

RESEARCH CLASS PROJECT

Whoever owns the resources holds the power—How oil, natural gas, and rare earths are shaping the politics of the XXI century

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Abbreviations: US, United States; USSR, Union of Soviet Socialist Republics; NATO, North Atlantic Treaty Organization; PNG, Piped Natural Gas; LNG, Liquid Natural Gas; EU, European Union; REE, Rare Earths

Abstract

The world is moving towards a multi-polar world, and we see signs of it in recent historical events. Since 1945, the US has become the leading superpower, only rivaled by the USSR until 1991. For decades, it seemed like no country could rival the US until we started to see the rise of China. In this research, I use Structural Realism and Economic Theory as well as quantitative analysis to show that countries that have large amounts of Capital are more powerful than those that are rich in Natural Resources, but also that countries that possess both are more powerful than countries that only possess Capital power.

1. Introduction

The political landscape of the twenty-first century is increasingly evolving toward a multipolar international order. Following the collapse of the Soviet Union, much of the academic and policy discourse assumed the consolidation of a unipolar system dominated by the United States. This assumption is partly rooted in misreadings of Fukuyama (1989), whose argument was not a celebration of U.S. supremacy but an analysis of the collapse of communism as a viable alternative model of political and economic organization. In the contemporary global economy, China has emerged as the most significant counterweight to U.S. power. Yet, as Fukuyama himself suggested, the economic institutions of China and the United States exhibit greater structural similarities than is often acknowledged, suggesting that the transition toward multipolarity may be driven less by ideological divergence than by shifts in political-economic power.

2. Precedents: The aftermath of WWII

The aftermath of World War II laid the foundations for the Cold War, a period defined by systemic rivalry between the United States and the Soviet Union. Rather than direct military confrontation, both powers pursued influence through proxy conflicts, intervening in domestic wars to shape political and economic outcomes abroad. The Korean War (Library, 2022) and the Vietnam War (Vassar, 2025) illustrate how geopolitical competition was closely tied to competing economic systems. During

this period, both states functioned as regional hegemons seeking to expand their influence within an emerging global order.

2.1. *International Communism*

Despite their wartime alliance, the United States and the Soviet Union were divided by fundamentally different political-economic visions. The Soviet model rejected free markets and wage labor, presenting communism as a superior form of economic organization and governance (Marx and Engels, 1848). Rooted in a materialist conception of history (Ilich Lenin, 2015), communism framed economic relations as the primary determinant of political and social change, viewing wage labor as a mechanism through which capital dominates labor. This framework provided ideological justification for the international promotion of communism, including intervention in support of revolutionary movements abroad (Ilyich Lenin, 1902).

As a result, the Soviet Union became the principal sponsor of communist parties and movements, particularly in Europe. According to Spaak (1971), the perceived Soviet threat was a central factor driving Western European political and economic coordination. This concern initially produced the Treaty of Brussels (NATO, 2025d), aimed at collective defense, and soon thereafter the North Atlantic Treaty (NATO, 2025c). The latter effectively integrated European security into a U.S.-led institutional framework, embedding military protection within a broader political-economic order aligned with American interests.

2.2. *The Atlantic Alliance and the US hegemony*

Following the creation of NATO in 1949, the Soviet Union gradually reduced its strategic focus on Europe as the United States consolidated its military presence on the continent. U.S. active-duty personnel in Europe increased from approximately 150,000 in the late 1940s to over 350,000 between 1950 and 1965, and remained above 250,000 until the dissolution of the Soviet Union in 1991 (Spaak, 1971; Foundation, 2024; Jones and Daniels, 2025). This sustained deployment institutionalized U.S. security leadership in Western Europe and reinforced American hegemony within the Atlantic alliance.

With Europe relatively stabilized, both superpowers redirected their strategic attention toward Asia and the Middle East. In Asia, the United States established long-term security commitments that continue to shape the regional order. The occupation of Japan and the signing of the 1960 U.S.–Japan Security Treaty formalized American military protection, supported by the permanent stationing of roughly 50,000 U.S. troops (of Foreign Affairs of Japan, 1960; on Foreign Relations, 2024). Similarly, the Korean War entrenched a significant U.S. military presence on the Korean Peninsula, where approximately 28,000 active-duty personnel remain today (Archives, 2021; Saini, 2025).

By November 2025, the United States continues to maintain the largest overseas military footprint in the international system, with over 750 foreign bases and more than 170,000 troops deployed abroad (Haddad and Hussein, 2021). This global posture reflects not only military dominance but also the institutionalization of U.S. influence within key regions of the world economy.

3. Structural realism

This study adopts a political economy framework grounded in structural realism. From the realist perspective, the analysis draws on core assumptions regarding anarchy, state rationality, and power-maximizing behavior. These assumptions provide the basis for examining how states assess security and strategic vulnerability within the international system.

Complementing this approach, the economic dimension focuses on the elasticity of demand and substitution effects of critical natural resources, including natural gas, oil, and REE. By integrating structural realism with resource economics, this framework helps explain patterns of trade and strategic

dependence that may appear economically inefficient but are rational when viewed through the lens of security, relative gains, and long-term political leverage.

3.1. *Anarchy and the struggle for power*

Structural realism, introduced by Kenneth Waltz in 1979, posits that power is the central organizing principle of international relations (Lobell, 2017). Building on this tradition, this paper adopts the core claim that great powers operate within an anarchic international system and therefore compete for relative power and, where possible, regional or global hegemony. Drawing on Mearsheimer (2001), great-power behavior can be understood through a set of foundational assumptions that structure strategic interaction.

3.1.1. **Bedrock Assumptions**

Structural realism rests on five core assumptions about state behavior:

1. The international system is anarchic; there is no overarching authority above sovereign states.
2. All states possess some degree of offensive military capability, even if limited.
3. States can never be certain about the intentions of others, and such intentions may change over time.
4. Survival—defined as preserving territorial integrity and political autonomy—is the primary objective of all states.
5. States are rational actors that assess external constraints and adjust their behavior to enhance their chances of survival.

Individually, none of these assumptions implies aggressive behavior. Taken together, however, they create powerful incentives—particularly for great powers—to adopt offensive strategies. As Mearsheimer (2001) argues, the pursuit of survival in an anarchic system generates three recurring behavioral patterns: **fear, self-help, and power maximization.**

3.1.2. **State behavior**

The interaction of these assumptions produces a security environment characterized by mutual suspicion. Great powers fear one another and anticipate potential threats, not least because no external authority exists to guarantee their security. This absence of a global enforcer compels states to rely on self-help. While alliances may emerge, they are inherently contingent, shaped by shifting interests and strategic convenience rather than permanent trust (Mearsheimer, 2001). Consequently, states seek to reduce vulnerability by increasing their relative power. The logic is straightforward: the stronger a state becomes, the less dependent it is on others for its survival.

3.1.3. **Calculated aggression**

Although power maximization is a central tendency, structural realism does not imply reckless expansion. States are constrained by material capabilities and strategic trade-offs. As Mearsheimer (2001) emphasizes, great powers engage in calculated aggression, weighing the expected benefits of offensive action against potential costs. When confronting rivals of comparable strength, states often prioritize defending existing advantages rather than pursuing expansion. Moreover, excessive military expenditure can undermine long-term economic performance, making restraint rational under certain conditions. In this sense, power-seeking behavior is bounded by both strategic and economic considerations.

3.2. *Natural Resources*

Despite the transition toward alternative energy and materials, competition over non-renewable resources remains intense. This persistence is not paradoxical: by definition, such resources are finite

and strategically indispensable. Energy, in particular, underpins modern economic activity—from industrial production and data infrastructure to basic household consumption—making control over energy inputs a central dimension of political and economic power.

Assessing power relations in resource markets therefore requires moving beyond a simple producer–consumer dichotomy. The relevant question is not merely who consumes or supplies a resource, but who depends more heavily on the exchange. Power emerges from asymmetric dependence, shaped by global market structures, local constraints, and the availability of substitutes.

3.2.1. Elasticity

[Caldara et al. \(2019\)](#) analyze oil market dynamics from 1986 to 2015, emphasizing the role of supply elasticity—particularly following OPEC’s consolidation—in mediating price volatility. Their findings show that elastic production capacity is crucial for stabilizing markets in the face of demand and supply shocks.

When supply expands, price declines tend to benefit major consuming economies while disadvantaging primary producers. Conversely, demand shocks raise prices, imposing costs on consumers and generating rents for suppliers. Rather than framing this dynamic strictly in terms of advanced versus emerging economies, the more analytically relevant distinction lies between marginal consumers and marginal suppliers in a given market configuration.

This logic can be extended beyond oil to other non-renewable resources, including natural gas and REE. These commodities share key characteristics: limited substitutability in the short run, geographic concentration of reserves, and exposure to regulatory and geopolitical constraints. As a result, elasticity—and the distribution of adjustment costs it implies—becomes a central mechanism linking resource markets to broader patterns of power and strategic behavior.

4. Case studies: recent geopolitical events

4.1. *Capital Rich is more powerful than Resource Rich: Venezuelan oil exports to the US*

Oil reserves remain a central concern for U.S. national security. While the Middle East holds the largest regional reserves, Venezuela possesses the world’s single largest proven oil reserves ([OPEC, 2025](#)), a fact reflected in U.S. strategic assessments ([Office, 2018](#)). This helps explain sustained U.S. engagement in both the Middle East and Latin America.

Consistent with offensive realism ([Mearsheimer, 2001](#)), the United States has historically sought to secure its hemispheric sphere of influence, as articulated through the Monroe Doctrine. This posture persists today amid growing Chinese involvement in the region, prompting U.S. resistance to perceived encroachments, such as China’s potential influence over the Panama Canal ([Olay, 2025](#)).

The power asymmetry between the United States and Venezuela is stark. In 2024, U.S. GDP reached 29.18trillion, compared to Venezuela’s 484 billion ([Bank, 2025a,0](#)). Militarily, the United States commands advanced defense-industrial capabilities and over one million active-duty personnel, dwarfing Venezuela’s forces ([Sarah and Adam, 2024](#); [y AFP, 2025](#)). Under these conditions, Venezuela is effectively deterred from challenging U.S. interests, despite its resource endowment.

Geography further constrains direct confrontation: any U.S. invasion would require costly maritime power projection. Instead, influence is exercised through economic leverage and strategic trade. As the world’s largest oil consumer—averaging roughly 20 million barrels per day—the United States remains structurally dependent on oil imports ([Review, 2022](#)). While domestic production has expanded, full self-sufficiency remains impractical.

Accordingly, U.S. import strategy emphasizes diversification. Canada has become a key supplier due to political alignment and ownership ties in Alberta’s oil sector ([Beer, 2025](#)). Yet, consistent with realist logic, the United States avoids excessive dependence on any single partner, maintaining Canadian imports at roughly half of total inflows (Figure 1, top).

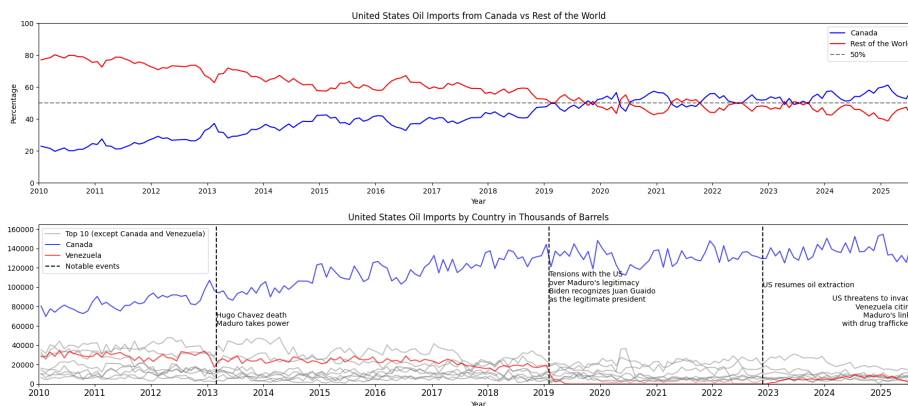


Figure 1. Top. Graph showing the share of Canadian oil imports to the US as a percentage of their NET imports from Jan 2010 to Oct 2025. Canada is highlighted in blue. The rest of the world is highlighted in red. A gray dashed line shows the 50% mark. **Bottom.** Graph showing the top 10 oil exporters to the US from Jan 2010 to Oct 2025. Canada is highlighted in blue. Venezuela is highlighted in red. The rest of the countries are shown in gray. Key events in the US-Venezuela relationship are also highlighted with a black dashed line and a legend..

Recent threats by the Trump administration to invade Venezuela and apprehend President Nicolás Maduro—citing alleged links to drug trafficking—highlight the United States’ ambivalent posture toward Caracas since Maduro assumed office in 2013. This ambiguity is best understood through the strategic importance of Venezuelan oil. Venezuela lies within the U.S. sphere of influence and, critically, its crude is cheaper and easier to extract than Canadian oil, even with modern technologies, making it a direct competitor to North American production (Dusseault, 2001).

This strategic calculus helps explain shifts in U.S.–Venezuelan relations as oil exports fluctuate. Although Venezuela nationalized its oil industry in 1976, several U.S. firms—most notably Chevron—continued operating through joint ventures with PDVSA (D. Olmo, 2023). When Hugo Chávez came to power in 1999, his openly anti-U.S. rhetoric coincided with economic deterioration and mass emigration. Nevertheless, oil trade with the United States persisted, underscoring the resilience of energy interdependence despite political hostility (on Foreign Relations, 2022).

Following Chávez’s death in 2013, Maduro assumed the presidency through popular vote (del Poder Judicial de la Federación, 2013). Oil exports to the United States declined slightly but remained largely stable until 2019. That year, Maduro’s contested re-election against Juan Guaidó—widely viewed as illegitimate—provided the United States and the European Union an opportunity to expand their influence by recognizing Guaidó as Venezuela’s interim president (of State, 2017a). In response, Maduro severed ties with the United States, prompting a collapse of Venezuelan oil exports to the U.S. market (Español, 2019).

While economically costly for Venezuela, this move reduced the immediate threat to Maduro’s regime. From a realist perspective, cutting exports represented a defensive strategy aimed at preserving regime survival rather than maximizing economic gains. Between 2019 and 2023, U.S. attention shifted toward the Russian invasion of Ukraine, limiting its capacity to exert pressure simultaneously in Eastern Europe and Latin America (Walker, 2025).

In early 2023, the Biden administration recalibrated its approach, formally withdrawing recognition of Guaidó and resuming diplomatic and economic engagement with Caracas (Lawler, 2023). Oil exports to the United States subsequently resumed (Figure 2, bottom), initially recovering at a gradual pace. That same year, opposition leader María Corina Machado won the opposition primaries but was

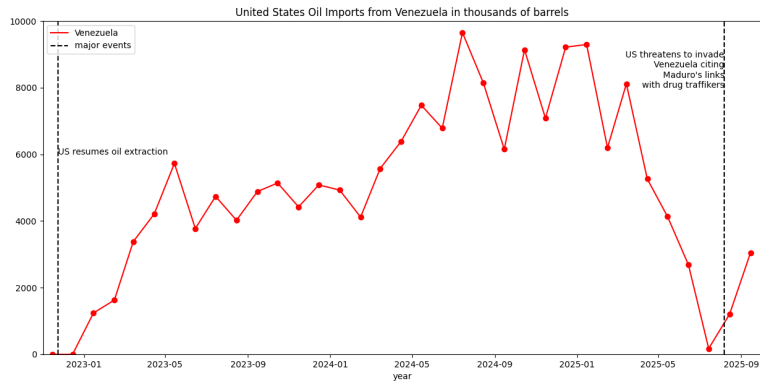


Figure 2. Graph showing the NET oil imports from Venezuela to the US from January 2023 to October 2025..

barred from running, prompting the coalition to nominate Edmundo González, closely aligned with her political platform (Sequera and Armas, 2023).

In 2024, as Maduro’s mandate approached its end in 2025, presidential elections were held in Venezuela. Once again, Nicolás Maduro secured victory under conditions widely regarded as fraudulent, extending his rule to a third term.

In January 2025, U.S. Congresswoman María Elvira Salazar met with opposition candidate Edmundo González in Miami (House, 2025a). Shortly thereafter, U.S. oil imports from Venezuela declined once more, signaling a renewed shift in Washington’s approach. Although the details of González’s engagements in the United States remain unclear, the timing coincided with increased U.S. pressure on the Maduro regime.

In March 2025, U.S. courts charged Maduro and several senior Venezuelan officials with drug trafficking, corruption, and related offenses (of Justice, 2020). Around the same period, Chevron reportedly explored divesting its Venezuelan operations. However, by August, the U.S. government escalated its strategy, with the FBI offering a 50millionrewardforinformationleadingtoMaduro'sarrest(of State, 2025).VenezuelanoilexportstotheU

This pressure proved temporary. In September 2025, oil shipments to the United States resumed, coinciding with the renewal of Chevron’s operating license in Venezuela (News, 2025). By December 2025, following the seizure of a Venezuelan vessel off the country’s coast, the United States benefited from lower-priced Venezuelan crude (Kassai, 2025).

Taken together, these developments illustrate the instrumental use of sanctions, legal pressure, and market access as tools of statecraft. Rather than regime change, U.S. policy appears aimed at maintaining leverage over a resource-rich but capital-constrained state.

4.2. Capital and Resource Rich is more powerful than Capital Rich: US replaces Russia’s natural gas in Europe

The expansion of U.S. influence in Eastern Europe has historically been framed by the eastward shift of NATO’s frontier. Despite verbal assurances provided to the Soviet leadership regarding NATO’s limits (Archive, 2017), the accession of the Czech Republic, Hungary, and Poland in 1999 signaled a formal shift in the regional security architecture. This institutional expansion was mirrored by financial engagement; since 1992, the U.S. allocated approximately \$5 billion to support Ukraine’s "democratic aspirations" (of State, 2017b). The 2014 Maidan protests, supported by USAID, culminated in a regime change that Moscow viewed as a direct affront to its sphere of influence. Leaked communications

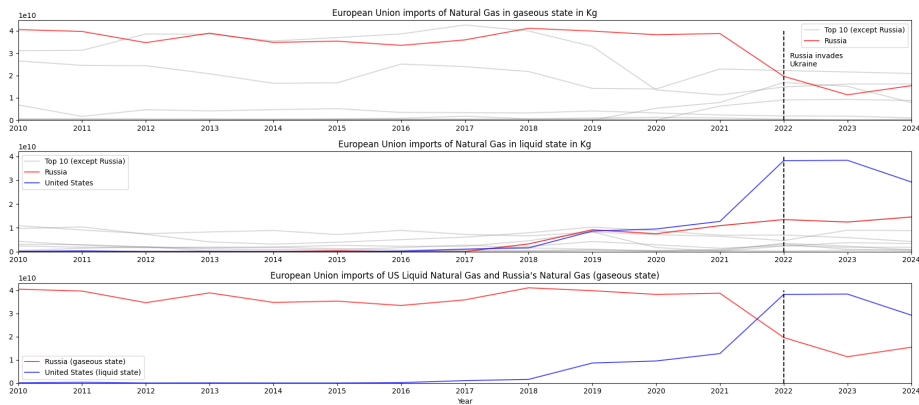


Figure 3. *Top.* Imports of natural gas to the EU in kg from 2010 to 2024. Russia is highlighted in red. The rest of the top 10 countries excluding Russia are shown in gray. A black dashed line marks the beginning of the Russian invasion of Ukraine. *Middle.* Imports of LNG to the EU in kg from 2010 to 2024. Russia is highlighted in red. US is highlighted in blue. The rest of the top 10 countries excluding Russia and the US are shown in gray. A black dashed line marks the beginning of the Russian invasion of Ukraine. *Top.* Imports of US LNG (LNG) and Russia's PNG to the EU in kg from 2010 to 2024. Russia is highlighted in red. US is highlighted in blue. A black dashed line marks the beginning of the Russian invasion of Ukraine. .

involving Victoria Nuland further fueled Russian perceptions of U.S. "hand-picking" Ukrainian leadership (BBC, 2014). Russia's subsequent annexation of Crimea crystallized this geopolitical friction into a systemic crisis (Daly, 2014).

The conflict is inextricably linked to Europe's energy dependency, specifically its reliance on natural gas (Eurostat, 2021). The Nord Stream pipeline system, a joint Russo-German venture, was designed to secure a direct supply of Piped Natural Gas (PNG) to Western Europe, bypassing traditional transit states (AG, 2025). Economically, this provided Europe with a comparative advantage through low energy costs, with prices frequently hovering between \$5 and \$7 per MMBtu.

The prospect of Ukraine's NATO integration represented a "red line" for Russian security. Despite warnings from realists like Henry Kissinger (Kissinger, 2014) and explicit diplomatic demands from Moscow in late 2021 (Roth, 2021), Western officials maintained an "open door" policy while simultaneously downplaying Russian concerns as non-negotiable (Armbruster, 2022). This diplomatic impasse preceded the February 2022 invasion (Ray, 2023).

The war effectively terminated the Nord Stream 2 project, a multi-billion dollar investment shared between Russia and European partners (Walker, 2024). The subsequent sabotage of the pipelines in September 2022—initially blamed on Russia—has more recently been linked to Ukrainian actors (Pancevski, 2024).

This destruction forced a radical restructuring of the European energy market. As Russia throttled PNG supplies, the U.S. emerged as a primary exporter of Liquefied Natural Gas (LNG) to the EU. However, this transition entails significant economic trade-offs: the capital-intensive nature of liquefaction, trans-Atlantic shipping, and regasification makes U.S. LNG substantially more expensive than the previous Russian pipeline supply (Savage, 2025). Consequently, European industrial competitiveness now faces a permanent "energy premium," shifting the economic surplus from European consumers to U.S. energy exporters.

4.3. *Capital and Resource Rich is more powerful than Capital Rich: China restrictions on REE for US military purposes*

Unlike the long-standing ideological and military friction characterizing U.S. relations with Russia or Venezuela, the U.S.-China dynamic is defined by a "peculiar" high-stakes economic interdependence. At the center of this rivalry is China's near-monopoly on Rare Earth Elements (REE). With reserves exceeding 44 million tons—more than double those of its nearest competitor—China controls the primary supply chain for materials essential to modern military-industrial applications (Review, 2025). These elements are critical for high-temperature resistance and precision electronic detection in missile-guided systems and stealth aircraft (Oxford, 2025). The U.S. Department of Defense's recent initiative to onshore these supply chains underscores a profound "strategic vulnerability" stemming from a total lack of domestic mid-stream processing (Lopez, 2025).

The gap between the two powers has narrowed significantly over the last decade. While the U.S. maintains a nominal GDP lead, China has already surpassed it in Purchasing Power Parity (PPP) and has emerged as the primary driver of global growth since the 2008 financial crisis (Allison et al., 2022). This capital accumulation has been systematically channeled into advancing dual-use technologies. China's 2025 Victory Day Parade served as a watershed moment, showcasing "aircraft carrier killer" hypersonic missiles (YJ-20) and sophisticated autonomous drone swarms (Gan et al., 2025; Arostegui, 2025). These advancements suggest that China is no longer merely "catching up" but is actively seeking technological overmatch in theater-level conflicts.

The re-election of President Trump in 2025 reignited the trade war, shifting it from a dispute over consumer tariffs to a battle over high-tech sovereignty. Following the administration's announcement of renewed tariffs in early 2025, Beijing retaliated on April 4 by imposing restrictions on REE exports. This "tit-for-tat" escalation intensified throughout the year; even after high-level talks in Geneva, the U.S. continued to target Chinese semiconductor sales. In response, China expanded its REE restrictions on October 9.

This cycle of escalation eventually forced a strategic stalemate. By leveraging its dominance in raw materials, Beijing demonstrated its ability to cripple Western defense and tech sectors, leading to a bilateral summit in South Korea on October 30. The resulting agreement—a one-year suspension of REE export controls in exchange for reciprocal U.S. tariff rollbacks—illustrates the transition of the "tech war" into a bargaining framework where commodity control serves as a powerful deterrent against Western financial sanctions (Briefing, 2025).

5. Analysis: Towards a multi-polar world

5.1. *Case 1*

The relationship between the United States and Venezuela illustrates the profound power imbalance between a global hegemon and a resource-rich but capital-constrained state. Despite the antagonistic rhetoric of the Maduro administration, Venezuela's survival remains structurally tied to U.S. capital and energy markets. Under the framework of offensive realism (Mearsheimer, 2001), the U.S. has consistently seized opportunities to maximize its regional influence, utilizing economic leverage to challenge the legitimacy of the Maduro regime and support domestic political opposition.

The primary counter-lever available to Venezuela—the cessation of oil exports—has been mitigated by U.S. strategic diversification. By increasing its reliance on Canadian crude as a substitute, the U.S. ensured that the costs of a Venezuelan supply shock were bearable. Nevertheless, from a political economy perspective, a total rupture is sub-optimal for Washington. Venezuelan oil remains more cost-effective than Canadian alternatives and serves as a vital tool for preventing over-reliance on any single supplier. Consequently, U.S. policy has fluctuated between periods of diplomatic re-engagement and aggressive coercion.

The escalation during the Trump administration further tested the limits of this asymmetry. By combining secondary sanctions with the threat of military intervention and criminal indictments, the U.S.

exerted existential pressure on the regime. While geographical and logistical barriers made a direct invasion unlikely, the credible threat of total economic isolation forced a pragmatic retreat by Caracas.

Though Maduro's rhetoric appeared ideologically driven, his eventual resumption of exports demonstrates a rational adherence to state self-preservation (Mearsheimer, 2001). Ultimately, the Venezuelan case confirms that in an asymmetric trade relationship, the hegemon can weaponize market access to dictate the behavior of smaller states, even when those states adopt a public stance of defiance.

5.2. Case 2

The conflict in Ukraine represents a pivotal shift in the "Great Power" competition for regional spheres of influence. While Russia remains a significantly diminished power compared to the Soviet era, its nuclear arsenal and energy dominance continue to serve as primary tools of geopolitical leverage. Conversely, the United States has utilized the post-Soviet vacuum to integrate Eastern European states into a Western-oriented security and economic architecture.

Natural gas serves as the critical variable in the now-fractured relationship between the European Union and Russia. The Nord Stream project was more than an infrastructure venture; it was a strategic mechanism for deeper Russo-German economic integration. For Moscow, this offered guaranteed capital flows and direct market access; for Berlin, it provided a comparative industrial advantage through low-cost energy. From a U.S. perspective, however, this interdependence threatened to dilute Transatlantic influence by making the EU a stakeholder in Russian economic stability.

The destruction of the Nord Stream pipelines in 2022—now increasingly attributed to Ukrainian state actors—permanently severed this economic umbilical cord (Pancevski, 2024). This sabotage forced a radical "strategic decoupling" that removed Russia's most potent economic lever over Western Europe.

The resulting market shift highlights a clear victory for U.S. geoeconomic goals. While Russian Piped Natural Gas (PNG) is fundamentally more cost-effective—often priced at nearly half the rate of Liquefied Natural Gas (LNG)—Europe has pivoted almost entirely toward U.S. supplies. By late 2025, the U.S. share of EU gas imports surged to over 50%, effectively substituting Russian PNG with U.S. LNG (Briefing, 2025).

This transition imposes a permanent "energy premium" on European industry, yet the EU continues this path due to intense hegemonic pressure and the collapse of alternative infrastructures. In this context, the war in Ukraine has served as a catalyst for a broader economic realignment, where the U.S. has successfully replaced Russia as the "indispensable" energy partner for Europe, regardless of the higher fiscal costs to European consumers.

5.3. Case 3

The U.S.-China relationship represents a contemporary paradigm of "Great Power" rivalry characterized by deep economic integration and systemic mistrust. Unlike regional asymmetries, this contest features a rising power capable of challenging the established hegemon through commodity-based statecraft. While both nations possess nuclear deterrents and significant maritime capabilities in the Pacific, the 2025 trade war demonstrated that the most effective tools of coercion are often found within the global industrial supply chain rather than the traditional battlefield.

The United States has long prioritized technological superiority as a core tenet of its national security strategy. However, this high-tech edge relies heavily on Rare Earth Elements (REE)—a sector where China maintains a near-monopoly on mid-stream processing and refining (Review, 2025). With China controlling approximately 90% of global REE processing, it has effectively created a "strategic chokepoint" that targets the very foundation of U.S. defense readiness. Elements such as dysprosium and terbium are indispensable for the guidance systems, stealth alloys, and high-performance magnets found in platforms like the F-35 fighter jet (Oxford, 2025).

The re-election of President Trump in 2025 and the subsequent imposition of aggressive tariffs forced a shift in Beijing's retaliatory strategy. Rather than purely tit-for-tat agricultural tariffs, China weaponized its dominance in raw materials. By restricting REE exports to U.S. defense contractors, Beijing engaged in non-kinetic deterrence: a strategy designed to degrade a rival's military capacity without direct confrontation.

This move highlights a fundamental shift in the global power transition. China's willingness to disrupt the REE supply chain signals that it no longer views its resource wealth as a mere trade commodity, but as a geoeconomic lever to compel U.S. diplomatic retreats. The subsequent rush for bilateral meetings in late 2025 underscores the success of this strategy; the U.S., facing an immediate supply crisis for its "Made in America" defense programs, was forced into a G2 bargaining framework (Briefing, 2025). Ultimately, Case 3 confirms that in a world of complex interdependence, the power to "unplug" a rival's industrial base can be as strategically decisive as traditional military force.

6. Conclusion

In the contemporary global political economy, state behavior is fundamentally dictated by a complex architecture of structural constraints and resource dependencies. The case studies of Venezuela, Russia, and China illustrate that in a globalized landscape, ideological rhetoric is often secondary to the pragmatic requirements of economic survival and power projection. As nations remain embedded in cross-border supply chains, the ability to leverage natural resources becomes a primary instrument of statecraft.

However, the efficacy of this leverage is not uniform. The analysis reveals a clear distinction between resource-abundance and strategic autonomy:

- For a subordinate state like Venezuela, resource wealth without the protective shield of military or financial independence can paradoxically lead to increased vulnerability, inviting hegemonic intervention and coercive diplomacy.
- In contrast, for "Great Powers" such as the United States and China, natural resources—whether in the form of energy exports (LNG) or industrial inputs (REE)—are utilized as "geoeconomic weapons." These powers successfully weaponize market access and supply chains to compel alignment or deter rivals.

Ultimately, natural resources are not inherently sources of power; they are latent assets that require both institutional capacity and military deterrents to be converted into geopolitical influence. In an era of "strategic decoupling" and "asymmetric interdependence," the global order is increasingly defined by who controls the nodes of supply. As demonstrated, the state that successfully manages its dependencies while exploiting those of its rivals secures the ultimate "upper hand" in the 21st-century international system.

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