

MAY 2025

MARKET INSIGHTS

James Thorne, *Chief Market Strategist*



WELLINGTON-ALTUS



FROM HEGEMONY TO BALANCE:

The Mar-a-Lago strategy and the future of American power

**Resetting the global order:
How the Mar-a-Lago strategy aims
to reclaim American power in a
multipolar world**

In an era of unprecedented geopolitical and economic shifts, the Mar-a-Lago Accord signals a decisive, disruptive strategy by the U.S. to redefine its global influence and economic stability. Moving beyond unipolar dominance, the U.S. aims to reshape the international order through strategic tariffs, security realignments, financial innovations, and institutional reforms—guided by historical lessons and Keynesian principles. This approach seeks to address systemic imbalances—notably the overvaluation of the dollar and unsustainable debt levels—by fostering growth, innovation, reindustrialization, and regional resilience.

IN THIS ISSUE

- › Resetting the global order: How the Mar-a-Lago strategy aims to reclaim American power in a multipolar world
- › From unipolarity to multipolarity: A paradigm shift
- › The U.S.-China nexus: A complex interdependence and strategic challenge
- › Timing and political strategy: The midterm cycle
- › Historical lessons: Clausewitz's wisdom and strategic disruption
- › Implications for investors: Navigating the new paradigm
- › Looking forwards: A new era of strategic disruption

“ War is the continuation of politics by other means. ”

- Carl von Clausewitz (1832)

Recognizing the rise of a multipolar world, the strategy emphasizes a strategic disruption to prevent systemic collapse, mitigate the Thucydides Trap with China, and secure America's influence in a new global landscape. For sophisticated investors, this environment offers opportunities: positioning for secular growth, leveraging assets like gold and bitcoin as hedges, and capitalizing on market volatility. As the U.S. economy gains momentum heading into the 2026 midterms, those who understand these underlying shifts will be best positioned to navigate and profit from the coming seismic changes.

The world is evolving at an accelerating pace. The era of unchallenged American dominance—characterized by dollar hegemony, military primacy, and financial influence—is giving way to a complex, multipolar world where regional powers assert their authority and global power becomes more fragmented and contested.

In this context, the Mar-a-Lago Accord signals a pragmatic acknowledgment: the U.S.'s unipolar model is unsustainable. Instead of clinging to hegemonic illusions, the U.S. is shifting towards regionalization and re-shoring critical infrastructure—building resilient supply chains and fostering domestic manufacturing. The strategy emerges not as a sign of decline, but as a deliberate, strategic recalibration—an audacious blueprint designed to reshape the future of American influence and economic stability.

From unipolarity to multipolarity: A paradigm shift

For decades, the U.S. operated as an unrivaled superpower, its currency, military, and economic influence shaping the global order. This unipolar dominance was underpinned by the dollar's status as the world's reserve currency, American military alliances, and a financial system that favoured U.S. interests.

But the cracks have become evident. China's rise as a regional and global power challenges U.S. primacy; Europe seeks sovereignty; emerging regional blocs in Asia, Africa, and Latin America grow more assertive. The era of American exceptionalism—where the U.S. could unilaterally set the rules—has ended.

The Mar-a-Lago strategy is not about retreat but recalibration. It focuses on regional resilience, reindustrialization, and reducing reliance on global supply chains—aiming to build an economy rooted in manufacturing, innovation, and strategic self-sufficiency. The goal is to transition from a consumption-driven model to one driven by domestic production and real growth, setting the stage for sustainable economic stability.

The U.S.-China nexus: A complex interdependence and strategic challenge

No discussion of the new global order is complete without addressing U.S.-China relations. Historically, the U.S. played a transformative role in opening China's economy—supporting its integration into the global system and fuelling its rise. Yet, despite this engagement, China's currency remains pegged to the U.S. dollar, and capital flows in and out of China are heavily restricted. This persistent peg, combined with capital controls, keeps China's monetary policy closely tethered to U.S.-dollar movements, constraining Beijing's financial autonomy.

U.S. Secretary of the Treasury Scott Bessent, a globally recognized currency strategist with deep expertise from his work in the 1990s—most notably during the Soros-inspired attack on the Bank of England—intimately understands the vulnerabilities of currency pegs. His experience demonstrates how currency defences can be destabilized, especially in a rising U.S. interest rate environment.

This relationship feeds into the broader concern of the Thucydides Trap—a term popularized by Graham T. Allison—that describes the dangerous cycle where a rising power (like China) threatens to displace an established hegemon (the U.S.), risking conflict. Historically, managing this transition is fraught with peril, and miscalculations can escalate tensions into open conflict.

The Mar-a-Lago strategy explicitly aims to pre-empt this trap through economic rebalancing, regional resilience, and strategic disruption—intending to avoid the tragic spiral of escalation that history warns about. It's a pragmatic approach to managing power transitions in a multipolar environment, emphasizing patience, innovation, and strategic recalibration.

Timing and political strategy: The midterm cycle

A critical aspect of President Donald Trump's Mar-a-Lago approach is its timing. Recognizing the cyclical nature of American politics and economic volatility, the plan aims to leverage the midterm election cycle—particularly the 2026 vote—as a pivotal moment. Historically, economic slowdowns and market corrections tend to coincide with midterms, eroding incumbent support and shifting legislative control.

In recent decades, crises like the 2008 Global Financial Crisis and the 2000 dot-com bust occurred during critical points in the election cycle, often costing the ruling party control of Congress. This pattern suggests that an engineered slowdown—perceived as a controlled correction—could build momentum for a political realignment favourable to Trump. If he can secure strong majorities in Congress, he can convert executive orders into lasting legislation, reshape the judiciary, and cement policy priorities—ensuring a durable legacy.

This timing also provides a strategic window to overcome opposition, implement reforms, and set the foundation for a resilient political and economic order heading into the next cycle.

Historical lessons: Clausewitz's wisdom and strategic disruption

Throughout history, conflict and strategic upheaval have been tools to shape global influence. Prussian general Carl von Clausewitz's famous dictum: "War is the continuation of politics by other means," still resonates today. The U.S. recognizes that modern economic and geopolitical pressures—through tariffs, financial maneuvers, and alliances—are essential to shaping the future landscape.

This approach echoes lessons of the past: disruptive, decisive actions are often necessary to establish lasting influence. The Mar-a-Lago strategy is a contemporary manifestation of this principle, aiming to reset the global equilibrium before systemic imbalances spiral beyond control.

Implications for investors: Navigating the new paradigm

For sophisticated investors, understanding these seismic shifts is crucial. The U.S. faces a monumental challenge: its debt must be refinanced and made sustainable. Since the Second World War, this has typically been achieved through a combination of growth, inflation, and negative real interest rates—tools that remain vital today.

The core investment thesis is that growth—especially secular, real growth—remains the ultimate solution. With the U.S. pivoting towards reindustrialization, reshoring, and reducing reliance on imports (which now account for just 14 per cent of gross domestic product (GDP)), markets are poised for a rebound.

Key strategies for investors

- Embracing negative real interest rates and slow growth: Investors should consider risk assets, secular growth, financials, gold, and bitcoin—assets that serve as hedges against currency debasement, monetary expansion, and slowing economic growth. A slow-growth reflationary environment is upon us. Yes, deflationary forces are strong. Yes, rates are heading towards the zero-bound globally. Yes, global growth is slowing.
- Leverage gold and bitcoin: Both assets have proven effective as hedges against dollar depreciation and rising inflation. Gold remains the ultimate store of value, while bitcoin offers a decentralized, digital hedge aligned with secular growth trends. Don't forget fixed income—rates will continue to decline.
- Focus on domestic growth sectors: Sectors aligned with reshoring—manufacturing, infrastructure, energy, and technology—are poised to benefit from policy support and rising momentum.
- Capitalize on market volatility: The anticipated slowdown and correction create opportunities for strategic entry. Tariffs are expected to be reduced to around 10 per cent, and political momentum will build into the midterms, boosting market confidence.
- Anticipate a managed U.S. dollar depreciation: A deliberate weakening of the dollar will boost exports and U.S. manufacturing. Currency-hedged investments and sectors benefiting from a softer dollar are particularly attractive.

Looking ahead, it is also reasonable to expect Trump will pivot away from an initial focus on tariffs towards a renewed emphasis on pro-growth policies and re-privatization. The excessive debt accumulated over the past few years—fuelled by wartime-like fiscal spending—must be addressed. The era of artificially inflated growth driven by government stimulus and deficit spending is unsustainable. To restore fiscal discipline and promote sustainable expansion, we will likely see a push towards deregulation in the financial sector, particularly banking.

One critical move could be the exclusion of U.S. Treasuries (UST) from banks' supplementary leverage ratio (SLR) calculations. This would free up liquidity in credit markets, enabling banks to lend more freely and support supply-side growth initiatives—key drivers of economic expansion. As we move through 2025, these reforms are expected to take centre stage, creating a more resilient, productive economic environment.

Looking forwards: A new era of strategic disruption

In sum, the coming years will be characterized by a strategic recalibration—an attempt to reset global and domestic economic fundamentals while balancing geopolitical realities with long-term sustainability. The Mar-a-Lago blueprint is a high-stakes gamble, emphasizing deliberate disruption, regional resilience, and fiscal rebalancing as essential pillars. It aims to steer America towards a balanced, sustainable future amid a rapidly changing multipolar world, recognizing that the old paradigm—built on debt-fuelled growth, global supply chains, and unchecked dollar dominance—is no longer tenable.

For those prepared to recognize and act on these seismic shifts, the coming decade offers unparalleled opportunities—if navigated with foresight, agility, and strategic discipline. Investors must realize the secular bull market is intact, and—driven by demographics—deflationary forces are stronger than ever. Ignore the noise, look five to six quarters ahead, and quell your emotions. The global economy is adjusting to take advantage.

The question is: will you seize these opportunities before the global landscape is reshaped entirely? The answer lies in understanding that the future belongs to those who adapt, innovate, and position themselves wisely in this new era of strategic disruption.

The information contained herein has been provided for information purposes only. The information has been drawn from sources believed to be reliable. Graphs, charts and other numbers are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. This does not constitute a recommendation or solicitation to buy or sell securities of any kind. Market conditions may change which may impact the information contained in this document. Wellington-Altus Financial Inc. (Wellington-Altus) is the parent company to Wellington-Altus Private Wealth Inc. (WAPW), Wellington-Altus Private Counsel Inc. (WAPC), Wellington-Altus Insurance Inc. (WAI), Wellington-Altus Group Solutions Inc. (WAGS), Independent Advisor Solutions Inc. and Wellington-Altus USA Inc. Wellington-Altus (WA) does not guarantee the accuracy or completeness of the information contained herein, nor does WA assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Before acting on any of the above, please contact your financial advisor.