

The Mar-a-Lago Accord: An imminent proposal to restructure the global financial order

Global markets are on edge as the US advances a bold and controversial financial strategy. With world leaders expected to face mounting pressure from Washington, a new economic realignment may be in the making—one that could shake the foundations of international trade, currency markets, and geopolitical alliances

[SASHI SIVRAMKRISHNA](#)

APRIL 02, 2025 / 08:12 IST



The proposed Mar-a-Lago Accord targets nations that hold substantial dollar reserves.

Highlights:

- *Stephen Miran, chair of Trump's Council of Economic Advisers, has proposed a plan dubbed the Mar-a-Lago accord to reshape the global financial system for the benefit of the US*
- *Miran argues that the overvalued US dollar is harming American manufacturing and proposes strategic interventions to weaken it*
- *A key tactic involves reshaping how nations hold and trade US debt, potentially forcing them to support a weaker dollar in return for financial incentives*
- *The proposed Mar-a-Lago Accord targets nations that hold substantial dollar reserves such as China, Japan, India, Taiwan, South Korea, Malaysia, and Singapore*
- *The plan draws comparisons to the 1985 Plaza Accord, which engineered a similar depreciation of the dollar, with unfortunate consequences for Japan*

Amidst the turmoil caused by the sweeping tariffs imposed by the Trump 2.0 administration, debates are intensifying over whether this is merely a prelude to something far more foreboding: a comprehensive restructuring of the global financial system. This ambitious initiative, informally referred to as the "Mar-a-Lago Accord"—named after the President's Florida resort—envisions world leaders convening there to deliberate and, under US pressure, align with this controversial plan.

In November 2024, Stephen Miran unveiled a [User's Guide](#) titled "Restructuring the Global Trading System," which may provide insights into the objectives and implementation of the proposed Mar-a-Lago Accord. Notably, Miran was confirmed by the Senate on March 12,

2025, and officially took office as the Chair of the Council of Economic Advisers the following day.

In his document, Miran identifies the persistent overvaluation of the dollar, driven by the inflexible demand for reserve (dollar) assets as the root cause of economic imbalances, which disrupts the balance of international trade. As global GDP expands, the strain on the US to provide reserve assets—leading to dollar appreciation—and uphold its defense commitments intensifies, disproportionately affecting its manufacturing and tradeable sectors. Miran further contends, echoing Trump's populist rhetoric, that this dynamic has harmed US manufacturing and the working class while favouring the financialized sector and affluent Americans.

Miran, however, opposes the idea of a tariff shock, a strategy Trump has been both threatening and implementing. Miran's skepticism about the effectiveness of tariffs stems largely from the impact of an appreciating dollar, which could partially or entirely negate the intended effects of a tariff. For instance, if India exports a product priced at \$1 with an exchange rate of ₹85 to the dollar, a 10% tariff imposed by the US would increase the price to \$1.1. However, if the dollar appreciates to ₹93.50, the price reverts to \$1. This shift in the exchange rate, while non-inflationary, fails to support US manufacturing—the very goal of the tariff. On the other hand, if the demand for the imported product is elastic, the exporting country may bear the cost of the tariff as a tax. Alternatively, if the US manages to adjust the exchange rate to ₹76.5—a depreciation of the dollar—the

price of the imported product would rise to \$1.1, effectively safeguarding US industries.

Dollar depreciation can be deliberately pursued by aligning international trade, finance, and security frameworks at a global level. Strategies such as the implementation of tariffs, combined with restricted access to the US security umbrella, can serve as potent tools—or even forceful pressures—to persuade trading partners to agree to the depreciation of the dollar. Miran advocates for the strategic application of tariffs, a stance that Trump's current policy direction appears to echo, with the offer to ease them serving as a motivating factor for nations to support the proposed US currency plan.

To orchestrate the depreciation of the dollar, reserve-holding nations would deliberately divest their dollar-denominated assets, focusing primarily on Treasury bills. The remaining bonds could be converted into long-term instruments, such as 100-year (century) bonds, which would elevate their prices and lower yields, aiding in the financing of US security commitments. Simultaneously, this strategic asset sale would weaken the dollar, ultimately shifting manufacturing jobs and aggregate demand back to the United States.

Countries typically maintain dollar reserves to manage volatility in their domestic currencies, deploying dollars to stabilize exchange rates and prevent sharp declines. However, during periods of high US interest rates, the mark-to-market valuation of these reserves—especially illiquid, longer-term bonds—can result in substantial currency losses.

To mitigate such risks, Miran proposed offering these nations an incentive through access to Federal Reserve (Fed) swap lines. This approach would enable liquidity provision at the face value of the bonds, alleviating financial pressures and facilitating smoother currency management.

Another approach Miran examines involves the Federal Reserve "printing" dollars to purchase foreign currencies in the market, subsequently accumulating these assets as reserves—a strategy already employed by several nations. However, this method could lead to increased dollar liquidity and inflationary pressures, requiring the Fed to undertake sterilization operations. Additionally, the risks of foreign government debt defaults and the impact of "printing" dollars on elevating US national debt make this option less favorable compared to the first.

The current proposal to devalue the dollar mirrors the Plaza Accord of 1985, where G-5 nations (US, UK, Japan, Germany and France) agreed to weaken the US dollar against major currencies, including the yen. While it aimed to correct trade imbalances, the stronger yen hurt Japan's exports, induced expansionary monetary policies, and fueled an asset bubble. The bubble's collapse in the 1990s led to Japan's "Lost Decade," with economic stagnation persisting to this day.

In a similar vein, the proposed Mar-a-Lago Accord targets nations that hold substantial dollar reserves while exporting high-value, technologically advanced goods to the US. Key players include China, Japan, India, Taiwan, South Korea, Malaysia, and Singapore.

Switzerland, with its impressive \$800 billion in reserves, could also be on Trump's radar, whereas the EU collectively holds around \$300 billion, and Canada maintains reserves of \$65 billion.

Middle Eastern nations, despite holding significant dollar-denominated assets, are unlikely participants in any Mar-a-Lago Accord. They might prefer shifting their investments away from low-yielding dollars to more profitable alternatives. Similarly, China, viewed by the US as a principal competitor and adversary, is expected to oppose the Accord due to misaligned priorities, particularly regarding security guarantees. However, should discussions materialize, it will be intriguing to see whether China might entertain tariff reductions in exchange for renminbi appreciation.

The responses of other nations will be just as pivotal, as their individual and collective actions could not only redefine global trade and financial systems but also further strain the already tense relations between the US—particularly following Trump's return—and the rest of the world in the coming years.

SASHI SIVRAMKRISHNA is an economist, economic and environmental historian, and documentary filmmaker. Twitter: @Sashi31363.