Message to D.C.:

The transition is coming.

Capitalism Without Oil

By Seth Levine and Elizabeth MacBride

When we published our book *Capital Evolution* last December, we argued that one of the most dangerous ideas embedded in American economic thinking was the conflation of capitalism with fossil fuels. We called it the Climate Fallacy—the American belief, deeply held and rarely examined, that you can't have capitalism without oil. We wrote: "The fallacy at the heart of the neoliberal argument about climate change is that we can't have capitalism without fossil fuels. But we can. In fact, we have to."

We didn't predict a war with Iran, *per se.* But we described, in some detail, the intellectual architecture that makes such a war in Iran feel advantageous to the people waging it. To some, it's hard to imagine a world in which the United States is not in control of fossil fuels, either through production, military power, or carefully bought alliances with oil producers.

THE FOSSIL FUEL OPERATING SYSTEM

American capitalism and fossil fuels have been intertwined for so long that many people can't separate them. For *Capital Evolution,* we talked with historian Darren Dochuk, whose book, *Annointed with Oil: How Christianity and Crude Made Modern America* (2019), traces the history of oil and America's sense of self. The first oil families—the Rockefellers and others—viewed natural resources as gifts, and viewed the profits of oil as carrying with them

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CHINA NEWS SERVICE

At Zhangzhou Nuclear Power Plant in China, workers recently finished installing the reactor pressure vessel at the third of a planned six units.

China on the Move

While the United States fights over the last century's energy source, China is building the infrastructure for the next one. China has twenty-five nuclear reactors under construction, adding to the thirty-five brought online in the past decade. The United States added two during that period. China is investing massively in solar, wind, and battery technology. It dominates the supply chain for rare earth minerals essential to the energy transition. Every dollar of American capital and every unit of political attention directed at securing oil in the Middle East is a dollar and a unit of attention not directed at winning the energy competition that will actually determine economic leadership for the next fifty years.

—*S. Levine and E. MacBride*

noblesse oblige. In contrast, the wildcatter oil families of the American West gained influence in Washington in the mid-twentieth century and brought with them a form of evangelical Protestantism that enshrined a right to use the earth's resources—and a libertarian economics that treated any constraint on extraction as an assault on freedom itself.

This wasn't just an economic philosophy. It became a culture. Climate denial, the resistance to renewable energy, and the conviction that American power flows from American oil are all products of this worldview. When activist Leonard Leo and his network spent more than $500 billion building what they call an "anti-woke" movement, environmental policy was a central target. When Project 2025 laid the groundwork for the current administration, significant cuts to the U.S. Department of Energy and the Environmental Protection Agency were among its first priorities.

If you operate from within this framework—if you genuinely believe that capitalism requires fossil fuels—then military action to secure oil supplies isn't reckless. It's rational. It's protecting the foundation of the system. This is the logic that leads to Iran.

ZERO-SUM IN A COMPLEX WORLD

In *Capital Evolution,* we wrote that the Trump administration "seems to be falling into the trap of zero-sum thinking and is pushing China (and other nations) away, rather than engaging with them." We were writing about trade policy, but the observation applies with even greater force to energy and military policy.

The neoliberal worldview has always struggled with complexity. Its strength—clear rules, simple incentives, the market is "right"—becomes a liability when the problems are genuinely multidimensional. Energy policy is simultaneously climate policy, economic policy, national security policy, and fiscal policy. Treating it as any one of these in isolation produces decisions that are destructive on the other dimensions.

Going to war to secure oil supplies is the ultimate zero-sum move. It treats the global energy system as a fixed pie to be fought over rather than a system undergoing transformation. It assumes the strategic value of Middle Eastern oil will persist indefinitely. And it ignores the possibility that the real contest for twenty-first-century economic dominance is happening somewhere else entirely. It cedes power to China.

THE CONTEST WE'RE LOSING

We wrote that "whichever country controls the energy source for the next iteration of capitalism will have a huge strategic advantage. Fossil fuels laid the foundation for America's dominance in the twentieth century."

While the United States fights over the last century's energy source, China is building the infrastructure for the next one. China has twenty-five nuclear reactors under construction, adding to the thirty-five brought online in the past decade. The United States added two during that period. China is investing massively in solar, wind, and battery technology. It dominates the supply chain for rare earth minerals essential to the energy transition. Every dollar of

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The United States was not guaranteed to lead the last energy revolution, and we are certainly not guaranteed to lead the next one. We wrote the book in part to sound that alarm. The alarm is now louder.

THE DEBT MAKES THIS UNSUSTAINABLE

There is a fiscal dimension to this that makes the current path untenable. U.S. national debt is approaching $40 trillion. Debt service—the interest we pay on that debt—is nearing $1 trillion annually, on track to become the single largest line item in the national budget. We wrote that "simple financial literacy suggests that this situation is unsustainable."

Military engagement in the Middle East is enormously expensive. The post-9/11 wars cost the United States an estimated $8 trillion. A new conflict, layered on top of an already strained fiscal position, accelerates a debt trajectory that is itself a national security threat. Bond markets don't care about geopolitics. If holders of U.S. government debt—including foreign governments and large investment firms—begin demanding higher interest rates in exchange for the risk of holding an investment underwritten by an increasingly overburdened and fractious United States, the economic consequences will dwarf anything happening in the Strait of Hormuz.

THE THREAD THAT TIES IT TOGETHER

The most important argument in *Capital Evolution* is one that doesn't fit neatly into any single policy silo: energy policy is economic policy is national security policy is fiscal policy. For fifty years, these have been treated as separate conversations—climate people talk about climate, defense people talk about defense, fiscal hawks talk about debt. The book's core insight is that they are all the same conversation.

Going to war over oil is simultaneously a climate decision, an economic decision, a fiscal decision, and a strategic decision. And on every one of those dimensions, it points in the wrong direction. It deepens fossil fuel dependence at the moment we need to be reducing it. It drains capital that should be invested in the energy transition. It adds to a debt burden that is itself becoming an existential risk. And it cedes the strategic ground of the next energy economy to competitors who are investing in it while we fight over the last one.

We didn't write *Capital Evolution* as a book about war. We wrote it as a book about the future of capitalism—about untangling the old system from the fossil fuel economy that gave it power, and building something more dynamic, more resilient, and more broadly shared. But the logic of the old system, taken to its conclusion, leads to exactly what we are seeing: leaders whose vision of America is so deeply fused with oil that they will go to war rather than let go. To them, all the risks and tragedies of this war must somehow seem worthwhile. That judgment is fundamentally wrong.

The neoliberal worldview has always struggled with complexity. Its strength—clear rules, simple incentives, the market is "right"—becomes a liability when the problems are genuinely multidimensional.

The path forward requires a different kind of thinking. Not the binary, zero-sum logic of neoliberalism, but the nuanced, coalition-building pragmatism we called Dynamic Capitalism. The question isn't whether the energy transition will happen. It's whether the United States will lead it or spend its remaining leverage defending a world that is already gone. ◆