

Global Crisis, National Renewal: A (Revolutionary) Grand Strategy for the
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Section One: How States Fail

All nation-states face the same challenges that together form the *Global Crisis* of the title:

1. The increasing scarcity of essential resources has ended the era of ever-expanding consumption that was presumed to be permanent.
2. Elites' excessive share of resources, capital and power has destabilized the domestic order. The distribution of *resources, capital and agency* is the core issue domestically and globally. The tremendous asymmetry of today's inequality ensures collapse if left to fester.
3. The state's structural weaknesses and the limits on its power are neither acknowledged nor understood.
4. Policies that have been solutions for the global expansion since the end of World War II are not just failing, they are accelerating the unraveling. They are no longer solutions - they *are* the problem.
5. Rather than being the solution to the problems of scarcity and elite dominance, the state is itself a problem that the state cannot recognize, much less resolve.

All Grand Strategies share an implicit belief that existing state structures and leadership can resolve any crisis that arises. The possibility that the system itself is the core problem doesn't occur to those benefiting from the current arrangement. The foundation of this confidence is *self-interest*: since the system serves our self-interest, it cannot be the problem.

The history of past successes in surmounting crises is another implicit foundation of confidence in the status quo: since this system met every previous challenge successfully, therefore it cannot itself be the problem. This implicit confidence in the existing system generates self-reinforcing responses: if existing policies are failing, the solution is to do more of what worked in the past, that is, *doing more of what's now failing*.

This confidence in the system creates a blind spot. Since the system can't be the problem, all evidence that it's failing is rationalized. As existing policies fail, the temptation to substitute *magical thinking* for real solutions becomes irresistible. In ancient crises, this temptation manifested as religious rituals or paeans to past glories. In the present era, magical thinking manifests as *technological orthodoxy*: a new technology will save us.

The elites at the top of the wealth-power pyramid are incapable of separating their own interests from those of the state: whatever diminishes my wealth cannot possibly be good for the status quo, as my interests and the interests of the state are one. This self-serving unity breaks down in crises that reveal the widening gap between the common interest and the interests of the elite.

States that cannot place the nation's interests above those of the elite in crises will fail as the nation crumbles under the weight of its outsized self-serving elite.

This implicit confidence in the system and the supremacy of self-interest hardens the elite's commitment to maintaining the system as-is: why change what's worked well for decades? Why take the risks of changing a system that has served my interests so well?

Since previous solutions did not require any elite sacrifice, the elite implicitly believes that solutions that don't require any personal sacrifice must be available, and so they reject any solution that diminishes their power.

This is the current state of affairs. Neither the state nor the elite is willing to recognize that the state and the self-serving elite are the core problems.

This guarantees that the state will try one expedient fix after another, increasingly relying on magical thinking as a substitute for recognizing that the system itself is no longer a solution but is itself the problem.

Lastly, the concentration of power in the state has created a leviathan with immense inertia. Every agency has an incentive to grind on, changing nothing of substance, with no incentive to risk radical

adaptation. This guarantees that real solutions will be rejected as unnecessary since doing more of the same always worked in the past.

It is tempting to think that existing structures can resolve these crises, for the tacit assumption is that "all crises are temporary." If energy is scarce, that scarcity is temporary. Financial crises are equally temporary, as the restoration of confidence is presumed to be a self-healing process.

Part of the substitution of magical thinking for real solutions is to gloss over the increasing signs of instability and the resulting extremes of policy being deployed to restore the public perception of stability - i.e., the narrative that "the system is successfully resolving all problems." But beneath the surface, the machinery is being held together by increasingly expedient fixes which are themselves generating new sources of instability.

The current system encourages officials to issue assurances that the system is working well. After all, if the public caught wind that the system is failing that would add to the instability, so false assurances are heaped on even as the official narrative veers ever farther from real-world evidence that status quo policies are not fixing the problems.

Ever since the emergence of the *state as a problem-solving structure*, the state's core solution has been to expand its power to apply more resources to whatever crises arise. This concentration of power generates incentives for an elite to influence the state to serve its interests. In other words, the more power the state concentrates in the hands of top officials, the greater the gains for those who influence the state to grant them tax subsidies, monopolies, etc.

State power leverages private wealth, which is the systemic source of soaring inequality: \$5 million spent on lobbying and campaign contributions can generate \$100 million in private gains. Since few have \$5 million to invest in influencing the state to serve private interests, the super-wealthy become wealthier.

The state has no mechanism for recognizing that the state itself and the super-wealthy elite are the root problems. The state is not a self-aware system; rather, it is a trial-and-error mechanism that preserves existing solutions as it processes competing claims for its attention and powers. The state has no way to recognize that its own concentration of power is now the source of systemic destabilization. This is the core structural flaw in the state.

Three Core System Crises

While states view all crises as solvable with existing policies, the reality is that there are three core crises that are systemic and can only be resolved by new concepts and a radically different state-market system from the one that is globally dominant today.

Systemic Crisis #1

The energy required to continue expanding consumption is no longer available at a cost affordable to the bottom 90% of consumers. Total energy available for consumption is declining due to physical constraints; as well, the hope that so-called renewable energy will replace the majority of hydrocarbon energy is magical thinking. The existing state-market system has neither the structure nor the conceptual framework to manage the reversal of ever-expanding consumption to declining consumption.

Systemic Crisis #2

Concentrations of wealth and power in elites are inherently destabilizing, because concentrations of wealth accelerate inequality and undermine the foundations of dynamic stability (*competition, transparency, feedback, variability, dissent and accountability/skin in the game*). The elites' power results from suppressing these forces. Well-moated monopolies eliminate competition and use their

influence to hide transgressions from public exposure, suppressing transparency and accountability. They also influence the state to protect their private gains by transferring losses to the public via bailouts. This institutionalizes *moral hazard*, the separation of risk and consequence. This is highly destabilizing, as state bailouts encourage ever-riskier bets which become so large they threaten the entire financial system.

Inequality is shorthand for the transfer of wealth and power from the many to the few, who then protect their dominance by buying political influence. The decline in political and economic power of the middle class and the dominance of the elite erodes the foundations of domestic stability (i.e. *upward mobility, equal treatment before the law, social cohesion, moral legitimacy and civic virtue*).

Once these foundations are eroded, all that remains are self-interest and corruption.

Systems that increase inequality and suppress the mechanisms of dynamic stability are unstable and prone to sudden collapse. This is especially true of democracies, which function by institutionalizing limits on elite power. Once these corrective mechanisms have been neutered, *democracy* is merely the public-relations cover for a neofeudal autocracy.

Systemic Crisis #3

Elites achieve their dominance of wealth and power by placing their self-interest above all else. As states and markets unravel, elites devote their resources to protecting their dominance by suppressing reforms which threaten their power. Having eliminated the possibility of reform, the elites leave the system with only two evolutionary pathways: collapse or a revolutionary convulsion that sweeps the system they control into the dustbin of history.

In other words, systems that generate elite dominance are *optimized for instability*, and systems that limit elite dominance are *optimized for stability*. The greater the concentration of power in the state, the greater the benefits accruing to any elite that gains political dominance. The more power held by the few at the expense of the many, the greater the systemic instability. This is the irony of great state power: the more power that is concentrated in elites, the greater the intrinsic instability of the system and thus the greater the risk of collapse.

It bears repeating: nation-states that concentrate power that can be devoted to serve private interests rather than the common good are intrinsically unstable, and nation-states that distribute power and enforce systemic limits on elites are intrinsically stable.

If elites can gain influence over even a sliver of state power and apply that leverage to serve their private interests, this process amplifies inequality. The only possible result of such an arrangement is systemic instability, an instability that veers towards collapse in crisis.

Thus, elite dominance is a death sentence for the state and the society it rules, as devoting state power to serve private interests destabilizes the system by stripping it of adaptive vigor and corrupting its civic and moral foundations. Instability and collapse are the only possible outputs of such systems. And labeling an unstable system "socialist" or "capitalist" or "Green" won't change the outcome.

An elite can only gain dominance in a system that concentrates power in hierarchies that can be corrupted, a system in which private interests can disable *competition, transparency, feedback, dissent and accountability* as hindrances to their dominance.

Being systemic, these dynamics cannot be mooted by ideology, good intentions, personalities, public relations or superficial reforms. The only way to transform an unstable system into a stable system is to change the system itself.

How to effect that change is the subject of this book.

Additional Challenges for the US

In addition to the global crises shared by all states, the United States faces challenges that are

unique to its history and structure.

1. America's remarkable success domestically and internationally (its *global hegemony*, i.e., its dominant role and influence) over the post-World War II era has generated a dangerous overconfidence in the permanent superiority of its institutions and leadership. But past success not only does not guarantee future success, it is a source of potentially fatal hubris.
2. America's elite so completely dominates the economic and political orders that there are no corrective mechanisms left to reverse the fatal consequences of this extreme dominance.
3. As a *composite state*—a state composed of many different ethnicities, faiths regions and classes-- the stability of America's domestic order rests on *social cohesion, moral legitimacy, civic virtue* and a *shared national purpose*. All of these have unraveled, leaving the domestic order prone to disorder and collapse. Once the domestic order unravels, so too does global hegemony.
4. America's lofty ideals of personal liberty and *agency* (a say in public decisions, control of one's life) are at odds with the *informal tyranny* of daily life in an economy that serves the interests of the wealthiest few at the expense of the many, whose agency is limited by the dominance of the elite who control the vast majority of political and financial power.
5. As a representational democracy composite state holding lofty ideals, America's *social ontology* requires a moral foundation that limits the dominance of self-interest. However, self-interest is now the guiding principle in America, and this *winner take most* ideology has demolished the moral foundations of democracy and open markets.
6. America's *social ontology* dismisses limits as defeatist and encourages a quasi-religious faith in *can-do* technological solutions for all problems.
7. As the issuer of the dominant reserve currency (the U.S. dollar) and guarantor of the global financial system, central bank distortions of credit and risk have fatally undermined the stability of the financial system.

Successful empires share some or all these traits: overconfidence, the dominance of what historian Peter Turchin terms *parasitic elites*, an unruly composite society of multiple populaces, politically expedient debauchery of finance and a propensity for magical thinking when faced with novel crises.

Given this *social ontology*, some readers may be predisposed to declare all problems as solvable by new technologies or the existing tool bag of reforms. To break through this predisposition requires a deep critique many may find disturbing because it exposes physical and institutional limits that cannot be resolved with reforms or technological fixes. Many will find the moral rot the critique exposes equally disturbing.

As you read through the rest of Section One, keep in mind that each dynamic is *part of the entire system and is connected synergistically to the other dynamics*, either beneficially or destructively. This whole—which includes what I term the *social ontology*, resources, the economy and the political sphere—is an *emergent system*, which means that the whole is not just more than the sum of all its parts, it is *an entirely different structure with its own dynamics*.

Put another way: though we separate the social, economic and political orders for analytic purposes, each cannot be understood as a separate system. In a similar fashion, we cannot separate the material world of resources from the social constructs of money or the intangible but very real world of morals, values and the common good.

The typical socio-economic-political analysis is bloodless, avoiding the intangibles of morality, values and fairness. In the modernist ideology, the individual is supreme and thus free to define everything to fit self-interest. This ideology also views the individual as a rational economic actor for whom the pursuit of self-interest is not only natural, it is the core organizing principle of human existence. This truncated understanding is a common thread in the *fatal synergies* we examine in this section.

As befits a novel analysis, you will encounter novel phrases and meanings here, as I have created new terms out of necessity.

Conventional histories of geopolitics are organized around ideologies, policies and individuals. This analysis arises from an entirely different context: the study of *systems*. An example will help illuminate the difference. Systems analyst Eric Bonabeau described how traffic gridlock forms without an accident, blockage or leadership:

"Traffic jams are actually very complicated and mysterious. On an individual level, each driver is trying to get somewhere and is following (or breaking) certain rules, some legal (the speed limit) and others societal or personal (slow down to let another driver change into your lane).

But a traffic jam is a separate and distinct entity that emerges from those individual behaviors. Gridlock on a highway, for example, can travel backward for no apparent reason, even as the cars are moving forward."

Once traffic freezes in gridlock, a magnetic leader (shall we say Napoleon?) stuck in a vehicle has no more power to relieve the congestion than any other participant. (A "whiff of grapeshot" won't dissipate gridlock.) The wealthiest few in the costliest vehicles are equally powerless to escape or reverse the congestion.

This is at odds with the conventions of Grand Strategy, which hold that *Great Leaders* implementing corrective policies can reverse any systemic failure. In this secular faith, every situation is akin to Apple just before Steve Jobs returned to rescue the company from collapse: the right leader with the right policies and technologies can take control of any problem and solve it.

But not all problems share the same structure as Apple, a hierarchical corporation organized around the sole goal of maximizing profits from consumer technologies. *Self-organizing systems* are not like corporations, they are like traffic flows, and the complex systems we are concerned with here—nation-states, economies and societies—all have self-organizing characteristics and limits imposed by physics and finance.

Our secular faith holds that all systems are hierarchical in structure: *Great Leaders* solve problems by issuing orders that flow down a military-like chain of command. But complex systems are more akin to *ecosystems* than militaries. Their problem-solving arises from *evolutionary adaptability*, not from a top-down chain of command.

The desire for easy fixes that don't rock the boat is understandable, but problems can only be solved if they are understood systemically and dispassionately. If the diagnosis is superficially rosy but wrong, the patient expires. The irony here is the desire for sacrifice-free solutions blocks the real solutions that await us if we face the problems directly in all their systemic complexity and depth.

The Unrecognized Threat

The Grand Strategy of the United States has remained remarkably consistent for the past 75 years: in the conventional view, geopolitical rivals pose the primary threat to American security, so the U.S. deploys multilateral treaties, alliances, trade agreements, soft power and warfighting capabilities to blunt competing great powers. Our responses have evolved but we assume that the threat—geopolitical rivals—remains unchanged.

Though few recognize it, the threat *has* changed. The greatest threat to America's security arises not from global rivals but from the unraveling of America's domestic order and the precariousness of the world's oil-debt duopoly.

Few recognize this fundamental shift because the Grand Strategy has always taken the durability of America's domestic political, economic and social orders for granted, along with the abundance of natural resources and the permanence of economic expansion.

As a result, for the past 75 years, when we speak of Grand Strategy, the conversation starts and ends with geopolitical rivals. This preoccupation with geopolitics is dangerously misleading, for the foundation of any Grand Strategy is the domestic economy and polity. No geopolitical strategy or

military can outlast the decay and collapse of a state's domestic order.

In effect, the greatest threat to America's global hegemony is unrecognized.

Viewed through the geopolitical filter, states fail as a result of war, conquest or *bolts from the blue* such as pandemics or drought. But if we remove this filter, we find that the decay of the domestic economic, political and social orders is the decisive factor. States fail when the domestic economy no longer generates enough surplus to fund the state and the parasitic elites that have come to dominate the state. The final collapse is the result of the state mismanaging the distribution of dwindling resources and its failure to properly understand novel challenges and its own weaknesses. Rather than fulfilling what should be its core role as the *organizational solution to crises and scarcities*, the state itself becomes the problem. Having failed as a solution, the state falls and is replaced by another arrangement.

Seven Systems Themes

The shelf of books on systems is long and so some distillation is required. Since this book is a systems-level look at complex problems, I refer to systems throughout. Seven themes inform this inquiry:

1. Controls on any system come from the next larger scale phenomena.
2. Systemic collapses can be initiated by small defects.
3. New sources of information / feedback can serve as leverage points that change the entire system. (Per Donella Meadows)
4. Evolutionary leaps / revolutionary advances are only possible if the requisite preconditions are already in place.
5. Small islands of coherence have the capacity to change an entire system. (Per Ilya Prigogine)
6. We can only manage what we measure.
7. If the system is controlled by one of its nodes, the system cannot serve the common interests of all the nodes.

Even if they are not explicitly cited, these concepts inform the critique (Sections One, Two, Three and Four) and the proposed solutions (Section Five).

Overall, there are two general observations about systems to keep in mind going forward:

- 1) *Emergent* (self-organizing) systems are governed by *initial conditions and constraints*, and
- 2) Systems that avoid adaptations as potential threats to the status quo are prone to collapse.

What Is National Security?

As noted in the Introduction, Grand Strategy is ultimately the pursuit of security in its broadest measure. While traditional Grand Strategy focuses on the geopolitical goals of protecting national interests, these are simply the means to securing the resources needed for the *well-being and security of the citizenry*.

Well-being requires both the material essentials of life—food, clean water, shelter, healthcare and so on—and the intangible rights to civil liberties and agency—a say in public decisions, social mobility and control of one's life. Well-being requires an infrastructure that ensures a distribution of resources that ensures none will starve while others feast.

States that fail to secure sufficient resources for their citizenry have short lifespans.

Resources can become scarce for a number of reasons. The nation's resources can be depleted and substitutes are not available. The population can expand rapidly, outpacing available resources. The state can promote the expansion of consumption by economic stimulus, pushing demand above what the system can provide. The cost of essentials can rise above what most of the populace can afford. Geopolitical shifts can restrict the global availability of resources. Resource-rich nations can restrict

their exports due to rising domestic demand. Parasitic elites can hoard resources, creating shortages for the bottom 90%.

In sum, *scarcity has many sources*.

A nation that is dependent on foreign sources for essentials is extremely vulnerable to disruption. The dependent nation's security is extremely fragile, as any break in the supply chain, whether accidental or planned, or any sharp increase in the cost of essentials, threatens the nation with breakdown.

The United States made a decision at the beginning of the 21st century to offshore much of its manufacturing base to increase corporate profits, which rose from \$500 billion in 2000 to \$2.7 trillion in 2021. (Adjusted for inflation, profits would be \$800 billion in 2021 had margins remained at 2000 levels.)

The United States also made a second decision in 2000, to fully financialize its economy and society by vastly expanding debt and leverage to fund an increase in consumption and asset prices.

Although these decisions can't be traced to a specific vote or policy, each was nonetheless a decision, for there was nothing inevitable about increasing the nation's dependence on foreign sources or promoting consumption by expanding debt and asset bubbles.

These decisions were the result of systemic incentives and values which I discuss in following chapters: the worship of *growth at any cost*, the ascendance of self-interest and the rise of incentives to maximize private gains and asset prices *by any means available*, both of which disproportionately benefit the elite that owns the vast majority of assets.

The key point here is these are *systemic*, meaning they are not limited to one social, political or economic pocket. As I will explain in following chapters, once these incentives and values are instantiated, the only possible output of that system is fragility, instability and collapse.

Historian Immanuel Wallerstein's characterization of this system is apt: "*A particular historical configuration of markets and state structures where private economic gain by almost any means is the paramount goal and measure of success.*"

The resulting expansion of private wealth generates a self-reinforcing feedback loop: the more wealth the elite accrue, the more political influence they acquire to protect their gains and extend their power.

This feedback loop has resulted in an elite powerful enough to neuter the corrective mechanisms in America's political order. This unprecedented concentration of wealth and power has destabilized the nation by increasing its dependence on foreign sources and dominating the financial and political spheres to serve the interests of the few at the expense of the many.

These two dynamics—the decisions to trade dependence on foreign sources of essentials for vastly greater private wealth, and the self-reinforcing feedback loop of ever greater concentrations of wealth and power—have undermined national security. The nation has ceded control of essentials and pricing power to other nations, and ceded control of the domestic economy to an elite that solely serves its own self-interest.

As a result, scarcities in material essentials can no longer be filled from domestic sources, and civil liberties and agency have been eroded as threats to elite dominance.

The erosion of independence—the capacity to supply the citizenry with essentials from domestic sources—has profoundly undermined our national security in ways few understand.

Promoters of global trade calculate the benefits in a deceptively superficial fashion: if a pharmaceutical precursor compound costs \$1 less when sourced overseas, to proponents this is an unquestioned benefit to the importing nation.

The flaws in this superficial calculus only become visible when 80% of the nation's pharmaceuticals are entirely dependent on foreign sources, sources which can be withheld for geopolitical blackmail or to serve the exporting nation's domestic populace.

When an essential industry becomes dependent on foreign sources, that industry is insecure, and thus the nation is insecure. The shortages of essential supplies in America at the onset of the Covid pandemic revealed the fatal weakness of superficial calculations of trade's benefits: dependence has a consequential cost that cannot be discerned in price tags which are distorted by exporters' subsidies and currency arbitrage.

What trade proponents fail to understand is what's decisively consequential isn't price, it's the *essential or non-essential nature of the goods, services and industries being imported*.

Consider Imperial Rome's vast trade in aromatic woods grown in Arabia that wealthy Romans burned for incense. While the elite's culture of abundance considered such incense essential, it was clearly non-essential compared to the gold and silver that was drained from the Imperial economy by the enormous importation of incense: Rome's wealth literally went up in smoke.

The difference between *essential and non-essential* goods becomes clear when imports are disrupted. If imports of non-essentials such as toys and luxury items are cut off, retailers suffer but the populace is little affected. If imports of essentials such as metals, semiconductors and pharmaceuticals are cut off, the populace is thrown into a crisis of scarcities that cannot be filled.

As I will emphasize in later sections, *we only manage what we measure*, and superficial calculations of price don't measure national dependence or vulnerability; conventional metrics of trade only measure price and private profit. The gains of trade that creates national dependence are private, while the potentially disastrous consequences of national vulnerability fall on the public.

This absurdly narrow calculation of gain—price and private profit—is subject to what I term the *tyranny of price*, a topic I'll explore in later sections. This tyranny holds that a lower price is always a gain for all parties: the seller, the importer and the consumer. Proponents of trade claim that lower prices benefit consumers and thus the national interest, but these claims are specious: most of the reduction in price results from a decline in the quality and durability of the imported goods and the arbitrage of currencies.

To name one example, household appliances that lasted 20 years two generations ago when they were manufactured in the U.S. now routinely fail in a few years now that their components are made in other nations, and the repair costs are often equal to the cost of a replacement—a key driver in *the Landfill Economy* of planned obsolescence and low-quality production using the cheapest components.

Once again, the costs of wholesale declines in quality and durability are not included in the price, yet these declines are extremely costly over the long term to both consumers and the nation.

In other words, the market only prices trade as a measure of private gain: lower production costs overseas create bigger profits for importers. This simplistic pricing has no mechanism to recognize, much less measure, the national consequences of collapsing quality or dependence on foreign sources for essentials.

Stated plainly, dependency on foreign sources benefits the few who own the vast majority of corporate assets at the expense of the nation's security. Those reaping immense private profits naturally claim their profiteering benefits the national interest, but the reality is just the opposite: private profiteering has severely undermined the nation's core security, which is being able to provide its citizenry the essentials of life without being vulnerable to scarcities created by dependence on foreign sources.

Those profiting from dependence on foreign sources for essentials have the means to buy political protection of their racket: the billions of dollars in higher profits buy political influence. As a result, trade that benefits the elite while undermining national security is politically sacrosanct.

What is national security? National security is freedom from the vulnerabilities of dependence on other nations for essentials. Security is not being at the mercy of other nations' power over supply chains and pricing. Security is freedom from the dominance of elites whose pursuit of self-interest undermine national security.

Scarcity Has Many Sources

Conventional Grand Strategy assumes 1) material essentials can be secured in whatever quantities are desired with America's financial might and 2) the domestic social order is so enduringly stable that Grand Strategy is free to focus on geopolitical maneuvering.

Both of these assumptions are false.

Now that America is dependent on other nations for much of its material essentials, America is profoundly insecure, as these nations can cut off exports or raise prices to levels that crush American enterprises and households. America's leverage is essentially zero should exporting nations limit exports to supply their own rising domestic consumption. Should a revolutionary government cut off exports to the U.S., the options to force a resumption of exports are impractical: short of invading and occupying the offending nation—an action with grave risks and costs with no historical track record of success—the only option is to seek alternative sources which will naturally become much costlier due to the reduction in global supply.

This dependence was a choice driven by the desire to maximize private gains. In effect, by offshoring supply chains and manufacturing, America traded its national security for higher corporate profits, the vast majority of which flowed to the elite.

The assumption that America's demand for essentials magically creates abundant, affordable supplies globally is also false.

As the lowest-cost deposits of oil, minerals, etc. have been depleted, what's left is much more costly to extract and transport. While engineers assure us the technologies of extracting oil, minerals, etc., have improved so much that costs have fallen, these assurances overlook the realities of distance, lack of infrastructure and geopolitical risks. They also overlook the irreplaceable role of diesel fuel in all these extraction technologies.

Consider an untapped mineral deposit hundreds of kilometers from any roads, navigable rivers or blue-water ports, for example in Afghanistan or central Africa. The entire infrastructure to reach the site must be built and maintained, and millions of liters of diesel fuel delivered to power the massive equipment needed to extract the resources. Then the ore must be transported hundreds of kilometers to a port capable of handling this tremendous bulk commodity. All this infrastructure exists in the U.S., but is lacking in much of the world.

Many untapped deposits are in nations with limited political stability, so investors who put up the billions of dollars needed to start production might receive an AK-47 bullet as a dividend.

Once these costs are included, the resources are no longer low-cost, if they are accessible at all.

In other words, in an idealized setting, high-tech production methods may promise low costs, but in the real world, costs and the risks of disruption are far higher than rosy idealized projections. Since U.S. household earnings have stagnated for decades—a reality addressed in later chapters—higher costs are unaffordable to American consumers.

Attempting to secure distant resources with military power may be an appealing plot for a Hollywood film, but the real world is much more difficult to secure and control. Having ceded control of supply chains to other nations, military power may secure sea lanes but not the goods or the prices of the goods transiting those sea lanes.

Let's briefly recap a few of the potential sources of scarcity of essentials:

1. Resources have been depleted globally so there is no longer enough supply to meet rising global demand at affordable prices.
2. Exporting nations restrict exports to meet rising domestic demand.
3. The low-hanging fruit has been consumed and remaining deposits are in difficult-to-access regions of extreme conditions or political disorder.
4. Exporting nations cut off exports to the U.S. as a form of leverage.

5. Remaining deposits are under the control of geopolitical rivals.
6. There is no longer sufficient diesel fuel to power the global supply chain of mining and transport of essential minerals: the limiting factor is not the availability of deposits but of the fuel needed to extract and transport ores.
7. Supplies are available but at prices that are unaffordable to American households with stagnant purchasing power, i.e., the bottom 90%.
8. Having tired of neocolonial exploitation of their national resources, revolutionary governments expropriate developed-world resource extraction assets and take control of extraction and exports.

Having traded national security for higher private profits, the obvious solution is to develop domestic sources for essentials even if this reduces corporate profits. The other obvious solution is to reduce consumption so fewer resources are needed to maintain citizens' well-being.

The second assumption made by conventional Grand Strategy—that the domestic order is secure—is also false, as the inequality generated by elite dominance has fatally destabilized the economic- social-political order.

What Is Degrowth?

I refer to *Degrowth* and the *Degrowth state, economy and society* throughout the book, and so a definition is needed at the start. degrowth is the English translation of *decroissance*, a French word coined in 1976 to describe a philosophy that has expanded into a global movement from 1977 to the present. The root meaning is *decline*, which refers to both the economy and the state. The core thesis of this book and the degrowth movement is the global economy based on permanent expansion of consumption is unsustainable due to planetary limits: infinite growth on a finite planet is not possible.

The problem is the current global economic system is optimized for permanent expansion, as the consensus holds that without permanent expansion, the world will fall into the abyss of depression and the conflicts that arise from widespread economic hardship. This consensus formed after the Great Depression of the 1930s led to world war.

What the consensus conveniently ignores is the world has changed in the past 90 years of fast-rising consumption. The human population was much smaller in 1930 and per capita consumption was a fraction of current consumption of energy and resources. Recoverable resources are no longer abundant, and humanity's vast consumption of hydrocarbons has had planetary consequences.

The degrowth movement holds that this obsession with permanent growth is not just unrealistic, it is destructive to society, as every aspect of everyday life has been oriented to the goal of expanding consumption. This *tyranny of growth* has distilled all of human endeavor into measures of growth such as Gross Domestic Product (GDP), to the detriment of well-being.

- 1) The degrowth movement is diverse and includes many different threads, but what unifies the degrowth movement is the conviction that we have a choice as individuals, nations and as a species. This book outlines the only sustainable, realistic option for nation-states in an era of scarcity: degrowth.
- 2) The consensus holds out a false choice of replacing our immense consumption of hydrocarbons with renewable energy, which is not actually renewable, as it requires consuming ever-greater amounts of hydrocarbons and resources to be built and then replaced every 20 years.
- 3) The real-world option to degrowth is the unraveling of entire status quo: the financial system, global supply chains and highly complex states with enormous commitments to sustaining ever-higher consumption, all of which depend on ever-expanding debt to function. The status quo system has no degrowth mechanism: being optimized for growth, its only choice is *expand or collapse*.

- 4) My analysis of the status quo and degrowth differs from the large body of post-growth academic studies in several ways. One is that I see the state as inherently unstable due to its systemic structure as a *tightly bound* concentration of power. The only path to a sustainable, stable state is to transform the American state and economy into a much different type of system of decentralized degrowth.
- 5) Another is that I see any post-growth transformation not as a series of top-down policies but as a bottom-up evolution of social values, narratives and norms. In my view, the state and society must co-evolve; if one fails to adapt, both will fail.
- 6) A third difference is that I see the restoration of a moral foundation as essential to any post-growth progress.
- 7) The fourth difference is I see the unprecedented inequality in the United States as the only possible outcome of the status quo system. This inequality, inherently corrupting and destabilizing, is as much an existential threat to the nation as the end of the *waste is growth* fantasy of endless expansion of consumption.
- 8) For all these reasons, we must understand the existing state and economy as complex systems before we can draw the blueprints for a sustainable, stable democratic state and economy.

The Core Purpose of the State

All socio-economic arrangements, from hunter-gatherer groups to nation-states, arise to perform one function: gather and distribute *resources, capital and agency* in a manner that is deemed by the members to be superior to other arrangements.

As circumstances change, organisms and cooperative arrangements must adapt and evolve to survive. In human experience, this process of adaptation and evolution is called *problem-solving*. Every such arrangement is a *problem-solving structure*, with the core problems facing individuals and cooperative arrangements (groups) being *scarcity of resources, collection and distribution of those resources, and agency* (i.e., having a say in the distribution, a positive social role worthy of a share and opportunities to improve one's share).

Individuals and groups without enough resources expire. Individuals who receive less than others are at risk of withering away, and those with no say are at risk of being cut out of the distribution.

In other words, any successful arrangement must improve the odds of both the group and every member surviving scarcity, and increase the odds of the group emerging stronger.

The interests of the group and each member overlap but are not identical: the group serves the *shared interests* of members, but the group is not merely the sum of members' interests; it is a *separate phenomenon* with its own dynamics independent of each member's individual interests, dynamics which override each individual's interests.

Since the group confers advantages that no individual can generate on their own—cooperative effort, shared resources, greater problem-solving capacity, a larger pool of mutual aid during illness and want—the group's survival is in the individual's self-interest. Given the choice of abandoning the group to consume an extra portion or sacrificing the extra portion as a cost of membership, the individual who goes it alone for a short-term gain will lose all the long-term advantages of belonging to a group. The odds of the solo individual surviving are much lower than the odds of the group surviving, for the individual has very limited capacity to store up a buffer of surplus against hard times, and extremely limited defensive capacity because all people must sleep.

The group as an organized cooperative arrangement has interests far larger than the individual members, for it must not just concern itself with gathering and distributing resources, maintaining a defensive capacity, etc. It must also maintain group cohesion lest the individuals cease to cooperate and the group dissolves. To accomplish cohesion, the group must enable each member's agency (having a

say in shared decisions) while maintaining some form of decision-making process that resolves conflicts and organizes cooperative efforts. This structure must generate *shared purpose and shared goals*, since individuals who each pursue their own ideas of hunting game, farming, etc. cannot equal the productivity of individuals acting cooperatively.

Once the group settles on mutually beneficial goals, implementing the cooperative effort without wasting precious time and effort on endless squabbling requires some mutually agreed upon leadership and compliance: someone is chosen to lead the cooperative effort to the benefit to every member, and each member agrees to comply with the group's decision and the leadership as the necessary cost to gain the benefits of cooperation.

Existential Crises

Everyone naturally wants an arrangement that suits their personal desires, but the only way to control such an arrangement is to be alone, and the selective pressure on solo individuals is so intense that the vast majority of those individuals opting for the complete control of going solo perish and are eliminated from the gene pool. This selective process favors individuals who are willing to pay the price of cooperation (i.e., ceding control of one's efforts) in exchange for the tremendous survival advantages offered by cooperation.

This is the inescapable tension of human existence: we each want control of our own lives, but since going solo offers little selective advantage in problem-solving scarcity, our self-interest is best served by cooperative arrangements which require sacrificing some measure of agency in exchange for the benefits of cooperation.

Balancing the Inherent Tension is Key

There is no perfect solution to this tension; the core dynamics of cooperation--*consensus, leadership* and *compliance*--are all contingent and in constant motion as circumstances change. There are no impartial participants in cooperative arrangements, and so tensions are inherent.

There is also inescapable tension between the group's interests and the self-interest of members, as the members expect the group to improve their personal circumstances. If the group demands sacrifices, each member complies, but if their personal circumstances don't improve, their loyalty to the group's leadership and their willingness to sacrifice decays. The balance between costs and benefits is contingent on many factors, including the perceived risks of leaving the group and the benefits gained by finding another arrangement that demands more acceptable sacrifices.

The tension between self-interest and the group's interests manifests as a spectrum, anchored on one end by the *free-rider problem* created when an individual finds a way to collect the benefits of membership but no longer makes any sacrifices on behalf of the group. If enough individuals become free-riders, the group no longer has the workforce needed to gather resources, and so the group fails as a solution to scarcity.

At the other end of the spectrum, the group demands the complete surrender of agency and consensus as the price of membership, and group cohesion is enforced by coercion rather than the social pressure of compliance. This increases the benefits of escaping the group's authority or making the minimal acceptable effort ("we pretend to work and they pretend to pay us"). Coercion has direct costs (force is far from free) and indirect costs, as once the workforce views the group as a high-sacrifice and low-benefit arrangement, the incentives to opt out increase. This erosion of cooperative effort weakens the group as a solution to scarcity.

In other words, the group can only maintain cohesion and remain a solution to scarcity if it offers enough benefits to individuals in return for the sacrifices required. Once individuals conclude their self-interest is better served by abandoning the group or free-riding, the group's ability to problem-solve

scarcity dissolves.

Another innate source of tension arises from factions jockeying for a larger share of the group's resources. The faction members' self-interests are served by wrangle a larger share for the faction, and so factions form alliances to divert resources from the group. This siphoning of resources at the expense of other members subverts the group in two ways: it reduces the shares of members outside the faction, weakening their loyalty, and it encourages other factions to form and compete for the spoils. This infighting diverts effort that once served common interests to unproductive intrigues which favor deception, bribes, etc., all of which corrode trust in the group's core functions, problem-solving scarcity and serving the shared interests of all members.

Tension between leadership and membership is also inescapable, as the authority granted leaders comes with built-in temptations to serve the interests of the leadership above those of the group by taking a larger share of resources and using their authority to suppress efforts to limit their self-aggrandizement.

As we shall explore in subsequent chapters, the temptations to take an outsized share of resources and suppress dissent *systemically cripple* the group's problem-solving capacity. By siphoning off resources to their sole benefit at the expense of the group, the elite undermines one of the group's core selective advantages, which is maintaining cohesion by serving the shared interests of all members. In suppressing *transparency, competition, accountability, feedback and dissent* as threats to the elite's own interests, the elite cripples the mechanisms of problem-solving, the group's second selective advantage.

In placing their own interests ahead of the group's, the elites disable the selective advantages of the group, effectively sealing its failure.

By monopolizing the group's surplus resources, the elite builds a buffer against the consequences of its self-service. This buffer allows the elite to remain complacent as the group unravels, confident that their control—so far undiminished—is impervious to consequences. The very success of the group in storing surpluses for the elite to monopolize feeds the illusion that the system can easily sustain the elite's pillage and suppression of corrective problem-solving. The elite's complacent confidence and suppression of dissent reinforces an unfounded faith that past solutions will resolve current crises. This confidence leads to catastrophically poor decision-making when applying past solutions deepen the crisis.

The *selective pressures* on the leadership change as the focus shifts from serving the group's shared interests to serving the interests of the elite. When serving the group was the primary selective pressure, successful leadership required a focus on maintaining cohesion via consensus and limiting the resources allotted to any special interest. This required a *moral foundation of civic virtue* that rewarded the leadership for putting self-interest and factional interests below those of the group.

But if the leadership fails to solve the problems of scarcity for all members, the leadership is either replaced or the group unravels, for just as there are *selective pressures* on individuals, leaders and species, there are selective pressures on cooperative arrangements. Those which solve the problems of scarcity, distribution and cooperation in ways that serve the *shared interests* of the members will have consequential advantages over individuals without a cooperative arrangement and groups weakened by internal conflicts and poor problem-solving mechanisms.

Groups that emerge with higher levels of cohesion, leadership and adaptability are better prepared to face future crises, while the groups that are weakened will collapse in the next crisis.

These selective dynamics are *scale-invariant*: they apply to the entire spectrum of cooperative organizations from hunter-gatherer groups to tribes to empires. Just as groups that fail to solve the problems of scarcity, distribution and cooperation dissolve, so too do empires. These dynamics also apply to all ideologies and forms of governance; they apply equally to feudal, theocratic, socialist and capitalist arrangements. Any of these ideological constructs can succeed or fail in solving the core problems of scarcity, cohesion and cooperation. It is not the ideology or form of governance that is

successful or unsuccessful; it is the arrangement's dynamic balancing of the inherent tensions described above to maintain a fair distribution of resources and sacrifices that is successful or unsuccessful.

The Importance of Cooperation

In terms of species-level selective pressure, humanity's core selective advantage as a species is *cooperation*, which requires communication, coordinating group activities, and the sharing of decision-making, risks and resources. These cooperative tools generate problem-solving advantages no individual can match.

The advantages of belonging to a group are so great that humans developed innate abilities to optimize cooperation: the ability to learn languages, interpret facial expressions and body language, formulate abstract ideas, plan actions, etc. But the wide variety of individual skills and characteristics are also a selective advantage, as innovations and skills developed by an individual can be shared with others, enhancing the survival prospects of the entire group.

The Importance of Agency

As noted previously, each individual has an innate drive for agency. Agency is not merely the pursuit of individual self-interest; it includes serving one's interests via membership in a successful cooperative arrangement. The group that generates the highest individual commitments to shared purpose, willingness to sacrifice, esprit de corps, innovation, effort and leadership in its members has much better odds of providing each member with resources than a group with lackluster levels of loyalty and effort.

As social primates, humans have an innate template for hierarchical organization in which a few individuals are granted authority in exchange for the superiority of their leadership, a tradeoff which benefits all members. While the recent history of totalitarian regimes has led many to focus on the potential for a *Strong Leader* to grab power via intimidation and violence, as a general rule leadership is granted to those who the group members feel will best serve their own interests via belonging to a successful group.

Humans are willing to accept a disproportionate distribution of resources in exchange for leadership that benefits all members. This manifests in many different ways, from the leader sharing private wealth in communal feasts to the authority of pirate captains being contingent on the crew's assessment of which individual is best prepared to lead the ship to success. In modern societies, corporate heads are granted extraordinary wealth in return for generating wealth for shareholders and employees with stock options.

The Importance of Conflict Resolution and Fairness

All the tensions inherent in cooperation require constant resolution. Conflicts that cannot be resolved threaten group cohesion, a loss of cooperation that reduces the odds of each individual's survival. The human capacity to find resolutions that preserve the advantages of both belonging to a group and maintaining individual agency is also a core selective advantage.

A key element in this human capacity for problem-solving via conflict resolution is humanity's innate sensitivity to *fairness*: if the process excludes some members, this is immediately understood by all as being unfair, for each member is expected to devote equal effort and make the same sacrifices on behalf of the group. If one set of members is denied agency in the group's decisions, this severs the bonds of shared purpose and sacrifice and destabilizes the entire construct of cooperation: why should I work as hard and make the same sacrifices on behalf of the group as everyone else but be denied a say in the group's decisions—decisions that directly impact my interests?

Human sensitivity to unfairness is broad-spectrum and includes the *free-rider problem* (physically

able members shirking their duties but taking their full share of the group's efforts), *collusion* (a small group conspires to monopolize group assets for their private gain—what we call *monopolies and cartels*) and *deception* (leaders making baseless claims to support their authority, etc.).

Fairness boils down to the balance of effort and sacrifice made on behalf of the group's shared interests and the resources and agency provided to each member. If the efforts and sacrifices made are equal to those of other members but the resources and agency provided are a sliver of what was granted to other members, this unfairness undermines the stability of the core asset of the group: cooperation.

A leader who makes extraordinary sacrifices on behalf of the group's shared interests but who receives nothing more than those who contributed as little as possible is also alive to the profoundly unfair asymmetry of effort and reward.

If a faction enforces an unfair distribution of resources on the rest of the group, the stability of the arrangement is at risk, for humans will only tolerate unfairness for so long. If a tyrannical leader gains enough power to siphon off the group's efforts, the tyrant may be found one morning with a slit throat, or will awaken to an empty village as the exploited have deserted.

This decision to support or abandon the leadership (and ultimately, the group itself) is *the consent of the governed*. If consent is granted, then members are expected to make equal efforts on the group's behalf. If consent is withdrawn, the group's collection of resources falter and there is less available for the membership. This generates a feedback loop of fewer benefits for the remaining membership, which reduces participation, loyalty and consent, which further reduces the benefits of membership. When consent is withdrawn, if no new leadership arrangement can be reached, then the group dissolves and individuals seek out or organize some other arrangement.

The core mechanics of resolving differing ideas about how best to proceed are rooted in the structure of cooperation: communal decision-making is a *transparent* (i.e., public) *competition* of proposals in which those claiming authority are held *accountable* for the success or failure of their decisions. This process is well-served by a wide variety of opinions (what we call *variability*) and *feedback* generated by experimentation and monitoring results. *Dissent* serves the interest of the group by reducing the potential for disastrously poor decisions gaining passive consensus.

These mechanics generate *dynamic stability* (also known as *dynamic equilibrium*) as this (quite often messy and contentious) process of resolution leverages the group's *coherence* of shared purpose, sacrifice and resolve to adapt to changing circumstances. If the process is open and fair, dissenters will either consent to the judgement of the group or leave to seek another arrangement.

There is an inherent tension in every structure that distributes resources in scarcity crises: each individual wants a full measure today and the security of a full measure tomorrow, while the group must maintain its own *coherence* to serve the shared interests of the membership. If the group fails to maintain its organizational integrity, it splinters into competing factions that pursue self-interest at the expense of the group's problem-solving structure (i.e., it loses *coherence* and unravels).

If one faction gains the upper hand and takes a larger share at the expense of the group, the value of the arrangement to everyone outside that faction erodes. The group unravels because it is no longer serving the shared interests of all members.

The irony of this intrinsic tension between self-interest and the maintaining the coherence of the group is that once *an elite* control the distribution of resources to benefit themselves at the expense of other members, the group unravels and no longer provides resources for the elite to plunder.

The elites' dominance is always relatively short-lived because their dominance destroys the group's ability to solve problems, for by taking control of the distribution of resources, the elite cripples the *mechanisms of dynamic stability* that enable the group to maintain coherence.

The elite's maximization of self-interest—grabbing more than their fair share of resources and transferring all the sacrifices onto others—destabilizes the group and the elite end up with much less

than they would have had if they'd shared the sacrifices needed to weather the crisis of scarcity. Their greed (i.e., maximizing their private gains), though successful when resources are abundant, is ultimately self-destructive.

The second irony is that elites that are limited in how much they can grab of the group's resources actually fare better than elites that gain control of the group's distribution of resources. The elite that grabs power unravels the group which is the source of its wealth. The elite with limited power retains its wealth because the group's problem-solving stability is conserved by the group's limits on elites.

Scarcity is a crisis few groups survive, since the inherent tensions between individual members' self-interest and the group's own interests rise once abundance transitions into scarcity. The key to surviving the shrinking of the pie of resources is *shared sacrifice*, an essential element in the cooperative glue of any group, which I break down into the constituent dynamics of *social cohesion*, *moral legitimacy* and *civic virtue*. I'll discuss these in depth in subsequent chapters.

When the pie of resources is expanding, as long as each member is receiving more than they did in the past (i.e., *absolute gains*), the calculation of fairness becomes relative to the improvements in others' shares: did someone else receive a larger, undeserved share?

The core issue in distributing group resources is how much extra is given to the leaders for their service to the group. The calculation of how much each member has gained under their leadership in return for the leaders' larger share is the key to group cohesion or disunion. If the leaders' share increases while the members' shares stagnate, the leaders' share is perceived as unfair because they didn't earn the larger share by improving the lot of the membership. If the leadership expands the group's pie of resources, then their share will expand. If the leadership takes a larger share without expanding the pie, then their larger share is correctly perceived as coming at the expense of other members.

Since the group's cohesion as a problem-solving arrangement depends on the group serving the shared interests of the members, a leadership that takes a larger share at the expense of other members severely undermines trust in the group's ability to serve shared interests rather than the interests of an elite leadership.

This innate tension between the shares granted to leaders and the members' shares increase during times of scarcity, as the leaders will naturally be tempted to use their authority to keep their share unchanged while the resources distributed to members decline sharply. To those seeing their share shrink, the leaders haven't performed well enough to deserve a larger share of the shrinking pie, and so the cooperative glue of the group weakens. Why should I sacrifice when the leaders who have failed to provide for the group sacrifice nothing?

The interest of the group is to maintain the cohesion of cooperation, the source of the group's selective advantages. Cooperation in times of scarcity requires not just shared work but shared sacrifice. Members make the sacrifices because they feel the group serves their interests more successfully than striking out on their own.

Leaders are granted a larger share in return for placing the group's interests above their own. In scarcity crises, the innate tension between their own interests and the interests of the group is magnified. The limiting mechanism on leader exploitation of authority is the *consent of the governed*, which can be withdrawn.

Enlightened leaders who understand this critical role of shared sacrifice in eras of scarcity will make larger sacrifices than other members. This is in recognition that the sacrifice of individual gain on behalf of the group strengthens the group's loyalty to the leader and the group's odds of success: the less taken by leaders, the greater the resources left to distribute to members.

A critical factor in successful leadership is this ability to look beyond immediate personal gain and recognize that the leader's interests are best served by strengthening the group, which is the foundation of the leader's own security. Weakening the group for short-term gain works against the long-term

interests of the leader.

But too often, given this innate tension between short-term and long-term gain, leaders give in to the temptation to sacrifice shared interests to serve their own interests. They might do so by promising supporters a larger share in the future, or by silencing or punishing those who resist the leader's power grab. Each of these strategies further weakens members' trust, loyalty and willingness to sacrifice on behalf of the group—the key elements of group cohesion. The diversion of scarce resources into heavy-handed enforcement (costly in terms of resources required) further reduces the resources distributed to members.

The second key dynamic in crises of scarcity (the first being the size of the leaders' share) is the group's ability to correct the excesses of leaders who place their own interests above those of the group. If the leaders expand their share beyond what the group can sustain, the group will collapse unless it has mechanisms to limit or replace the greedy leadership.

The group's success as a problem-solving arrangement that serves the shared interests of all members is thus dependent on its ability to limit the share of resources taken by elites and its ability to limit the authority of leaders to force members to sacrifice their own interests not for the group but for the private interests of an elite.

To summarize our exploration so far:

Cooperation is humanity's core evolutionary advantage. This requires being a member of a group that solves the problems of scarcity, distribution and cooperation in ways that serve the shared interests of the members.

Human variability grants some individuals superior leadership abilities and the ambition to seek authority. In exchange for applying their abilities to serve the group's shared interests, the leadership is granted a larger share of the group's resources. This authority and a larger share of resources is granted by *the consent of the governed*, which can be withdrawn if the leadership fails to serve the shared interests of the group.

As circumstances change, different opinions about the best solutions arise and conflicts must be resolved. This process of resolution and problem-solving requires the mechanisms of adaptability and *dynamic stability*: open competition of proposed solutions, transparent decision-making, accountability of the leadership, corrective feedback, and the variability of dissent and experimentation.

The group's structure and culture (what I term the *social ontology*, which I will explore in following chapters) must place limits on the temptation of the leadership elite to use its authority to pursue its self-interest at the expense of the group.

If an elite gains control of the distribution of the group's resources, the temptation to expand the elite's share results in the elite's outsized share exceeding what the group's resources can sustain. The temptation to suppress opposition results in the destruction of the mechanisms required for successful adaptation (i.e., problem-solving) and dynamic stability: competition, transparency, accountability, feedback and dissent (i.e., variability).

Once these mechanisms have been disabled, the group can no longer limit the elite's parasitic excesses or solve problems cooperatively. The core selective advantages of the group have been lost.

Since the elite's expanding share comes at the expense of the group's shared resources, this is rightly perceived as unfair, for it transfers sacrifice and risk to the members. The elite's unsustainable share of resources and its suppression of dissent bleed the group of resources and adaptive capacity.

These dynamics are magnified in crises of scarcity in which the group's pie of resources shrinks. As the elite enforces its outsized share and doubles-down on its suppression of dissent, the advantages of belonging to the group disappear along with trust in the leadership. Rather than continue making sacrifices to benefit the elite, members cease contributing or abandon the group, which then collapses under the crushing weight of a parasitic, exploitive, oppressive elite. Rather than serve as an integral part of the cooperative arrangement's problem-solving, the elite's dominance has become a systemic

problem which neither the group nor the elite can resolve. The only possible outcome is collapse of the arrangement.

Note that these dynamics are *scale-invariant*: they function in small hunter-gatherer groups, tribes, city-states, nation-states and empires. As noted earlier, they are also ideologically invariant: they operate in every ideological flavor of state organization and every form of government.

States Need Resource Surpluses to Succeed

We cannot understand the nation-state as a *problem-solving structure* until we grasp that all such formal arrangements are luxuries funded by *surpluses of resources*: the essentials of food, energy and fresh water (what I call the FEW resources due to their recurring scarcity) as well as minerals, building materials and other tangibles of civilization drawn from *natural capital*, i.e., the planet's reserves of natural resources.

As the scale of surpluses increases, the size and complexity of the formal arrangement increases accordingly. When resources are meager and intermittent, the group's surplus cannot support even a single leader who no longer has to work gathering food. As surpluses expand, specialized leadership can arise to oversee the collection and distribution of surpluses.

As humans require a minimum of the FEW resources to survive, every socio-economic arrangement, from tribes to empires, arises as a *problem-solving structure* to the challenge of how to gather enough resources and distribute them to sustain the populace and blunt recurring scarcities.

Arrangements that fail this challenge dissolve and are replaced by a new arrangement which realigns distribution with (a) what resources can be sustainably gathered and reliably stored, and (b) humanity's innate desire for fairness and *agency*: control of one's choices, a voice in the public sphere and an economic stake in the system.

The nation-state—referred to here as *the state*—is one such arrangement, a *problem-solving organizational solution*. The centralized hierarchy of the state arose and has endured because it has been an adaptable and effective solution to the problem of managing the collection and distribution of resources, capital and agency.

But there is nothing pre-ordained about the future success of the state as a *problem-solving structure*. Human history is an adjunct of natural selection, and evolution is not *teleological*: evolution does not follow a pre-ordained path to a goal. Rather, natural selection is contingent on semi-random mutations (i.e., variations) arising and being selected as advantageous in the present conditions.

Grand Strategy presumes the state is an eternal structure, but it only exists as long as it is the best available solution. Once the state itself becomes the problem, natural selection will replace it with more effective, adaptable variants. (END of Chapter One)

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