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The end of NATO?

The Monroe Doctrine, proclaimed by U.S. President James Monroe in 1823, asserted American influence in the Western Hemisphere at a time when newly independent South American nations were emerging from European colonial rule. **While the Doctrine, as a tool of policy, warns Europe to keep its hands off, it stopped short of declaring that the United States would act as nanny for these fledgling states.**

Don's interpretation of the Doctrine, however, seems a bit different—though not entirely unique. Indeed, digging a massive trench to split a country in two is a rather explicit form of U.S. intervention, though the recent operation in Venezuela marks the first time we've seen something like this from Washington since the Bush Administration ('H', not 'W'). and the current Administration's rhetoric surrounding the operation certainly sets it apart.

Secretary of State [Marco Rubio](#) clarified: "**There's not a war. [There is a] war against drug trafficking organizations—not a war against Venezuela.**" Some might argue that a war is still a war regardless of how the opposition is defined, but Rubio would disagree. He has also made the core intentions of the U.S. clear: "This is the Western Hemisphere. This is where we live—and we're not going to allow the Western Hemisphere to be a base of operation for adversaries, competitors, and rivals of the United States."

As for Maduro, the situation appears straightforward. He is expected to be convicted by the Southern District of New York on at least one of the four charges levied against him and will likely spend the rest of his life in prison. Maduro, however, has asserted that he is "[not guilty of narco-terrorism charges](#)," proclaiming "**I am innocent. I am not guilty. I am a decent man.**"

On Monday, Vice President Delcy Rodriguez was sworn in as acting president, following Trump's weekend comments to [The Atlantic](#): "**If [Rodriguez] doesn't do what's right, she is going to pay a very big price—probably bigger than Maduro.**"

Rodriguez's [tone](#) has shifted dramatically since the weekend. Initially condemning Maduro's arrest as "barbaric," she now extends an olive branch to Washington, stating: "We invite the U.S. government to work together on a cooperative agenda focused on shared development, within the framework of international law, and to strengthen lasting community coexistence."

But Venezuela's future is still uncertain. There has been a whirlwind of headlines questioning how much control the U.S. will take over Venezuela's energy infrastructure or if they will ultimately end up taking control at all. Trump has thus made his position clear that he wants to be "very strongly involved" in the Venezuelan oil industry.

As noted by Senior Energy Strategist, [Joe DeLaura](#), "**a vast amount of capital investment would be needed to get Venezuela back up to its previous production levels...the minimum timeframe for getting output back to where it once was would be five to ten years and billions of dollars.**"

Venezuela's government is in flux as well. Will Maduro's government, headed by Rodriguez, stay in place, or is she on borrowed time? Rodriguez' recent mollification may have bought her a few more months (or perhaps that cushy apartment in Qatar that Maduro turned down), but the question remains: will we see true regime change in Venezuela after all?

Historically, the Monroe Doctrine applied to Central and South America, but its geographic boundaries were never explicitly defined. The Trump Administration, however, may be getting

creative with borders, suggesting **the Doctrine could soon extend to Greenland** (which is still technically in the Western hemisphere).

Greenland first surfaced as a talking point during Trump's campaign. This has re-emerged over the weekend with Trump announcing that the U.S. "need[s] Greenland from a national security situation," and that "we will deal with Greenland in about two months. **Let's talk about Greenland in 20 days.**" What exactly we'll be talking about when it comes to Greenland is not yet clear, but Denmark—and the EU—is taking this as a threat.

Danish Prime Minister [Mette Frederiksen](#) has said that "if the U.S. chooses to attack another NATO country militarily, then **everything stops, including NATO** and thus the security that has been established since the end of the Second World War."

Greenland's Prime Minister had some [strong words](#) for the Trump Administration, but seemed open to negotiations. "No more pressure," he said, "No more fantasies of annexation. We are open to dialogue. We are open to discussions. **But this must happen through the proper channels and with respect for international law.**"

While an outright U.S. military takeover seems unlikely, diplomatic maneuvering is another matter. Trump's approach to Statecraft has often been described as "too much stick, not enough carrot." In the case of Greenland, we may see a bit more carrot. Still, with a population of only around 50,000, one might imagine a thought experiment where, **for the low, low price of \$50 billion, the U.S. offers every Greenlander \$1 million in exchange for their country.** That might prove more attractive.

Day ahead

Starting in Australia, November CPI inflation data will be released.

Later in the day, preliminary estimates for December CPI inflation in Germany and France are due. German CPI is expected to rise by 0.3% m/m, bringing the annual rate to 2.1%, while French CPI is forecast to increase by 0.2% m/m, pushing the annual rate to 0.9%. We will also hear remarks from the ECB's Villeroy and Cipollone in Paris.

In the U.S., data will be light, with only S&P Global PMI figures scheduled. The Fed's Barkin will speak on the economic outlook.

For an overview of our macro-economic and financial markets forecasts please [click here](#).

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