



# Oil, Mercantilism, and the Return of Gunboat Economics

*In the first piece of our Now You're Thinking series on the US involvement in Venezuela, we examine how the ouster of Venezuela's president marks the return of mercantilism as a geopolitical practice, with oil and trade control once again central to power. Echoing early modern gunboat economics, force is being deployed to secure resources and trade flows. For Canada, deeply embedded within the US strategic perimeter, this shift raises urgent questions about sovereignty, industrial strategy, and the risks of clinging to outdated economic frameworks.*

## Summary

- Washington's decisive move in Caracas demonstrates a willingness to use overt force to reset energy alignments in the Western Hemisphere, prioritizing strategic oil supply over diplomatic process.
- The action reflects a broader shift away from market-led globalization toward power-driven economic ordering, where states actively shape who controls critical commodities and trade routes.
- Canada must recognize that resource endowments and infrastructure are no longer neutral economic assets, but strategic leverage points—requiring faster, more deliberate national and provincial coordination.

The posthumous ears of Henri Bérenger must be burning.

In 1919, the French politician and wartime energy strategist advised, “He who owns the oil will own the world, for he will own the sea by means of the heavy oils, the air by means of the ultra-refined oils, and the land by means of the petrol and the illuminating oils.”

A century later, Bérenger's words no longer sound like historical musing—his counsel is the basis for global power plays.

In the opening days of 2026, the United States carried out a direct military operation in Venezuela, entering Caracas and extracting President Nicolás Maduro in a swift and unapologetic display of force.

What initially registered as a shocking headline is settling into something more consequential: a signal that control of vital energy resources has returned to the center of geopolitical strategy in a mercantilist world.

The immediate commentary to Maduro's ouster was predictable. Analysts pointed to drug-trafficking allegations, dusted off the Monroe Doctrine—cleverly rebranded “Donroe” after the US president—and speculated about the White House sending trespassing warnings to China and Russia.

Overtly, the discussion circled back to oil. Venezuela's vast hydrocarbon endowment has long sat at the intersection of geopolitics and energy security. Drugs aside, and true to Bérenger's century-old logic, Washington's intervention was a reassertion of influence over the hemisphere and its base of vital resources.

In Canada, the oil dimension landed with particular force. Venezuelan heavy crude is a near-perfect substitute for Canadian barrels in US Gulf Coast refineries, prompting immediate brow-mopping: Venezuelan supply will return, Canadian oil will be displaced, ergo the domestic industry will suffer. These arguments echoed loudly, with much armchair conviction but little factual context.

As the punditry grows repetitive, a more important question emerges. What does this episode tell us about the return of gunboat economics—not as historical metaphor, but as contemporary practice—in an era where control of resources is inseparable from economic and political competition?

To answer that, it helps to revisit mercantilism.



## Mercantilism's Resurgence: What Was Old is New Again

Long before oil became the world's most strategic commodity, mercantilism served as the operating system of state power. Prosperity and security flowed not from trade alone, but from control of supply, transportation chokepoints, and access to high-value goods. Markets mattered insofar as they also served national interest.

For roughly two centuries, this logic was believed to have been relegated to history. The rise of classical economics—from Adam Smith to David Ricardo—reframed trade as a positive-sum exercise driven by comparative advantage. That free-trade paradigm dominated economic thinking from the early nineteenth century through the postwar order and into the recent era of neo-liberal globalization.

That episode is now over.

Under conditions of supply-chain vulnerability and renewed great-power rivalry, mercantilism is back—not as theory, but as practice. China's 15-year-old *Belt and Road Initiative* signaled its return. American tariff actions in 2025 reinforced the shift; Venezuela cemented the reality.

Mercantilism was always global. In South America, it took the form of aggressive extraction of gold and silver, with bullion flows underwriting European power and global trade. Mercantilism reached its most refined form through the East India companies. The British East India Company and the Dutch East India Company were corporations endowed with sovereign privileges—private armies, treaty-making authority, exclusive monopolies, and judicial power. These were early expressions of state capitalism, where multinational companies functioned as arms of the state.



*The Battle of Terheide, 1653-1666* by Jan Abrahamsz Beerstraaten. Image courtesy of the [Rijksmuseum](https://www.rijksmuseum.nl/en).

A visual reminder of how quickly mercantilism can slide from commercial beginnings into conflict can be found in the work of Jan Abrahamsz Beerstraaten, particularly his depiction of the First Anglo-Dutch

War. The painting does not dramatize ideology or national grievance. Instead, the brushstrokes capture something more revealing: armed fleets representing England and The Dutch Republic, fighting in defense

of trade routes, shipping access, and commercial supremacy.

Looking at Beerstraaten's work, it's not hard to experience déjà vu reading today's headlines about oil tanker interdictions and sanctions enforcement. Mercantilism has always been less about ruling territory than shaping trade flows. Violence, when deployed, is instrumental rather than ideological—a means of securing access rather than governing populations. That distinction separates mercantilism from imperialism. Washington has little interest in directly governing Venezuela, complete with its poverty, corruption, and dysfunction. Controlling resources, trade, and trade routes, not administering territory, is a mercantilist's objective.

This logic has long been embedded in American strategic thinking. The Monroe Doctrine, articulated in 1823, functioned as an early geoeconomic exclusion zone. The Western Hemisphere was no longer to be treated as an open mercantile frontier for European globetrotting. The ability to enforce the Doctrine would come later; the establishment of the perimeter was the important thing.

Two centuries on, that perimeter is being actively reasserted. American power is now exercised in real time, in response to growing Chinese and Russian presence in South America. Viewed through a mercantilist lens, American narratives about Venezuela, Colombia, Greenland, the Panama Canal—and even Canada—are now moving from provocation to action.

### Canada's Cautionary Warning

For Canada, the implications are uncomfortable but unavoidable. Geography is destiny, and Canada sits not on the periphery but well inside the strategic perimeter of the United States. Our energy systems, mineral endowment, infrastructure, and capital markets are deeply integrated with those of our southern neighbor. That integration has insulated Canada and enabled us to prosper under free-trade and rules-based globalization.

But in a mercantile resurrection, it raises a hard question: will Canada seek to maximize its sovereignty under the umbrella of hemispheric authority, or be a passive player with trade dependencies that can be exploited and controlled?

The reality show that's underway is forcing a rapid reset of what matters. Carbon targets and climate signaling are increasingly subordinate to more immediate concerns. Sovereignty, security, the economy, and investment are at the top of the agenda. Problems are now a series of difficult dilemmas: if there is a dollar (or a billion) to spend, how should it be allocated?

The dilemma deepens once it is acknowledged that global, state-aligned corporations operate with explicit advantages that distort competition. This raises an unavoidable question: to what extent should federal and provincial governments actively support industries deemed vital to national interest? The answer lies in recognizing that state capitalism is becoming the operating condition for global competitiveness.

The risk for Canada and its provinces is not that priorities are shifting, but that they are shifting faster than the federation is able to act. Urgency is the new norm. The danger lies in assuming unfettered free trade still prevails, while governing our resource sectors as overregulated liabilities—even as our closest competitor treats comparable assets as instruments of state power and wealth creation. 🚨



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In the next *Now You're Thinking* piece in this series, we move from narrative to numbers, using the Studio.Energy model to follow the money inside a Venezuelan barrel of oil and examine where the arithmetic begins to break down.

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