to settle with Beijing, and for successor governments in Berlin, Paris and London to seek terms from Moscow.

That will leave the United States with a great challenge – that of reconstructing the American economy and national attitudes in line with global realities. One cannot be optimistic. Big finance and the military-industrial complex, including the information-surveillance-technology sector, are at the center of domestic power. Russophobia and Sinophobia have been their ideological bread-and-butter since the "forever wars" began to lose their appeal. The vast American service-worker class, to whom neither Russians nor Chinese seem much of a threat, is on the periphery of that power.

Adjusting our economy to achieve "pro-worker prosperity" is a task that lies ahead – and it will not be simple, or free of internal conflict. No doubt those committed to coercive dominance will make every effort, in the months ahead, to reverse any move toward balanced peace. Violence over Venezuela is a looming prospect. But in the larger sphere, the global warriors are defending a world order that no longer exists, whereas the new conditions really do call for regional consolidation and multi-polarity – for a world where peace and stability are paramount.

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