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# MARKET INSIGHTS

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## FORTRESS AMERICA AND THE COLONY NEXT DOOR: We are living through historic times

Historians are likely to regard Donald Trump's presidency as a pivot—as significant as any in U.S. history—comparable to the Jacksonian turn, the New Deal, or the Reagan Revolution. Yet Wall Street remains strangely somnolent, pricing in neither the durability nor the depth of what is unfolding. The Trump Doctrine should be seen as equal to—not subordinate to—the Monroe Doctrine, the 1823 U.S. policy that warned European powers against further colonization or interference in the Western Hemisphere. It represents a new organizing framework for U.S. power that blends hard power, economic nationalism, and pro-growth domestic policy.

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***“Justice is only in question between equals; for the strong do what they can, and the weak suffer what they must.***

- Thucydides, ancient Greek historian

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The Trump Doctrine replaces the post-Second World War “rules-based” order with a more transactional sphere of influence system: sanctions, tariffs, targeted force, and “peace through strength” deterrence, paired with negotiation backed by credible, sometimes decisive military action as seen in Venezuela and the Midnight Hammer operation against Iran. It is forcing major changes on the global economy—reshaping trade patterns, capital allocation, and the geopolitics of energy and strategic commodities. Investors should recognize this as a durable structural break, not rhetoric that can simply be waited out.

The doctrine represents a full-scale revival of the Jacksonian tradition in American statecraft, making Trump as significant to the 21st century as Andrew Jackson was to the 19th century. By embracing modern supply-side economics, major tax cuts, deregulation, and a decisive shift of policy emphasis toward productive capital and economic sovereignty rather than financial engineering, Trump has reoriented the engines of growth toward investment, industry, and national capacity.

Anchored by the Trump Corollary—the assertion of a sovereign, American-led Western Hemisphere and demonstrated in both the military operation in Venezuela and the broader regime-pressure strategy—this doctrine is not theatre but an integrated fusion of economic, security, and hemispheric power.

For Canada, the implications are immediate and uncomfortable. The revival of U.S. hemispheric sovereignty under the Trump Corollary exposes how far Canada has drifted into a classic resource-colony posture—exporting raw factors of production while others capture the value. Canadian investors need to quell their emotions, take a hard look in the mirror, and recognize that whether tied to Britain or the United States, Canada still behaves like a colony and must embrace the Trump Doctrine’s ethos of economic sovereignty if it wants that to change. As Washington re-industrializes and reclaims control over energy and strategic materials, Ottawa’s regulatory paralysis and chronic underinvestment stand in stark contrast. Unless Canada moves beyond virtue signalling to rebuilding processing, refining, and national capacity at scale, it will remain a price taker in a world now defined by productive sovereignty and strategic discipline.

These changes are as profound in their structural implications as the original Jacksonian pivot. Those who assume Trump is merely performative confuse a disruptive style with a coherent project to realign America’s coalition, its economic model, and its role in the world.

## Canada in the crossfire

“Justice is only in question between equals; for the strong do what they can, and the weak suffer what they must.” Thucydides’ brutal logic now describes Canada’s position inside what might be called Fortress North America.

The Rolling Stones’ “Jumpin’ Jack Flash” is about surviving pain and enduring chaos, not avoiding them. Its narrator is “born in a crossfire hurricane” and somehow comes out the other side, bloodied but still moving. Canada today is in its own crossfire hurricane—not between trench lines in Europe, but between Washington and Beijing, trapped in a tightening U.S.-China strategic game that is reshaping the very meaning of sovereignty. Decades of drift, self-congratulation, and regulatory excess have left Ottawa entering this storm structurally weak at the precise moment the weather has turned. Trump’s new National Security Strategy is poised to turn the post-war, rules-based system on its head. Policies have consequences; America First should not be dismissed as a slogan.

Canada is a middle power that has behaved as if it were something more. It has squandered a once formidable competitive advantage in natural resources through virtue signalling, performative politics, and status quo protectionism, mistaking moral self-regard for strategy. In Trump’s second term, the United States has revived the Monroe Doctrine for an era in which empire does not raise flags so much as it writes contracts.

The codified Trump Corollary defines the Western Hemisphere as a “secure production platform” for U.S. prosperity and power, and insists that non-hemispheric competitors such as China be denied meaningful ownership or control of strategic assets. In practice, Canada’s oil, gas, uranium, lithium, and data infrastructure are no longer seen as neutral exports from a friendly neighbour but as inputs into a larger contest with Beijing.

The crossfire looks like this. China has spent the past decade building influence through stakes in ports, telecoms, energy projects, and critical mineral supply across the Americas. The Trump administration, by contrast, has shifted from lecturing about free trade to hard-wiring a hemispheric economic perimeter: national security reviews and export controls instead of gunboats; sanctions, entity lists, and “trusted supplier” regimes instead of blockades. The Monroe Doctrine’s language on keeping empires out has been updated into a ruleset defining who can own what, under which law, and for whose security doctrine. Canada is standing where those two shockwaves meet.

Ottawa's tragedy is that it enters this moment not as a disciplined middle power, but as a country that has traded away autonomy quietly and incrementally. A genuine industrial policy—rooted in its resource base production, professing nuclear capacity and proximity to the world's deepest capital market—could have given it leverage. Instead, overlapping regulation and hostility to scale have eroded competitiveness just as demand for secure energy and minerals explodes.

Canada has behaved as if global capital would indefinitely indulge its sacred cows, from supply management to structurally protected oligopolies, without penalty. It will not. When serious money prices geopolitical risk into term sheets, it distinguishes sharply between projects anchored inside the U.S. security perimeter and those exposed to Chinese capital, diversified offtake, or ambiguous jurisdiction.

## Soft annexation by spreadsheet

From Washington's perspective, the solution is straightforward: lock Canada in. Offtake agreements and stockpiling deals tie Canadian output directly to U.S. defence, infrastructure, and artificial intelligence (AI) build-outs. Equity structures and financing programs embed American funds in Canadian miners, pipelines, and data infrastructure, often with security linked conditions. Trade agreements and tariff threats hang in the background to discipline any Canadian gambits on China, critical mineral exports, or climate policy that run counter to U.S. industrial strategy—all against the backdrop of Chinese and Russian ambitions in the Arctic.

The result is "soft annexation by spreadsheet": Canada's choices remain formally its own, but the payoff matrix has been engineered so that the "rational" options converge on American preferences.

Beijing's position is the mirror image. It seeks openings for capital, technology partnerships, and offtake routes that reduce dependence on U.S.-aligned supply. For China, Canada is not just another Organisation for Economic Co-operation and Development (OECD) country; it is a potential pressure valve in a world of tightening export controls and weaponized supply chains. Every Chinese bid for a mine, port facility, telecom upgrade, or data centre partnership in Canada is now implicitly a move in that wider game.

For Ottawa, each decision is a choice about which hurricane band to stand under. Blocking Chinese capital risks immediate economic costs and diplomatic retaliation; allowing it invites American scrutiny and the threat of punitive measures.

Canada's political class prefers the language of "balance" and "diversification," as if it could triangulate between Washington and Beijing while preserving a comfortable status quo at home. But Canada is not gliding between two partners at a diplomatic dance; it is trying to keep its footing in a storm generated by two powers with far greater weight. Washington is clear about its destination: a hemisphere in which supply chains, standards, and ownership structures serve its contest with China. Beijing is equally clear: it will push capital, technology, and influence wherever U.S. leverage is weaker or local elites are tempted by alternative funding.

Within that crossfire, Canadian exceptionalism is wearing thin. The idea that Ottawa can "wait out" Trump, or any future U.S. administration with similar instincts, misreads the structural nature of the shift. The notion that a rhetorical pivot to Europe can substitute for the realities of pipelines, grids, railways, and data cables that run north-south ignores geography and Europe's own fragilities.

The assumption that domestic policy on taxes, regulation, and project approvals can remain largely unchanged while Canada still negotiates as an equal ignores the basic logic of power. The fiscal arithmetic underlines that reality: when interest payments on public debt begin to exceed military spending, the old model is no longer sustainable. Scott Bessent, Trump's Treasury Secretary, treats this inflection point as a mandate to rebuild rather than muddle through, with Alexander Hamilton-style tariffs, tighter debt discipline, and a re-anchoring of policy around production rather than paper.

## The colony that dares not speak its name

Canadians predictably bristle when Trump jokes about a "51st state," taking refuge in wounded dignity and appeals to sovereignty. Yet actions speak louder than words. If Canadians do not want to be mocked as a subordinate appendage to the American economy, they must stop behaving like a classic resource colony: extracting oil, digging holes, and exporting raw rocks while letting others capture the real value through refining, processing, and manufacturing.

When was the last major refinery built in Canada? When was the last world-scale smelter commissioned? The answers speak for themselves. Instead of processing its own resources at scale, Canada has spent decades blocking or slow-walking industrial projects in the name of environmental virtue, consultation processes that never conclude, and regulatory overlaps that function

as de facto vetoes. Then it complains about U.S. policy, foreign ownership, and its inability to command premium prices for raw materials.

The irony is almost Shakespearean. Canada sits on some of the world's richest deposits of oil, gas, uranium, lithium, nickel, and rare earths—the inputs that will define the next generation of energy, defence, and technology—yet its industrial strategy is lifted straight from the colonial playbook. The United States, by contrast, has just announced a new smelter to process critical minerals onshore, backed by major private capital and a direct government stake, precisely to regain control of strategic supply chains.

If Canada wants to avoid the "51st state" label, it needs to stop acting offended and start acting like the resource superpower it could become. That means building refineries, smelters, and processing facilities with the same seriousness and urgency Washington is bringing to its own industrial base. It means treating resource sovereignty not as a talking point but as a mandate to capture value domestically. Sovereignty is not a participation trophy; it is earned by nations that have the will and capacity to defend their interests, develop their resources, and shape their own economic destiny.

## Trump's golden era and Say's Law<sup>1</sup>

After half a decade of post-pandemic muddle, America is rediscovering something the Canadian debate prefers to ignore: the virtues of production, energy, and enterprise. For all the noise around personalities, 2026 could mark the beginning of Trump's golden era—the moment when a tired canon of Keynesian stimulus finally loses its grip and an older, more demanding framework reasserts itself.

In its place comes Say's Law—updated for an age of AI, energy supremacy, critical minerals, and hemispheric realignment—and a renewed focus on supply-side policy over demand management. French economist Jean-Baptiste Say's claim that "production is the cause which opens a demand for products" reminds us that wealth comes from what economies build, not what they spend; sustainable demand follows from capacity, innovation, and investment rather than from cheques written against the future.

The baton is passing from Keynesianism back to supply-side economics under a framework closer to Robert Mundell than John Maynard Keynes: easier money yoked to tax reform, designed to shift the centre of gravity from transfers to production. In this telling, the Trump project is not a break with American tradition but a restoration of it—an attempt to revive non-inflationary

growth by rebuilding capacity rather than writing cheques. For a country like Canada, whose leadership treats redistribution as a substitute for competitiveness, this shift is deeply uncomfortable.

That restoration demands institutional change. A more Alan Greenspan than Jerome Powell Federal Reserve must recover intellectual openness and abandon the conceit that it is the only game in town. Monetary policy alone cannot carry the load of growth, green transition, and geopolitical rearmament. Tariffs become instruments of national security that buy time while the U.S. rebuilds industrial depth and reduces exposure in a world where Taiwan still dominates advanced chip production.

The post-war rules-based order, like textbook Ricardian Equivalence<sup>2</sup>—an idea from economist David Ricardo—now belongs more to the seminar room than the real world. Credit transmission has been throttled by regulatory overload; federal spending has been revealed as a major driver of the 2022 inflation spike; high rates have added to price pressures via debt service costs and constrained capacity. Against that backdrop, Trump's promise of deficit discipline paired with tax cuts for firms and households is not merely populist rhetoric, but an opening bid for a new supply-side era of growth and productive investment.

## Athens, Rome, and "Jumpin' Jack Flash"

Keeping an open mind in this environment means abandoning Canada's comforting binary frameworks. The choice is not between Fortress North America and some imaginary return to a 1990s multilateral idyll, nor between uncritical alignment with Washington and a fantasy independence underwritten by Chinese capital. It is between accepting that the world is reorganizing around production, security, and jurisdiction and competing on those terms, or continuing to tell a story in which slogans and sentiment offset structural weakness.

Mark Carney is already reading the tea leaves, even if he will not yet say so plainly. In his early remarks as prime minister of Canada, he declared, "Yes, we are Athens, and they are Rome," and promised, "We will prevail. It is the golden age of Athens." That Athenian pose sits uneasily beside the soundtrack that best captures Canada's current moment: "Jumpin' Jack Flash," a song about surviving hardship so severe that the narrator is "born in a crossfire hurricane" and yet emerges howling at the driving rain.

"Jumpin' Jack Flash" is not about comfort; it is about absorbing blows and deciding to move anyway. The famous refrain—"it's all right now, in fact it's a gas"—is a defiant embrace of adversity, a way of saying that if you

understand the severity of your circumstances, you can still turn them to your advantage. Set against the Trump Corollary, the historical irony is stark: Canada aspires to play Athens while its Roman neighbour rebuilds its economic legions and enforces a hemispheric perimeter.

Carney's Athenian flourish reads less as comfort than as caution: if Canada keeps mistaking cultural self-regard, and procedural virtue for leverage, it risks replaying the Athenian script. The only way his quiet "Jumpin' Jack Flash" instinct—"it's all right now, in fact it's a gas"—can be justified is if Canada accepts the storm for what it is and uses it to force long-delayed structural reform, not to retreat into denial. Thucydides' warning hangs over all of it.

## Venezuela and the refurbishment of King Dollar

The prevailing narrative in policy circles and on Wall Street is that the era of King Dollar is ending, that the petrodollar is in terminal decline, BRICS (Brazil, Russia, India, China, and South Africa) currency schemes are ascendant, and U.S. power is being priced out of the system. That story is seductive, but wrong. The Trump Doctrine is not presiding over the funeral of the dollar; it is re-engineering the foundations of dollar primacy, especially across energy and strategic commodities.

At the centre of this recalibration sits Venezuela. With the U.S. now positioned to shape Caracas' oil policy, Washington has extended its reach over the world's largest proven crude reserves. Control over Venezuela's energy flows does not just add another barrel to global supply; it hard-wires a major producer back into a dollar-centric energy and sanctions regime, while U.S. leverage over its gold reserves limits their use as a monetary backstop for a rival system.

This is best understood as an attempt to refurbish, not retire, the petrodollar architecture first assembled in the 1970s. Former U.S. secretary of state Henry Kissinger's 1974 deal with Saudi Arabia—pricing oil in dollars and recycling surpluses into U.S. assets—created structural demand for USD and Treasuries as the balance sheet of world energy. Pulling Venezuela back inside a U.S.-managed framework signals that there is still one clearing currency for hydrocarbons that matters, and it is issued in Washington, not Beijing or Brasília.

For the BRICS de-dollarisation project, this is a setback. Caracas was more than another troubled petro economy; it was a symbol of resistance to the dollar order, experimenting with non-dollar oil sales and alternative payment channels. Reasserting U.S.

leverage over its oil and gold weakens the credibility of a future BRICS unit as a serious competitor in energy trade, reinforcing a pattern from Moscow to Tehran to Caracas: the more a state tries to build a non-dollar energy system, the more it finds itself in the crosshairs of sanctions or regime pressure.

At the same time, the Trump team appears to recognize that the next monetary layer will sit on blockchain rails. That makes the Trump Doctrine structurally bullish for Bitcoin and dollar-aligned digital assets: the objective is to keep King Dollar as the core unit of account and collateral, while allowing blockchain-based instruments to emerge as parallel reserves and settlement media alongside, rather than instead of, the dollar system.

For investors, the implication is clear. King Dollar is not dead; the scramble for safe collateral, deep liquidity, and a unified, sanctions capable currency ensures that the U.S. unit remains central to trade and finance for the foreseeable future. The Trump Doctrine should be read as a doctrine of managed monetary dominance: reinforcing dollar centrality in energy and commodities and turning theatres like Venezuela into instruments for securing, not surrendering, the dollar's empire of liquidity.

## The end of trade as we knew it

The Venezuela episode marked a global inflection point—the Trump Doctrine is no longer a concept but a live operating system. When Trump and Chinese President Xi Jinping meet later this spring, Carney's Beijing deal will already be shaping the agenda. The Carney-Xi package—EV quotas, resource access, and green tech capital—shows what the next era of trade looks like: narrow, transactional, and fenced off from U.S. national security red lines in AI, semiconductors, and critical supply chains.

Carney isn't defying Washington; he's adapting to it. His "managed entanglement" strategy allows commerce without conceding ownership of strategic assets—Canada's bid to secure sovereignty within the Trump framework. Trump's reaction was telling: "If you can get a deal with China, you should take it." Many Canadians shrugged, but they shouldn't. The Carney-Xi agreement was a pure Trumpian business transaction—pragmatic, not ideological—a glimpse into how future deals will look.

Meanwhile, the U.S. Supreme Court is weighing whether tariffs fall under the umbrella of national security—a case that could enshrine economic sovereignty as constitutional doctrine. Carney and Xi see it clearly: the post-Second World War trade order is collapsing, and USMCA style agreements cannot survive in the Trump era.

## Why investors should care

This is not just a story about politics; it is a story about how cash flows, risk premiums, and valuation frameworks are being rewritten. The Trump Corollary, Xi's reach, and Canada's choices are redrawing the map of what counts as "safe," "strategic," and "investable" across North America. For portfolios built on assumptions of a benign, rules-based order and interchangeable OECD risk, that is a direct challenge to the models under the hood.

Inside/outside distinctions are becoming core drivers of valuation. Assets clearly embedded in a U.S.-aligned "trusted" supply chain—critical minerals with U.S. offtake, cross-border energy and grid infrastructure, defence-adjacent technology, data centres under friendly jurisdiction—are migrating toward a lower political-risk premium and a higher strategic scarcity premium. Projects with ambiguous jurisdiction, Chinese capital, or diversified offtake are moving the other way.

Structure now matters as much as substance. Where disputes are arbitrated, who holds security vetoes, what triggers can force ownership changes, and how tightly offtake and pricing are tied to U.S. strategy are becoming decisive questions. A mine may be Canadian, but if its financing, offtake, and arbitration are anchored in New York and its output is pledged to U.S. defence and AI supply chains, it will trade very differently from a similar asset backed by Beijing.

Diversification, too, must be rethought. Traditional geographic labels—Canada/U.S./rest of world—are less informative than exposure to competing rule systems. Investors will need to balance portfolios of "inside bloc" assets, which benefit from security but face political direction, against "outside bloc" assets, which offer flexibility but higher geopolitical risk. Canada should be treated less as a neutral OECD play and more as a leveraged derivative on how well it adapts to Fortress North America.

Timing will be unforgiving. Crossfire hurricanes reprice risk abruptly. If Canada continues to act as if this is a passing squall—clinging to regulatory overhang, sacred cows, and an expired rules-based narrative—capital will not wait. It will follow clarity: toward assets and jurisdictions that accept the new order and position themselves deliberately inside it. Those who adjust early will be the ones still standing when the storm clears.

<sup>1</sup> Production of goods and services automatically generates income needed to purchase them, often summarized as supply creates its own demand.

<sup>2</sup> How government spending is financed does not matter.

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