



Hedge Fund CIO: “An Utterly Extraordinary Period Is Ending: Macron Knows This, So Does Xi”

Description

USA: “The North American economy is making choices for the sake of attractiveness, which I respect, but they create a double standard,” said Emmanuel Macron, a nervous sickness rising, his Gallic hope for Liberty, Equality, and Fraternity slipping away.

“In addition, they allow state aid going to up to 80% on some sectors while it’s banned here — you get a double standard,” added France’s President. “It comes down to the sincerity of transatlantic trade.”

But of course, trade is neither sincere nor insincere. Trade is trade. Or at least, free trade is free trade. It is an arrangement between two parties to exchange one thing for another at a mutually agreed upon price — this is how markets clear.

Macron called out both the US and Norway for making “the real super-profits” from their energy exports, benefitting from “geopolitical war unearned income.”

And no doubt, this is true. **In times of rising conflict, nations that control strategically vital assets profit in outsized ways. France controls few. The US controls many.** But since the last world war, America’s global security guarantee leveled the playing field to allow nations with few or even no strategically vital assets to nevertheless prosper, participating in ever-deepening globalization, specialization, integration.

This period was an historical anomaly, **utterly extraordinary. And it is ending.**

Macron knows this. As does Xi Jinping, with insufficient domestic energy to power his economy, too little home-grown food to feed his people, and now facing new restrictions on strategically vital American technology exports.

In fact, **every leader on the planet knows this now.** Even those who desperately cling to the hope that this is not so, are quietly putting in place contingencies if they are wrong.

This new operating environment is entirely foreign to any investor alive today. So, we must

unanchor ourselves from a past that is no longer and proceed with open minds.

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Category

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