

War and Industrial Policy

War means industry.

Wars cannot be fought with supply chains that crisscross a globalized world, where production happens on faraway, little islands in the South China Sea, from where chips can be transported only if airspaces and straits remain open...

Global supply chains work only in peacetime, but not when the world is at war, be it a hot war or an [economic war](#). The low inflation world had three pillars: cheap immigrant labor keeping nominal wage growth “stagnant” in the U.S., cheap Chinese goods raising real wages amid stagnant nominal wages, and cheap Russian natural gas fueling German industry and Europe more broadly. Implicit in this “trinity” were two giant geo-strategic and geo-economic blocks: Niall Ferguson called the first one “[Chimerica](#)”. I will call the other one “Eurussia”.

Both unions were a “heavenly match”: the EU paid euros for cheap Russian gas, the U.S. paid U.S. dollars for cheap Chinese imports, and Russia and China dutifully recycled their earnings into G7 claims. All sides were entangled commercially as well as financially, and as the old wisdom goes, if we trade, everyone benefits and so we won’t fight. But like in any marriage, that’s true only if there is harmony. Harmony is built on trust, and occasional disagreements can only be resolved peacefully provided there is trust. But when trust is gone, everything is gone, which is the scary conclusion from Dale Copeland’s book:

[Economic Interdependence and War](#)

Reviewing 200 years of history, including the Napoleonic and Crimean wars, the book explains that “*when great powers have positive expectations of the future trade environment, they want to remain at peace in order to secure the economic benefits that enhance long-term economic power. When, however, these expectations turn negative, leaders are likely to fear a loss of access to raw materials and markets, giving them an incentive to initiate crises to protect their commercial interests*”. This “[theory of trade expectations](#)” holds lessons for understanding not only today’s conflict between the U.S. on the one hand, and Russia and China on the other, but also the outlook for inflation. Put simply...

...if there is trust, trade works. If trust is gone, it doesn’t. Today, trust is gone: Chimerica does not work anymore and Eurussia does not work either. Instead, we have a [special relationship](#) between Russia and China, the core economies of the BRICS block and the “king” and the “queen” on the Eurasian [chessboard](#) – a new “heavenly match”, forged from the divorce of Chimerica and Eurussia...

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How did we lose trust?

The “cartoon” version goes like this: China got very rich making cheap stuff, and then wanted to build 5G networks globally and make cutting-edge chips with cutting-edge lithography machines, but the U.S. said “no way”. As a result, Chimerica is going through a messy divorce. The two sides don’t talk anymore:

“*Pentagon chief’s calls to China go unanswered amid Taiwan crisis*” (see [here](#)).

Russia got very rich selling cheap gas to Europe, and Germany got very rich selling expensive stuff produced with cheap gas. Current accounts swelled for both. Business was so good that Russia and Germany planned a vow renewal with Nord Stream 2. But the ceremony was called off abruptly and turned into divorce, as one side did something the other couldn’t tolerate. Events unfolded quickly and involved NATO, Ukraine, and the balance of power in continental Europe, and the result is another messy divorce, in which the two sides don’t talk anymore:

“*Olaf Scholz says partnership with Putin’s Russia is ‘inconceivable’*” (see [here](#)).

Finally, the U.S. got very rich by doing QE. But the license for QE came from the “lowflation” regime enabled by cheap exports coming from Russia and China. Naturally, the top of the global economic food chain – the U.S. – doesn’t want the lowflation regime to end, but if Chimerica and Eurussia are over as unions, the lowflation regime will have to end, period. As we noted in our prior [dispatch](#), the special relationship between China and Russia (“Chussia”) is a powerful one: a marriage of commodities and industry, uniting the largest commodity producer (Russia) and the factory of the world (China), potentially in control of Eurasia...

The special relationship (“alliance”) between China and Russia is a little bit as if one disenfranchised spouse (China from the Chimerica union) found another (Russia from the Eurussia union) to form an economic union out of revenge: one gets commodities it does not have, and the other chips and other stuff it can no longer get from the West owing to Western sanctions. The other two spouses are getting together too to form a union, but this one is more like a “shotgun marriage”, in which one gravely needs the other for economic security.

Wars, like the currently unfolding [economic war](#), are about control. The control of technologies (chips), commodities (gas), production (zero-Covid), and straits – chokepoints like the Taiwan Strait, the Strait of Hormuz, or the Bosphorus Strait.

Wars are also about alliances. In today’s complex conflict between the U.S. on the one hand and Russia and China on the other, the world is best described by “*the enemy of my enemy is my friend*”: Russia and China hold [naval exercises](#) with Iran around the Strait of Hormuz; Iran has recently hosted talks between Russia and Turkey regarding [grain shipments](#) through the Bosphorus Strait; not surprisingly, the [first shipment](#) sailed to the Syrian port of Tartus, which hosts a [technical support point](#) (not a base) of the Russian Navy; even more recently, Turkey and Russia agreed to clear bilateral trade flows, including gas, in [rubles](#).

In this complex web of geo-strategic hotspots around the Eurasian landmass, the noose is tightening for the “*friends of my enemy*”: Ukraine is under attack; Taiwan was effectively subject to a weeklong sea and air [blockade](#) recently; and South Korea is being pressured by China to uphold the “[Three Nos](#)” policy, the essence of which is to end all forms of military cooperation with the U.S., while at the same time North Korea says the peninsula is on the “[brink of war](#)” – the checkmate-like position that Seoul finds itself in is so hard to navigate that President Yoon didn’t meet Speaker Pelosi on her stop in South Korea...

...and opted for [theater](#) instead (“strategic ambiguity”; more on this below).

[“Our commodities, your problem”](#) is branching into “chips from our backyard, your problem” and might also branch into “our straits, your problem”: the U.S. threatening Turkey with secondary sanctions for financial cooperation with Russia should be understood in light of the inconvenient geographic fact that NATO’s access to the Black Sea goes through Turkey’s Bosphorus Strait.

That makes the threat of sanctions only that – a threat, or a “check”. If I step back, I see a fierce, geo-strategic game of chess in progress on the Eurasian landmass. Forget the BRICS...

...and try to focus instead on Turkey, Russia, Iran, China, and North Korea playing “TRICKS” on the Eurasian landmass – an alliance of economies sanctioned by the U.S. getting ever closer economically and militarily. This Eurasian [“alliance of the sanctioned”](#) is forcing the friends of the U.S. to play pragmatically:

for example, despite pressure from the U.S., India decided to increase its imports from Russia and participate in Russia’s [Vostok-2022](#) military exercises, and the U.S.’s “no-response” to China’s sea and air blockade of Taiwan puts South Korea in a very difficult situation given the fact that the U.S. decided to not include South Korea in the AUKUS defense pact. As Pippa Malmgren has recently [noted](#): “the feeling in Washington, D.C. is that South Korea chose China over the U.S.; their [“strategic ambiguity”](#) is now clear. Seoul is no longer fighting China’s ambitions in the North. [...] If the two Koreas are reconciled, there is no need for the U.S. to station 30,000 troops to protect South Korea” – and that may well explain why President Yoon didn’t meet Speaker Pelosi.

No way you say...

...Damascene Conversions happen only in the Bible, but not in geopolitics. You are wrong: read history or grow up in Hungary. I was eleven years old when on June 16th, 1989, a young Viktor Orban [demanded](#) that Soviet troops withdraw from Hungary. That was just months before the Fall of the Berlin Wall on November 9th, 1989, an event we associate with the birth of globalization...

...and economists associate with the birth of the “lowflation” regime.

Could South Korea’s “strategic ambiguity” be a precursor to an “Orban-like” moment in South Korean foreign policy? Could South Korea, feeling the heat of the checkmate that it is in, demand that U.S. troops withdraw from its country?

History does not repeat itself, but it rhymes...

...and similar to how that Orban’s foreign policy is different from this Orban’s, that South Korea making chips is different from this South Korea making chips: chips may thus be at risk not only in Taiwan but also in South Korea. But all this...

...makes the U.S.’s choice between supporting the Hungarian Revolution against the Soviet Union or Egypt against Israel, Britain, and France in 1956 a geo-strategic child’s play. The geopolitical events of 1956 hold one important lesson for the markets today, which is that the units of wars are battles, and...

...sometimes, even great powers choose their battles.

Battles on multiple fronts (Ukraine, Taiwan, and the question of South Korea) mean that priorities can change. In 1956, oil was more important than Hungary, which is why I grew up on the Eastern side of the Berlin Wall, watching movies about what life was like on the Western side of the Berlin Wall. Today, living in Manhattan, the capital of Western civilization, I am watching the East in action, and wonder whether the U.S. will manage to maintain the existing world order or, like in 1956, decide to prioritize between NATO’s footprint, chips, or oil. Or worse – could the TRICKS checkmate the U.S. on the Eurasian chessboard?

I have no idea. Neither do you. And neither does the Pentagon (see [here](#))...

...and that's why forecasts of a rapid deceleration of inflation are naively optimistic: if Pax Americana enabled globalization and globalization underwrote lowflation, the TRICKs trying to poke holes in the Pax means that inflation is a big risk. To understand the path of inflation from here, we will have to read more history and think about trust, trade, and Dale Copeland's theory of trade expectations: if trust drove globalization, and globalization drove "The Great Moderation", distrust will drive de-globalization, and de-globalization "The Great Reflation"...

What will be the economic consequences of mistrust?

In today's dispatch, we will articulate our vision for what a peaceful transition (à la post-Soviet globalization) to a new world order may look like. We'll pick up where our [last dispatch](#) ended: we had to generate a big, "L"-shaped recession to slow inflation down; we had to generate a round of negative wealth effects to lower demand such that it becomes more in-line with the new realities of supply; inflation did slow, but it's still above target as we're dealing with the costs of the split of Chimerica and Eurussia; these costs include the Fed's inability to cut policy rates because the ramp-up in demand hits supply constraints immediately – inflation seems ever present; almost persistent. What do we have to do to go from "L" to "L/"? Consumption is unlikely to generate the "/", as we don't have the old "spouses" to import from. It follows that we will have to produce stuff on our own: "/" will come from investments, with help from the government.

Consider three "moments" of reckoning...

First, how do you wage wars on multiple fronts when a single front in Ukraine showed how quickly stockpiles can deplete in a war of attrition, and how slow the replacement is (see [here](#)). This is not about high-tech weapons that need chips, but rather, basic artillery. As a recent FT [article](#) noted, *"fetishes for high-tech weapons and lean manufacturing have obscured the importance of maintaining stockpiles of basic kits [like artillery shells]. Total annual U.S. production of 155 million artillery shells, for example, would last only about two weeks in Ukraine, a conflict that marks "the return of industrial warfare". [...] Inexpensive ammunition that you can use on a large scale is essential; the West needs to be more disciplined not always to seek the exquisite, but rather to understand how the exquisite allows what is quite boring and banal"*.

Second, it's not like the exquisite stuff can be made quickly either: *"in May, when Washington ordered 1,300 Stinger anti-aircraft missiles to replace those sent to Ukraine, the chief executive of Raytheon replied: 'it will take us a little while'"* (see [here](#)). And this is not just a replacement issue: the delivery of Stingers to Taiwan has been delayed recently to enable the flood of weapons to Ukraine (see [here](#)), and Saudi Arabia also faces delays as it aims to re-stock its arsenal (see [here](#)). Meanwhile, on a recent earnings call, Peter Wennick, the CEO of ASML, the maker of cutting-edge lithography machines, [noted](#) the following: *"I met the executive of a very large industrial company, a conglomerate, last week, and [he] told me that they're buying washing machines to rip out the chips to put them into industrial modules. I mean, that's happening these days"*.

Third, the message from China's [temporary blockade](#) of Taiwan was clear – chips are useful when they can be shipped, not when stuck due to a blockade: how can the U.S. control its lowflation/QE-based economic destiny when the emergence of a multipolar world order is fracturing global supply chains, which frustrates its ability to obtain chips for missiles to defend the existing world order?

That's not to say the East is having it easy. Russia is having military issues too, and sanctions have limited its access to Western technologies like chips. But we also know that the relationship between Russia and China has no limits (see [here](#)), and also that China makes chips (SMIC). Chips are like soft drinks: Coca-Cola and Pepsi are both fizzy drinks made to quench your thirst, and similarly, (most) chips are chips whether they were made by TSMC or SMIC, and Russian missiles can fly perfectly fine with either of them. Like energy flows, chip flows were also re-drawn by the war. Re-drawn. Not blocked or eliminated: Russian piped natural gas was replaced with U.S. LNG for continental Europe, Taiwanese, South Korean, and Japanese chips with Chinese chips for Russia.

Life goes on, but tail risks remain...

...and in light of the TRICKs game I see unfolding on the Eurasian chessboard, most of the tail risks I see are pointed at the West and Western inflation forecasts. Consider chips in a military context: China's recent blockade of Taiwan and South Korea's "strategic ambiguity" means that "*chips from our backyard, your problem*" is a clear and present danger for the U.S. and the broader West.

More broadly, the three "moments" of reckoning we discussed above mean that global supply chains, whether they produce military or civilian goods, are facing a Minsky Moment – a Real Minsky Moment. Paul McCulley's term referred to the implosion of the long-intermediation chains of the shadow banking system that marked the onset of the Great Financial Crisis. Today, we are witnessing the implosion of the long-intermediation chains of the globalized world order: masks, baby formula, chips, missiles, and artillery shells, for now. The triggers aren't a lack of liquidity and capital in the banking and shadow banking systems, but a lack of inventory and protection in the globalized production system, in which we design at home and manage from home, but source, produce, and ship everything from abroad, where commodities, factories, and fleets of ships are dominated by states – Russia and China – that are in conflict with the West.

Inventory for supply chains is what liquidity is for banks. In 2007-08, big banks ran on "just-in-time" liquidity: the dominant form of liquidity was market liquidity, for which you could always sell assets into a deep market without moving prices, so you did not have to have liquidity reserves at the central bank. Similarly, big corporations today run "just-in-time" supply chains for which they assume that they can always source what they need without moving the price. But not really: the U.S. military has to wait a little bit as Raytheon "*will take a little while*"; Taiwan and Saudi Arabia have to wait as well until the conflict in Ukraine is over; and if your washing machine broke recently, you'll have to wait a bit too until defense contractors are done buying them up to rip chips out to make missiles.

We're borrowing from "here" to make things "there". Do you remember the three units of Minsky? Hedge units can cover their payments from their incomes. Speculative units have to borrow to be able to make payments. And Ponzi units can make their payments only if they sell some of their assets and are thus the most exposed to rising interest rates. As our chip examples demonstrate, Minsky would classify our military supply chains as "speculative" units at best, which are exposed to a further escalation of geopolitical tensions that could easily turn them into Ponzi supply chains. We can also apply Minsky's framework in Europe, where Germany can't cover its payments without Russian gas and the government is asking citizens to conserve energy to leave more for industry.

Minsky moments are triggered by excessive financial leverage, and in the context of supply chains, leverage means excessive operating leverage: in Germany, \$2 trillion of value added depends on \$20 billion of gas from Russia...

...that's 100-times leverage (see the last chart [here](#)) – more than Lehman's.

And the concept of operating leverage applies in the military domain too: if Taiwan makes the chips for the missiles the U.S. sends it for self-defense but has to wait for missiles because they are needed in Ukraine instead or it can't ship them to the U.S. owing to a sea and air blockade imposed by China, the U.S. is operationally ill-equipped to support a two-front war. In English...

...that's infinite leverage for Pax Americana, globalization, and lowflation.

Protection by Pax Americana for global supply chains is what capital is for banks. In 2007-08, big banks didn't have enough capital to deal with systemic events, because they were Too Big to Fail. The assumption was that the state will bail them out. The state did provide a bailout, but at a cost, which was Basel III...

Today, the assumption among investors is that globalization is Too Big to Fail...

...but globalization is not a bank in need of a bailout. It's in need of a hegemon to maintain order. The systemic event is someone challenging the hegemon, and today, Russia and China are challenging the U.S. hegemon. For the current world order and its trade arrangements and network of global supply chains to survive the challenge, the challenge must be squashed quickly and decisively, in the spirit of the Powell Doctrine. But Ukraine and Taiwan aren't Kuwait, Russia and China aren't Iraq, and Top Gun 2 isn't the same movie as Top Gun...

Think about what Tim Geithner said about how to deal with crises like the Asian financial crisis or a herd of short sellers questioning the solvency of the U.S. banking system (see [here](#) and below). In today's context, Russia and China are basically the "short sellers" that are challenging the U.S.-led world order, and according to Geithner's approach, we should be using "*overwhelming force, not piecemeal – the Vietnam approach; what we thought was overwhelming force didn't stop the run; the markets weren't sure the commitment was credible. We hoped to put a "lot of money in the window" enough to look big compared to the liabilities that could run*". What General Powell was to Desert Storm, Secretary Geithner was to re-establishing trust in the U.S. banking system...

...and I can't help but notice the difference between their posture and the posture of Secretary [Gina Raimondo](#) regarding the state of today's supply chains.

Instead of putting "*a lot of money in the window*", we are putting our vulnerabilities in the window: as Secretary Raimondo recently noted, the U.S. "*buys 70% of its most sophisticated chips from Taiwan. Those are the chips in military equipment. There's [about] 250 chips in a Javelin launching system. You want to be buying all that from Taiwan? That's not secure. Pass the bill, Congress, pass CHIPS and let's get to the business of making those chips in the U.S. to secure our future*". Those comments mark Secretary Raimondo's Hank Paulson moment, who begged Congress on his [knees](#) to get TARP funded.

War makes you do surveys to survey what you're capable of...

You need to know your capacity to produce to know your capacity to fight, and that's why [Simon Kuznets](#) was tasked by the Commerce Department in 1942 to develop the U.S. national accounts to gauge the U.S.'s capacity to fight WWII. Today, without the Commerce Department's [survey](#) of the global chip industry – Secretary Raimondo's "Kuznets moment" – Congress wouldn't have passed the \$52 billion CHIPS Act as fast as it did. But the hard work still lies ahead, as it takes several years to build fabs to gain our "*semiconductor sovereignty*". But we need to put "*money in the window*" and show "*overwhelming force*" today, not tomorrow. Today, "*overwhelming force*" is on display in the Taiwan strait...

...and that's why the U.S. is trying to "invert time" using technology sanctions.

Like in the movie Tenet, "inversion" is being used to shape future outcomes: the U.S. is trying to shape the future by slowing China's technological progress one technology sanction at a time. Slowing China's progress buys time, and time is needed to build the fabs needed to regain "*semiconductor sovereignty*" – to make chips at home for the missiles that defend the U.S.-led world order.

By now, there is a long list of U.S. technology sanctions that target China....

In our [previous dispatch](#), we wrote about the U.S.'s ban on ASML selling cutting-edge, DUV lithography machines to China's SMIC in order to preserve the balance of technological power in favor of the U.S. (see [here](#)). Since then, the U.S. broadened the ban to other toolmakers and also non-cutting edge tools to curb China's and SMIC's semiconductor ambitions (see [here](#) and [here](#)), and the U.S. is considering limiting shipments of chipmaking equipment to producers of memory chips in China (see [here](#)). The newly proposed curbs "*would stop the largest makers of memory chips like [South Korea's] Samsung Electronics and SK Hynix from shipping new technology tools to their factories in China, preventing them from upgrading plants that serve customers around the world*".

Could these measures targeting South Korean chipmakers' plants in China be a negotiating tool to force Seoul to re-consider its policy of "strategic ambiguity"?

I don't know...

...but please ensure that your inflation forecast has a dummy variable for that.

I get it why the U.S. wants to invert time. But we can't win by slowing progress. We'll also have to progress by building, and that's where [industrial policy](#) comes in:

as an investor, you care about the inflationary consequences of Russia and China challenging the U.S. hegemon. Where inflation goes, policy rates go, or if not, financial repression is an issue. Either way, you care, especially if you are a bond house or if you depend on fixed income. These are the scary times when the "*euthanasia of the rentier*" is a risk. To ensure that the West wins the [economic war](#) – to overcome the risks posed by "*our commodities, your problem*"; "*chips from our backyard, your problem*"; and "*our straits, your problem*" – the West will have to pour trillions into four types of projects starting "yesterday":

- (1) re-arm (to defend the world order)
- (2) re-shore (to get around blockades)
- (3) re-stock and invest (commodities)
- (4) re-wire the grid (energy transition)

Similar to how Basel III was the "tab" associated with the Great Financial Crisis, the above list is the tab for the currently unfolding "[Great Crisis of Globalization](#)". The four items on the list are self-explanatory. We read about them every day:

Regarding re-arming, Germany plans to spend \$100 billion on arms (see [here](#)), the West plans to spend some \$750 billion to re-build Ukraine (see [here](#)), and the G7 aims to raise \$600 billion to counter China's Belt and Road (see [here](#)) – yes, [the game of chess in Eurasia is also about the Belt and Road Initiative](#)....

Regarding re-shoring, Secretary Raimondo's focus on chips for the military and the three new fabs funded by the \$52 billion CHIPS Act is just the beginning. The EU is also busy funding fabs to regain "[industrial sovereignty](#)" (see [here](#)). Supply chain issues due to zero-Covid policies will bring home more industries. Friend-shoring won't work, as stuff from friends will have to sail through straits, and what's the point of friend-shoring if straits can be subject to blockades?

Regarding re-stocking, news of the EU's natural gas and electricity shortages need no belaboring: the EU needs to re-stock to keep industry alive and to heat. The U.S. will also have to re-stock: the SPR will be "empty" by November. India has instructed all its industrial states to build inventories of coal sufficient to cover residential and industrial needs for the next three years (see [here](#)). Europe and China are suffering historic droughts at the moment, and this year's wheat harvest in Ukraine is missing. Food and energy shortages are looming...

...and commodity inventories will take off like FX reserves after the 1997 crisis, and will involve not just food and energy but also some industrial commodities.

Regarding re-wiring the grid, governments' commitment remains unwavering, even after the war in Ukraine. Energy transition was the only big item on the to-do-list before the war and was a formidable economic challenge to begin with. After the war, the list got longer and so the challenge became even more formidable.

I think that the above four themes (re-arm, re-shore, re-stock, and re-wire the electric grid) will be the defining aims of industrial policy over the next five years. How much the G7 will spend on these items is an open question, but given that the global order is at stake, they will likely not be penny pinching. If Tim Geithner were in charge, he'd put "*a lot of money in the window*" to show who's in charge.

And hopefully it will be like that...

...and if so, any investor will have to be mindful that the above to-do-list is:

- (1) commodity intensive
- (2) capital intensive
- (3) interest rate insensitive
- (4) uninvestable for the East

Commodity intensity means that inflation will be a nagging problem as the West executes on the above list. Re-arming, re-shoring, re-stocking, and re-wiring need a lot of commodities – it's a demand shock. It's a demand shock in a macro environment in which the commodities sector is woefully underinvested – a legacy of a decade of ESG policies. Underinvestment means supply constraints, and geopolitics means even more supply constraints: resource nationalism – see Russia's stance or Mexico's recent decision to nationalize lithium mines – means that the supply you think is there to meet the surge in demand isn't there: prices can thus surge. Executing on the to-do-list can easily drive another commodity super cycle, like the one we had after China joined the WTO in 2000. But that super cycle happened in the context of a peaceful, unipolar world order in which great powers had positive expectations of the future trade environment (see the "theory of trade expectations" above). But that's not the case anymore.

Capital intensity means that governments and also the private sector will have to borrow long-term to execute the to-dos. Re-arming and re-stocking are the domains of the government, and re-shoring and re-wiring the grid will involve public-private partnerships. Private firms will have to issue debt and raise equity to build things: ships, F-35s, factories, commodity warehouses, and wind turbines.

Insensitivity to interest rates means that the to-do-list will have to be executed regardless of whether the Fed hikes rates to 3.5% or 7%. Hell or high water, executing on the to-do-list is imperative. Industrial sovereignty depends on it. On the other hand, private equity is sensitive to interest rates, and industrial policy done right, with overwhelming force, will eventually "crowd out" private equity. Finance is about multi-decade cycles. Private equity rode the "lowflation" cycle and the cycle of globalization that, post-GFC, enabled decades of money printing.

That cycle is over...

...it broke like FX pegs broke in 1997 and like private money broke in 2008.

Finally, uninvestability means that for certain large countries in the global East, it makes absolutely and categorically no logical sense to roll their investments in G7 debt claims. Not just because of what happened to Russia's FX reserves, but also because rolling a \$1 trillion portfolio of U.S. Treasury securities means that you will fund the West's effort to re-arm, re-shore, re-stock, and re-wire...

...against the East.

And we are back to where we started on the cover page: Dale Copeland's theory of trade expectations is the right frame to think about world from here, and sadly things make no sense to continue like they used to, be either from a real (trade/production) perspective or a financial (FX reserves) perspective...

...which is why Bretton Woods III is destined to happen. It's already happening, and we will explore the Bretton Woods III topic in detail in our upcoming dispatch:

War and Currency Statecraft.

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