

## The Trump Effect on Globalization: If the First Time was a Farce, Would the Second be a Tragedy?

By Gregory T. Papanikos \*

*The American people, through their democratic vote, have brought Trump back to the White House, hoping that this time he will fulfil his promise to "make America great again" by retreating from the globalization process. This process has continued to accelerate at a nonlinear pace since the end of the Second World War. During Trump's first term in the White House, he did not succeed in deglobalizing the U.S., at least as measured by the KOF Globalization Index. The aim of this paper is to trace the historical process of globalization since 1970, the earliest year for which data are available. Three distinct phases of globalization are defined: **hyperglobalization** (when the globalization index increases by more than 1% per annum for at least one decade), **stagnated globalization** (when the globalization index increases within the range of 0%-1% per annum for at least one decade), and **deglobalization** (when the annual rate of change in the globalization index is negative for at least one decade). The data reveal two cycles of stagnated globalization, one cycle of hyperglobalization, and no cycle of deglobalization. This paper also examines the U.S. experience of globalization. The evidence demonstrates that despite the rhetoric during Trump's first presidency (2017–2020), the globalization process in the U.S. continued to follow its long-term upward trajectory. Furthermore, the paper concludes that the U.S. has always been great and that the slogan "Make America Great Again" is primarily a tool to maximize electoral support. However, if the objective is to maximize economic benefits—measured as per capita GDP—then globalization has been, and remains, the only sound policy approach. Finally, the paper discusses the future of globalization under the new Trump administration. The conclusion is that the U.S. will likely continue its global business as usual because this remains its best economic, political, and military strategy.*

**Keywords:** globalization, hyperglobalization, deglobalization, US, Trump, MAGA, wars

### Introduction

I have always wondered if Karl Marx's famous phrase might also hold true in reverse: if the first time was a farce, would the second be a tragedy? Or is the second time always a farce, regardless of the first? The re-election of Donald Trump in 2024, following his initial term from 2017 to 2020 and subsequent loss, has led many outside the U.S. to question whether his second term (2025–2028) could prove to be a tragedy for the world—particularly for the long-term trend toward globalization.

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In this paper, I argue that this second attempt would also be a farce. Even if the new administration wanted to reverse economic trends toward globalization, it would be unable to do so. Moreover, even if it succeeded in the short four years of his term, reversing globalization would not serve the economic interests of those who protest against it and vote accordingly. In reality, “Making America Great Again” can only be achieved through globalization—perhaps a different kind of globalization, but globalization nonetheless. After all, globalization was what made America great in the first place, and it is globalization that has contributed to making the world greater, as I demonstrated in Papanikos (2024a).

This paper argues that the globalization process has its own dynamics, best described as a kind of a ‘ratchet effect’—one that is largely independent of who occupies the White House or any other ‘House’ around the world. I support this argument using the KOF Globalization Index, which provides data from 1970 to 2021. I also address key international political concerns, such as the two regional wars that began under Biden’s administration and with which the new administration must contend. Regional wars, rather than world wars, have characterized the extended period of global prosperity that the world enjoys since the end of the last world war.<sup>1</sup>

I organize the discussion in this paper into five sections, starting with this introduction. In the next section, I analyse world time-series data on globalization and world GDP per capita from 1970 to 2021. Section three focuses on the United States, providing a similar analysis of its globalization and GDP per capita trends, including the four years of the Trump administration (2017–2020). This section also examines the factors contributing to the United States’ enduring strength despite various economic, political, military, and natural challenges. Section four considers the future of globalization under the new Trump administration. Finally, the last section concludes the paper.

## **The Persistence of Globalization**

This section aims to demonstrate that globalization persists through (a) recessions of varying magnitudes, (b) pandemics both minor and severe, (c) significant political changes, and (d) regional wars. While it does not provide a definitive explanation for this resilience, I offer some thoughts on potential causes, particularly emphasizing the roles of information technology and democracy in section four of this paper, following my discussion of U.S. performance in the third section. Today, people can instantly observe events in other countries, and if they find them appealing, they are quick to imitate them. It’s much like the use of high-tech gadgets: never before in history has an invention from one country spread so quickly to another.

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<sup>1</sup>I have written extensively on the Russian-Ukrainian war; see Papanikos (2022a, 2022b, 2022c, 2022d, 2022e, 2024b). The U.S. is directly involved in this conflict, and the new president-elect has already begun addressing it, as it primarily serves the economic interests of the U.S. This is yet another demonstration of U.S. globalization.

*World Globalization Index*

Figure 1 illustrates the global trajectory of globalization, as measured by the KOF Globalization Index.<sup>2</sup> Data are available for the period from 1970 to 2021. The index measures globalization on a scale from 0 (complete isolation) to 100 (complete openness) and includes a total of 123 countries. For each country, a value is calculated and weighted to produce an overall index, referred to as the World Globalization Index. These estimates for the 1970–2021 period are displayed in Figure 1.

In 1970, the first year of the dataset, the globalization index stood at 36.87 units. By 2021, it had risen to 61.21 units, representing a 66% increase. This remarkable growth occurred despite numerous negative factors that could have hindered the globalization process, some of which are discussed later in this paper. Notably, the 1970 value represents the lowest level of globalization for the entire period, while the highest value, 61.34, was recorded in 2019—just one year before the Covid-19 pandemic disrupted the global order.<sup>3</sup>

Globalization has generally increased over time, with the exception of six years highlighted in Table 1. These years can be described as periods of deglobalization, characterized by decreases in the globalization index compared to the previous year. However, these instances are exceptions that reaffirm the broader trend: globalization persists despite the challenges it faces.

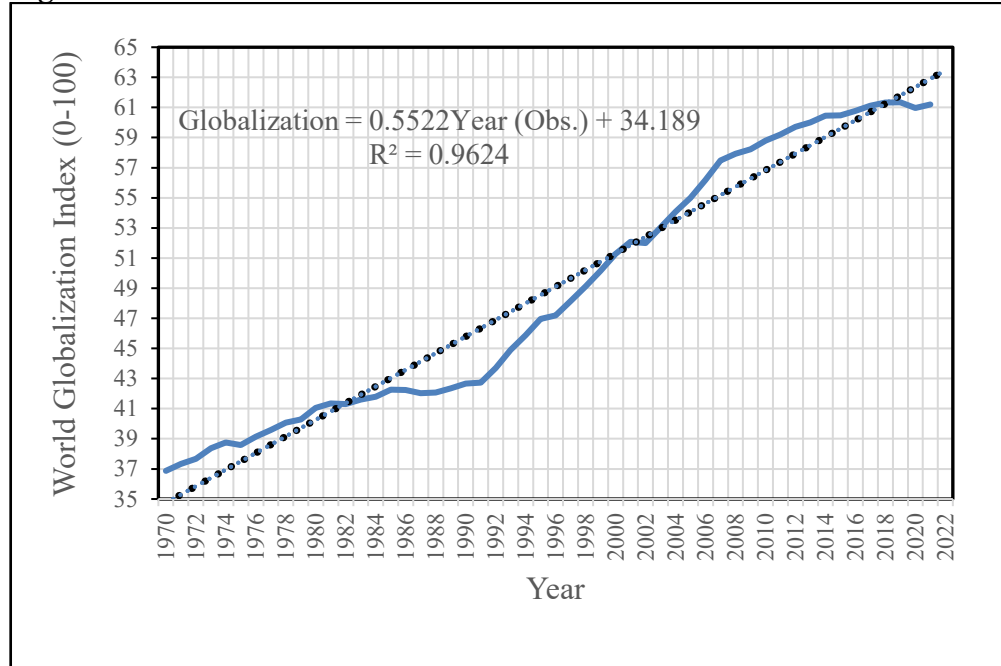
The year with the largest decline in globalization—defined as the most significant one-year decrease in the index—was 2020, during the height of the Covid-19 pandemic. In that year, the globalization index fell by 0.37 units, from a peak of 61.34 in 2019 to 60.97 in 2020. The second-largest one-year decrease occurred in 1987; a year marked by the stock market crash. Notably, this was the only instance of two consecutive years of reversed globalization, although the decline in 1986 was minimal, at just 0.01 units. Interestingly, globalization continued to rise during the Great Recession of 2007, which lasted several years, demonstrating its resilience. The third-largest decline occurred in 1975, with a decrease of 0.16 units. The other two instances of declines, in 1982 and 2002, were minor, as reported in Table 1. Notably, the 1981–82 recession was the worst economic downturn since the Great Depression of 1929. Despite this, the decline in globalization was minimal, at just 0.05 units. Similarly, the year 2002 is of particular interest, as it followed the September 11, 2001, terrorist attacks in New York and the subsequent stock market

<sup>2</sup>The method is explained at <https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>. The world has undergone globalization through a process I described in Papanikos (2000). Other measures of globalization have been used, relying on trade openness, as explained in Papanikos (2024a). These measures, which are based on longer time series, primarily assess trade openness rather than globalization; see, for example, Williamson (2002). In contrast, the KOF Index measures the economic, social, cultural and political dimensions of globalization. This index is more appropriate for the present study because it not only examines global trends in globalization but also considers how the future of globalization may be affected by the new Trump administration in the United States. As cited in the conclusions, Marx and Engels, writing in 1847 and 1848, emphasized that opening up not only affected (capitalist) production but also world civilizations. Stripped of their jargon, history has been remarkably kind to them in this prophecy.

<sup>3</sup>For a selected review of the effects of Covid-19, see Bäckman (2021), Boutsioli et al. (2022a, 2022b), Jones (2022), Jones & Comfort (2020), Papanikos (2020a, 2020b, 2021, 2022f) and Reid (2022).

downturn. Despite these significant political and economic shocks, the decline in the globalization index was only 0.09 units.

**Figure 1.** *World Globalization Index, 1970-2021*



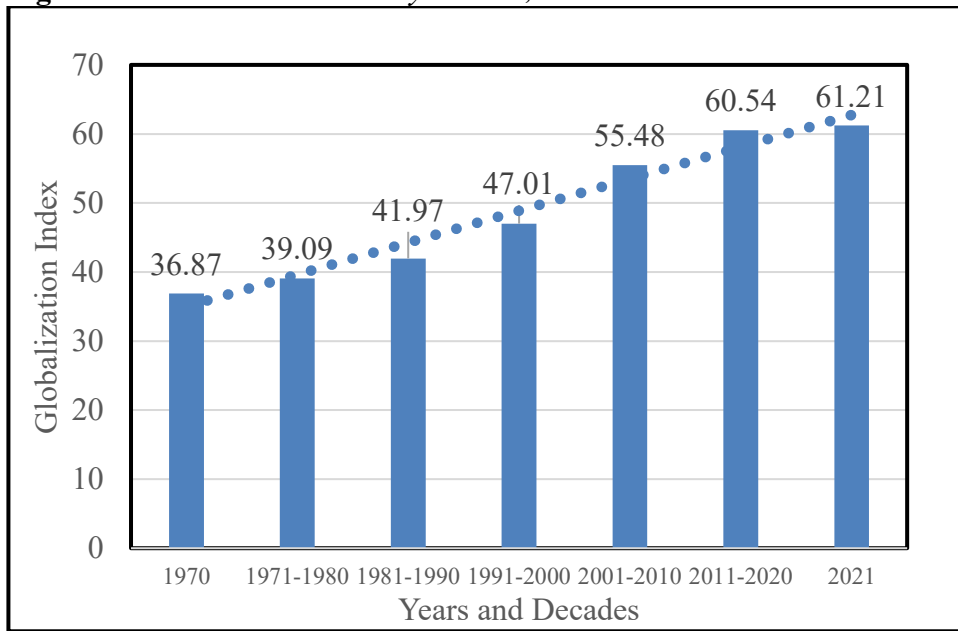
Source: <https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>

**Table 1.** *Years of Globalization Decreases*

Year	Score	Change
1975	38.59	-0.16
1982	41.29	-0.05
1986	42.25	-0.01
1987	42.03	-0.22
2002	52.00	-0.09
2020	60.97	-0.37

Globalization is a long-term process, and while annual downturns may occur, the overarching trend is what matters. As shown in Figure 1, the long-term trajectory of globalization is clearly upward. Another way to illustrate this is by analyzing the average globalization index for each decade. The data span five full decades, in addition to the first and last years of the dataset. These figures, along with the decade averages, are presented in Figure 2.

This evidence highlights that globalization is a persistent, long-term phenomenon, demonstrating resilience in the face of various global challenges—economic, political, military, pandemics, and more.

**Figure 2.** World Globalization by Decade, 1970-2021

The descriptive analysis above shows that globalization increases over time, though not in a smooth or uniform manner. Different rates of growth are evident from the varying slopes of the line in Figure 1. This becomes even clearer when examining deviations in the globalization cycle from its long-term trend, which is analyzed next.

#### *World Globalization Cycles*

The linear approximation of the dataset fits the entire period exceptionally well, as shown in Figure 1. Deviations of actual values from these fitted linear values are illustrated in Figure 3, which I refer to as globalization cycles. The globalization series contains a unit root, as the hypothesis of a unit root is not rejected based on the ADF test. However, the detrended series, shown in Figure 3, is stationary, with a constant mean and a standard deviation of 1.66. Additionally, the graph indicates no evidence of heteroscedasticity. The globalization cycle divides the dataset into three distinct phases:

**Phase A: Stagnated Globalization (1970–1991)** – Globalization increases at a decreasing rate.

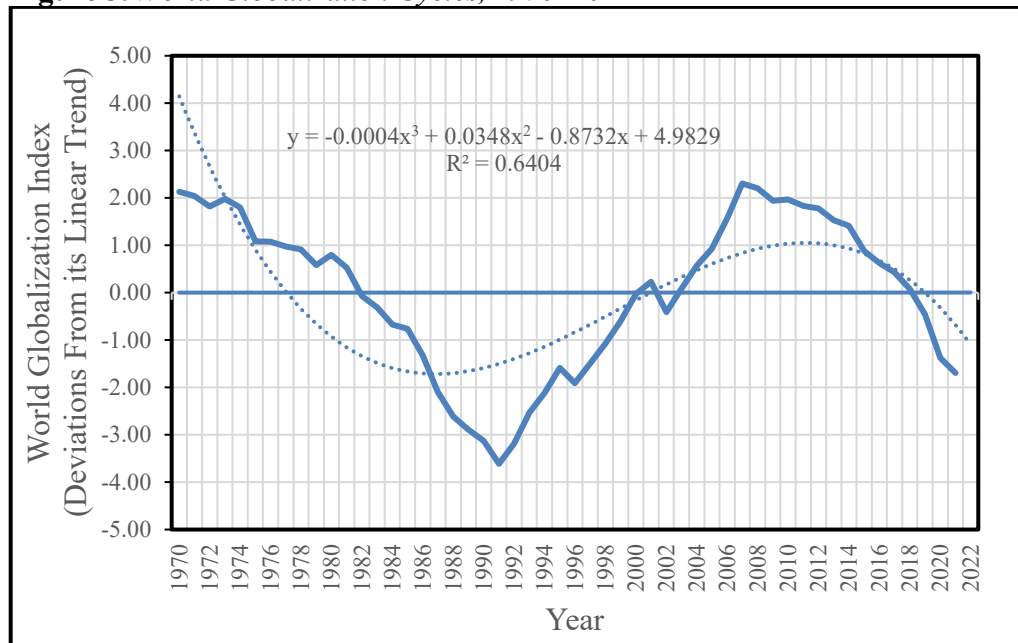
**Phase B: Hyperglobalization (1992–2007)** – Globalization increases at an increasing rate.

**Phase C: Stagnated Globalization (2008–2021)** – Globalization increases at a decreasing rate.

Summary statistics for these three phases are presented in Table 2. The annual percentage changes shown in the last column of Table 2 are used, albeit somewhat arbitrarily, to define the following three types of globalization processes:

- (a) **Hyperglobalization**: when the globalization index increases by more than 1% per annum for at least one decade.
- (b) **Stagnated globalization**: when the globalization index increases within the range of 0%-1% per annum for at least one decade.
- (c) **Deglobalization**: when the annual rate of change in the globalization index is negative for at least one decade.

**Figure 3.** *World Globalization Cycles, 1970–2021*



Source: Author's Calculation

**Table 2.** *Summary Statistics of the Three Phases of Globalization*

Phase	Period	Years	Mean Score	Standard Deviation	Total Change (%)	Annual Change (%)
A	1970-1991	22	40.46	1.88	15.88	0.71
B	1992-2007	16	50.45	4.13	31.51	1.87
C	2008-2021	14	60.11	1.17	5.66	0.45
	Total	52	48.82	8.53	66	1.00

Source: Author's Calculation

In the remainder of this section, I discuss the characteristics of each type of globalization. The evidence presented above indicates two periods of stagnated globalization, one period of hyperglobalization, and no sustained period of deglobalization (reversed globalization). Although, as noted earlier, there were six years of deglobalization,

these were minor exceptions. Even in relative terms, their impact was minimal—less than half a unit.

### Hyperglobalization (1992-2007)

This phase represents the most significant period of globalization in the entire timeline. During this phase, the globalization index increased by 31.51%, corresponding to an annual growth rate of 1.87%. This rate is markedly higher than the annual increases of 0.71% in the first phase and 0.45% in the final phase.

This period of hyperglobalization included several major events, such as the terrorist attacks of 2001 in New York, the subsequent start of the U.S. war in Afghanistan (which continued throughout the remainder of this phase), and the recession of 2002.

Despite these challenges, the period witnessed substantial positive developments. Notably, China's entry into the World Trade Organization in 2001 established it as the world's preeminent mega-trader. Equally significant was the introduction of a common currency in Europe and the creation of the eurozone.

### Stagnated Globalization (1970-1991 & 2008-2021)

Two of the three phases are characterized as periods of stagnated globalization, defined as a positive annual increase in the globalization index of less than 1%. During the first phase (1970–1991), the average globalization index was 40.46 units, and the period lasted 22 years. The total increase in the index was 15.88%, with an annual growth rate of 0.71%.

The final phase is the most concerning of the three. It has persisted for 14 years and is likely to continue for an extended period. Many anticipate that a deglobalization cycle will eventually occur. From 2008 to 2021, the globalization index increased modestly, from 57.93 to 61.21, at an annual rate of just 0.45%. Despite this modest growth, it represents a relatively significant achievement for the globalization process, given that three major factors were expected to have a severe negative impact but ultimately did not. Not only was deglobalization widely anticipated, but active efforts were made to accelerate it.

Interestingly, the three negative shocks to globalization were distinct in nature, yet arguably interdependent. Chronologically, the first shock was economic. The Great Recession, which began in the United States in 2007, spread globally, causing widespread disruption and threatening to destabilize key institutions, including the euro, introduced in 2002. It was the most severe economic crisis since the Great Depression of 1929. This period concluded in 2020 with the United Kingdom officially exiting the European Union, following the 2016 referendum.

The second shock was political. Donald Trump's election in 2016, accompanied by pronounced anti-globalization rhetoric and policies in favor of deglobalization, could have led the world to brace for a potential shift in the global order. I will elaborate on this issue in the next section.

The third shock can be classified as natural—an act of God. Pandemics, though infrequent, are a recurring phenomenon in history. The Covid-19 pandemic, which began in late 2019 in China, quickly spread westward. Europe was hit hard before the virus crossed the Atlantic. By the first quarter of 2020, global economies were effectively shut down, and international travel came to a standstill.

One might argue, however, that all these negative effects were themselves products of globalization. In a more isolated world, the pandemic might have been contained within China. Similarly, if the United States were not such a dominant global power (as defined in the next section), its economic (the Great Recession) and political (the election of Donald Trump) events might have had little to no impact on global economies and societies. The question, of course, is what the cost would have been in terms of GDP per capita and, consequently, absolute poverty reduction, as argued by Papanikos (2024a).

### Deglobalization

Deglobalization is defined as a reduction in the globalization index. Based on data from the 1970–2021 period, this occurred during six individual years. However, no decade overall experienced a negative rate of deglobalization—all rates remained positive. Many expected deglobalization during Donald Trump’s first presidency, but it did not materialize. Nevertheless, deglobalization may be linked to an issue Trump opposes: transitioning away from certain energy sources that evidence suggests contribute to environmental degradation. A strand of literature suggests that climate change and environmental degradation result from significant increases in global consumption driven by unprecedented growth in world GDP. If globalization contributes to GDP growth and eventually leads to hyperglobalization, then deglobalization could potentially benefit the environment.

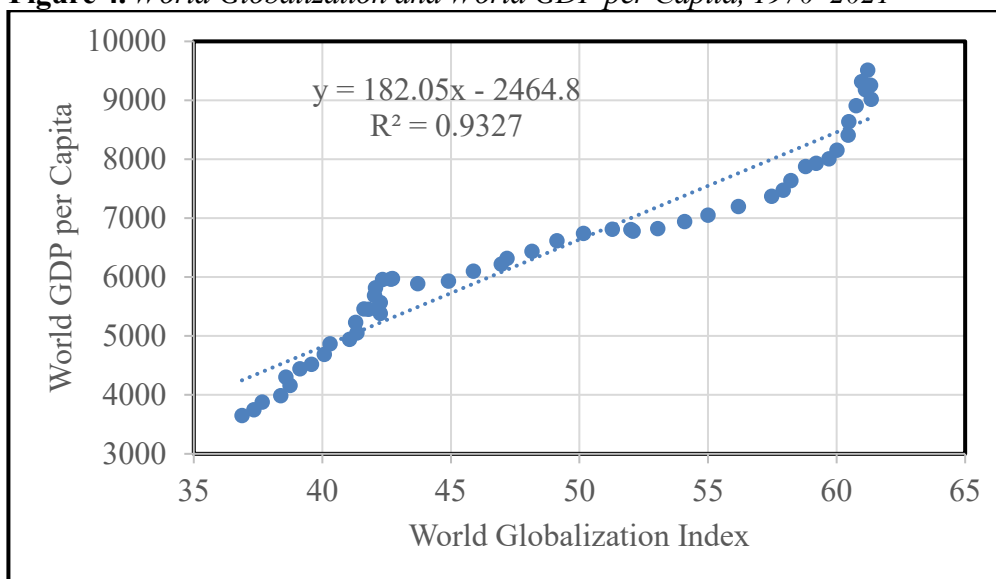
To summarize the above discussion, one conclusion that emerges from the descriptive evidence is that globalization is a long-term phenomenon that persists despite economic, political, military, and pandemic challenges. In Papanikos (2024a), I demonstrated that globalization has been beneficial for those living in absolute poverty, as it reduces the percentage of the world’s population in extreme poverty. Ultimately, the primary objective of any scientific endeavor or global public policy should be to improve the living conditions of those in absolute misery.

The question then arises: have these unprecedented increases in world globalization led to higher world GDP per capita? Figure 4 presents the scatter plot depicting the relationship between the world globalization measurement and world GDP per capita for the period 1970–2021.

There is a strong positive association between globalization and GDP per capita. Notably, this relationship can be well approximated by a linear regression line. However, it appears that after globalization reaches 57 units, the association becomes nonlinear. Specifically, if one assumes that causality runs from globalization to GDP per capita, then increases in globalization lead to increases in GDP per capita at an accelerating rate.

Since this is a very important association for the arguments of this paper, it is necessary to explore the relationship between world GDP per capita and the world globalization measurement further. The apparent strong positive correlation between the two variables (with an  $R^2$  of 93.27%) might result from a spurious relationship driven by a third factor influencing both. To investigate this, we first examine the stationarity properties of these two variables.



**Figure 4.** World Globalization and World GDP per Capita, 1970–2021

There are two types of stationary processes: trend stationary (TS) and difference stationary (DS) processes. Both the world globalization index (GW) and the world GDP per capita (GDPCW) exhibit a trending mean, which is a common violation of stationarity. A distinction is made between TS and DS processes. In the TS process, the mean trend is deterministic: the trend can be estimated and removed from the data, making the residual series stationary. This method was applied to GW to reveal the globalization cycles shown in Figure 3. On the other hand, the DS process has a mean trend that is stochastic. To remove the effect of the trend and make the series stationary, the series must be differenced (d) times until stationarity is achieved.

The distinction between these two types of processes has important implications for the analysis. If globalization and GDP per capita are time series with deterministic trends, they would always revert to the trend in the long run, and the effects of shocks would eventually dissipate. Conversely, if the two series have stochastic mean trends, they would not recover from shocks, and the effects would be permanent. In this context, even Trump's second administration could be considered a negative shock to the long-term trend of global and U.S. globalization, assuming he proceeds this time with efforts to deglobalize the U.S. economy.

There are two main approaches to checking the type of mean trend. The first approach is graphical, involving the examination of the autocorrelogram for each variable. If the autocorrelogram of a variable degrades slowly, it may indicate the presence of a unit root or a trend, whereas for a stationary process, the decay is faster. While not reported here, the autocorrelogram for both variables in this study suggests the presence of a unit root, as the correlograms degrade slowly.

The second approach involves conducting formal statistical tests. Table 3 presents the results of the unit root tests, which indicate that both variables exhibit a unit root. This finding suggests that any relationship between the two variables is unlikely to be spurious.

**Table 3.** *Unit Root Tests (Augmented Dickey-Fuller Test)*

Variables	Level t-values	Prob*	1 <sup>st</sup> Difference t-values	Prob*
World Globalization Index (GW)	-1.61	0.777	-3.95	0.017
World GDP per capita (GDPCW)	-1.03	0.931	-5.62	0.0001

\*MacKinnon one-sided p-values.

While causality may run in both directions, theoretical reasoning suggests that it is more likely to flow from globalization to GDP per capita. The argument is that globalization stems from political decisions influenced by a country's willingness to open or close its economy, either unilaterally or through binding multilateral agreements, which are often difficult to reverse in the medium term. As demonstrated by Brexit, disentangling a country from economic and political integration can take many years.

The measurement of the globalization index itself includes international trade liberalization treaties. The World Trade Organization monitors trade openness, assuming it has a positive effect on global economic welfare. This assumption manifests in an increase in global GDP per capita as well as in individual countries' GDP per capita. The opposite may also occur, as Trump has promised for his second term. Tariffs and import quotas could restrict international trade.

One method to test the potential causality between these variables and determine its direction is the Granger causality test. Table 4 presents the results of this test for the two variables. The findings indicate that if any causality exists, it is more likely to run from globalization to world GDP per capita rather than the reverse. Specifically, the null hypothesis that world globalization does not Granger-cause world GDP per capita is rejected at the 5% significance level. Conversely, the null hypothesis that causality flows in the opposite direction is strongly rejected.

**Table 4.** *Granger Causality Test*

Null Hypothesis	F-Statistic	Probability
GW does not Granger Cause GDPCW	3.093	0.0551
GDPCW does not Granger Cause GW	0.062	0.9402

For those who support the global goal of advancing globalization and believe it fosters shared prosperity, there is significant concern that a second Trump presidency could jeopardize this progress. In the next section, I present evidence demonstrating that U.S. economic conditions, as measured by GDP per capita, have been positively associated with increases in world GDP per capita. These global gains are driven by globalization. Assuming some degree of causality, this relationship remained positive—even during Trump's first administration from 2017 to 2020.

This raises an important question: If the world benefits from globalization, is the U.S. losing out? If evidence supports this notion, Trump's argument for restricting U.S. exposure to globalization might have merit. However, if the U.S. also benefits from globalization, then Trump's rhetoric could be seen as either a calculated bluff—another farce—or, if he genuinely believes his stance, a potential tragedy. In this latter case, his policies could backfire, with the U.S. economy and its GDP per capita

emerging as the primary casualties. The next section looks at the US and its globalization performance.

## The United States and Globalization

This section focuses on the United States. The main thesis of this paper is that Trump's first four years in office were a farce with regard to globalization. According to the U.S. Globalization Index, the country remained an open economy and society, as illustrated below in Figure 7. During the Trump years, the U.S. achieved and maintained its highest-ever measurement of globalization, reaching 82.0858 units in 2019. Notably, the average globalization measurement during Trump's tenure (2017–2020) was 81.7830 units. When compared to the average of 80.8674 units during Barack Obama's eight years in office (2009–2016), this represents a 1.13% increase. For this reason, I argue that Trump's first presidency was a farce in terms of globalization—not only did he fail to reverse the trend, but globalization in the U.S. actually increased during his term.

One could correctly argue that (a) Trump never intended to deglobalize the U.S. economy; rather, he was merely saying what some critical voters wanted to hear, and (b) even if Trump had wanted to reverse the U.S. globalization process, he would have been unable to do so. This is because the U.S. and global forces driving globalization are beyond the control of any single politician, including the president of the most powerful country in the world.

The question is whether a second term would turn into a tragedy for U.S. globalization. As this section demonstrates, if such a scenario materializes, the U.S. economy will likely be the first victim. This would represent a significant tragedy—not so much for the rest of the world, but for the United States itself.

To examine my hypotheses, I employ descriptive statistics and Granger causality tests. However, before delving into the analysis, I explain why the U.S. has always been the greatest nation in the world. As such, it cannot "become great again" because it never lost its greatness.

*Since the Second World War, the United States has always been the Greatest Country in the World*

The United States has been the greatest country in the world, at least since the end of the Second World War. Rival nations<sup>4</sup> have never possessed the economic, political, military, or social advantages of the U.S. No other country has seriously challenged its global dominance, nor does any appear likely to do so in the foreseeable future. Consequently, the slogan "Make America Great Again" has little substantive meaning, as the U.S. has consistently been great, with or without Donald

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<sup>4</sup>By "rival nations," I refer to all those countries that, at various points in time, have been considered challengers to the global dominance of the United States. Japan, Russia, and China are among the nations frequently mentioned in the literature. While many smaller countries, such as those in Europe, outperform the U.S. in certain areas, they are not rivals. Instead, they are part of a broader U.S.-led alliance.

Trump. The slogan serves primarily as a campaign strategy to maximize votes, which makes it a rational and expected tactic. Once in office, however, such slogans can be downplayed or redefined—a common practice among politicians both before and after elections.

More significantly, the U.S. faces no real competition from any other nation or alliance of nations. Moreover, as I argue in this section, the U.S. rose to and has maintained its position as the sole superpower by adhering to globalization. Its economic benefits align with the nation's remarkable achievements in increasing GDP per capita, as demonstrated in this section. Assuming a causal relationship between globalization and GDP per capita growth, the descriptive evidence does not contradict this hypothesis.

Before presenting this evidence, I will briefly discuss the economic, political, and military factors underpinning U.S. dominance.

### US Economic Dominance

The U.S. boasts the highest per capita GDP of any country, past or present, that has appeared to challenge its dominance. This section further examines the specifics of GDP per capita. What is crucial, however, is not just the high per capita GDP itself but the fact that it is supported by a robust foundation of discovery, innovation, and technological advantage—highlighting the potential for sustained future growth. In Papanikos (2025), I examined the US-China innovation gap and concluded that the United States will remain the leader in overall levels of innovation. China is taking advantage of this US leadership, a phenomenon commonly referred to in development literature as the "advantage of backwardness."

This economic superiority of the U.S. is a primary factor attracting people from around the world who aspire to migrate there to work and live. If the U.S. were not so economically dominant, there would be little interest in migration. According to evidence reported by Gallup (2021),<sup>5</sup> the U.S. remains the most desired migration destination worldwide. For an economist, the most concrete evidence lies in actions, and the fact remains that millions of people wish to migrate to the U.S., with many concentrating at the U.S.-Mexico border. This immense demand for migration to the U.S. is just one of many manifestations of the country's global prominence.<sup>6</sup>

Given that xenophobia is as old as humanity itself,<sup>7</sup> Trump leveraged fears of immigration to win votes. While this paper does not delve into the topic in depth, it is worth noting that the U.S. was, is, and will remain great largely due to its open-door policies, which includes migration. These policies represent one of the most compelling manifestations of globalization at the human level. People aspire to

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<sup>5</sup><https://news.gallup.com/poll/468218/nearly-900-million-worldwide-wanted-migrate-2021.aspx>

<sup>6</sup>According to numerous opinion polls, the economy and immigration, along with abortion, ranked among the top priorities for Trump's voters. Notably, the Pew Research Center reports that from 2020 to 2024, immigration saw the largest increase in importance, rising from 61% to 82%. The economy also became slightly more significant, increasing from 86% to 93%. In contrast, abortion saw a notable decline in interest among Trump supporters, dropping from 46% in 2020 to 35% in 2024. (<https://www.pewresearch.org/short-reads/2024/11/13/what-trump-supporters-believe-and-expect/>)

<sup>7</sup>See Papanikos (2020).

move to the best country in the world<sup>8</sup>, and the persistent demand for both legal and illegal migration to the U.S. is a strong indication of how the rest of the world perceives its greatness.

### US Political Dominance

The political dominance of the U.S. is multidimensional. The U.S. has a democratic system that no rival country, past or present, can match. In the modern world, democracy is the only system that ensures political and social stability. U.S. presidential elections attract unparalleled global interest. No other country's electoral process garners such attention, and this is due to four main reasons.

First, U.S. election results are inherently uncertain, as should be the case in any functioning democracy. This uncertainty is enshrined in the U.S. constitution, which prohibits anyone from serving as president for more than two terms. Even if the same party remains in power, the individual holding the presidency must change after two elections. This stands in contrast to other democracies, such as the U.K. and Germany, or non-democracies like China and Russia.

Second, the immense global attention drawn by U.S. presidential elections is a strong indication of the nation's unique influence. The political developments surrounding these elections have an impact unmatched by any other country's political events, highlighting the U.S.'s status as a preeminent global power.

Third, the U.S.'s political superiority lies in its strategic alliances with the world's most advantaged countries, many of which share a strong cultural affinity, including a common language: English. No rival nation has comparable global political connections, nor is it likely to develop them in the near or distant future.

Fourth, the U.S. enjoys uniquely positive relations with its two neighbours, Canada and Mexico. Compared to the border issues faced by other nations, it becomes evident that the U.S. holds an unparalleled political advantage in maintaining regional stability. As Herodotus taught in the 5th century BCE, regional stability is a necessary condition for global dominance: first, care for your neighbours, and then expand to the rest of the world. This is why I do not consider the alleged rival countries of the U.S. as even coming close to challenging its global dominance. Following the father of history, who claimed that a great power must first address its problems with its neighbours, China and Russia are far from resolving their border issues. In fact, they are at war—especially Russia, which has seen Ukraine invade and occupy its territory, and has been shelling places within Russia. The analogy with the U.S. would be if it were at war with Mexico and Texas was bombed and occupied by Mexico. Similarly, China has to cope with regional enemies such as India, Taiwan, Vietnam, South Korea, and even Japan. A country with so many political problems at its borders cannot be a world power because it is not an accepted regional power. Even with Russia, China has historical disputes; however, the most important one right now is their disagreement over the Arctic.

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<sup>8</sup>There is a certain tautology here because I define "the best country in the world" as the country to which most people vote with their feet, i.e., they want to migrate to this country. It is a revealed preference.

### US Military Dominance

Military dominance is closely tied to both economic and political global supremacy. The U.S. military is the strongest in the world, strategically deployed across the globe. No other military operates on such a widespread scale. Additionally, the U.S. maintains strong alliances with numerous countries, some of which are on the brink of conflict with nations allegedly opposed to U.S. interests. This military superiority is founded on the U.S.'s technologically advanced weaponry, highly skilled personnel, and its strong democratic tradition.

The two regional wars currently underway demonstrate what a small country, with continuous support of technologically advanced weapons, can achieve. Both Ukraine and Israel are fighting enemies with larger populations. It is the technology and support from the U.S. that make the difference. No other country can rival this capability, and it is this military might that has made the U.S. a great power, both in the past and for the foreseeable future. There is no need to "Make America Great Again" if the country has never lost its greatness in the first place, and this holds true for the military as well.

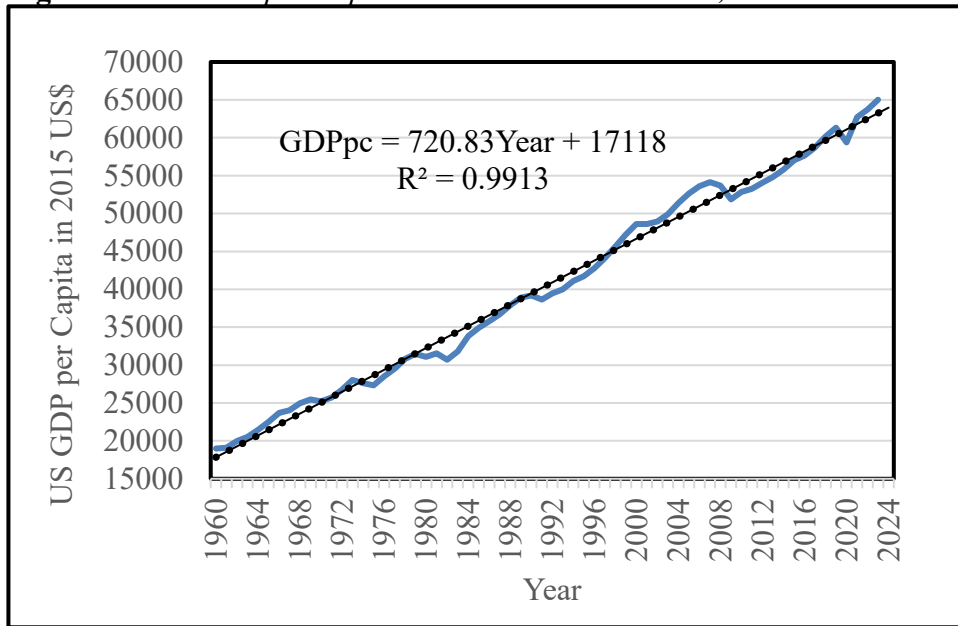
### *The Long Upward Tendency of the US GDP per Capita*

Figure 5 illustrates U.S. GDP per capita in constant 2015 dollars. Starting at \$18,992 in 1960, it more than tripled to \$65,020, representing a 3.4-fold increase. This growth reflects an impressive rise in absolute terms. But how did the U.S. economy perform relative to the rest of the world?

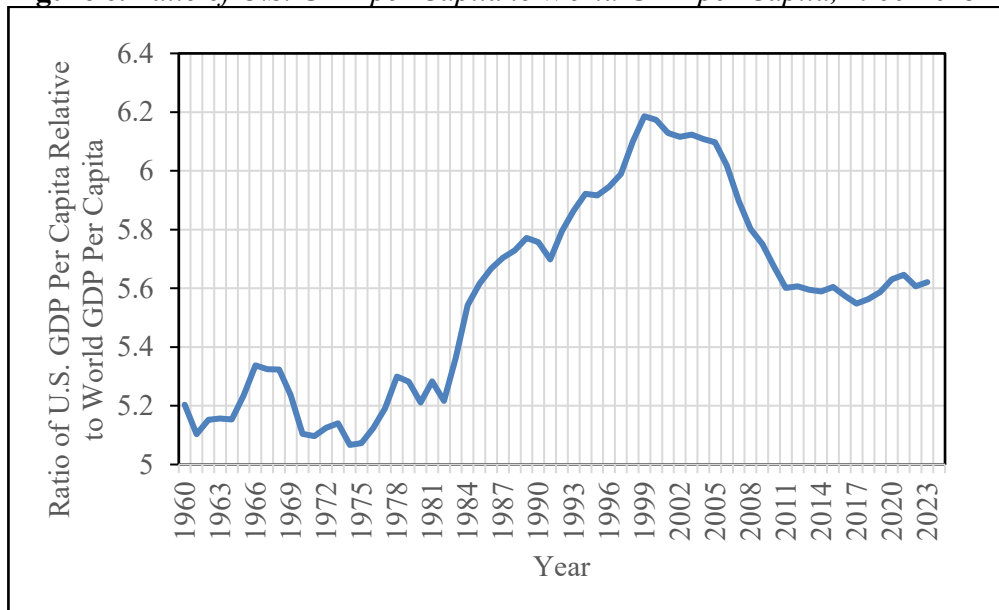
Figure 6 depicts the ratio of U.S. GDP per capita to world GDP per capita. From 1960 to 1982, this ratio remained relatively stable, hovering around 5.2. After 1982, however, the ratio began to accelerate, reaching its peak of 6.19 in 1999, a period that coincided with the height of global hyperglobalization. The lowest recorded value, 5.07, occurred in 1974, during the initial phase of stagnated globalization.

Following the 1999 peak, the ratio declined, eventually stabilizing at a new plateau in 2011. Between 2011 and 2023, the ratio has remained consistently close to an average of 5.6. These figures highlight that the U.S. has never lost its economic prominence. If anything, its relative standing has grown even stronger compared to previous decades.

This is less of a U.S. 'achievement' and more a reflection of the rest of the world's inability to capitalize on what is known in economic development as the 'advantage of backwardness.' I have applied this concept in Papanikos (2025) to explain the innovation gap between the U.S. and China. In the long term, there should be economic convergence, leading to a narrowing of the gap between U.S. GDP per capita and that of the rest of the world. The fact that the U.S. has widened the gap may be interpreted as a 'failure' of globalization to distribute its benefits to the rest of the world. It could also indicate that more globalization, rather than less, is needed.

**Figure 5.** *U.S. GDP per Capita in Constant 2015 Dollars, 1960–2023*

Source: World Bank

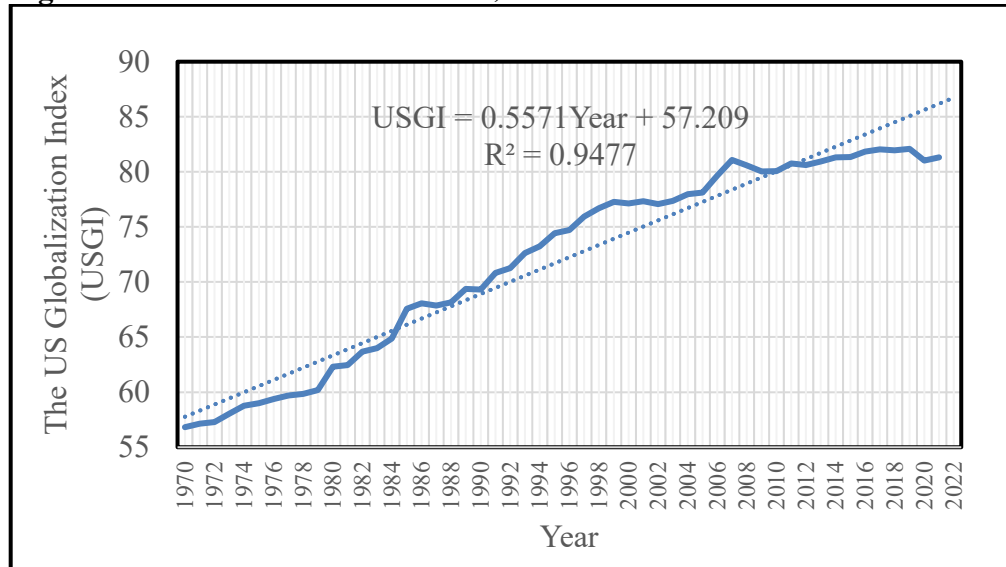
**Figure 6.** *Ratio of U.S. GDP per Capita to World GDP per Capita, 1960–2023*

Source: World Bank

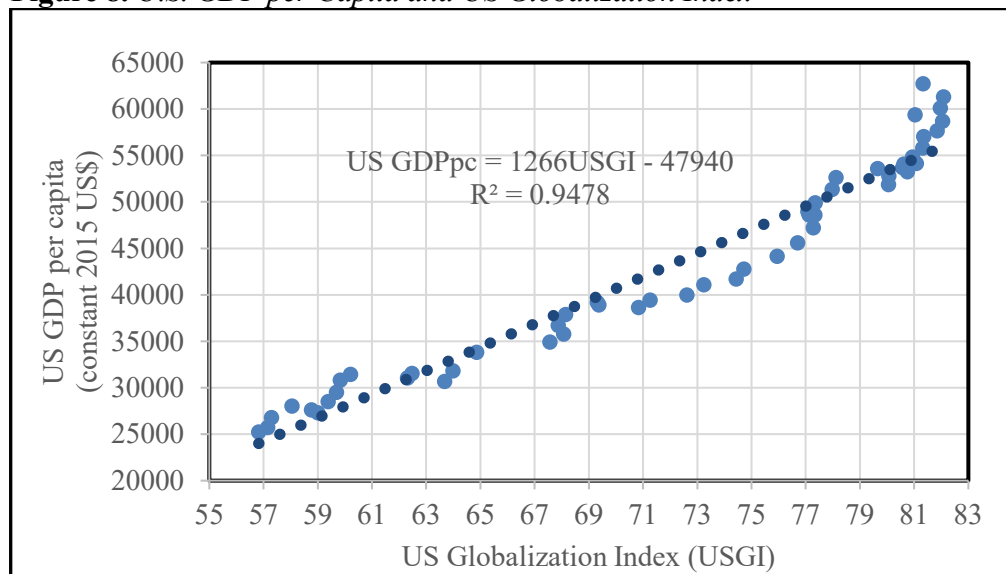
In terms of economic achievement, as measured by GDP per capita, the US economy consistently performed well over these 52 years. This strong performance is closely correlated with its globalization metrics. Figure 7 illustrates the US globalization trends, which closely mirror global globalization patterns, including their cyclical fluctuations. Therefore, everything mentioned earlier about world globalization applies to the US globalization index as well. Similarly, as shown in

Figure 8, there is a comparable relationship between the US GDP per capita and US globalization.

**Figure 7.** *The U.S. Globalization Index, 1970-2021*



**Figure 8.** *U.S. GDP per Capita and US Globalization Index*



Even if this relationship is a pseudo-correlation and says nothing about causality, it is difficult to argue that the U.S. lost its greatness because it became more globalized. However, one might argue that if there had been a decrease in globalization, the U.S. economic performance could have been even stronger had it deglobalized. I test this hypothesis below in this section. Meanwhile, I report the unit root tests for the two variables in Table 5. Both time series are non-stationary, but their first differences are stationary. The autocorrelograms of these two variables show that



they thin out slowly, implying that shocks do not have a permanent effect on the long-run trend of either variable. The mean trend is most likely stable and not stochastic.

**Table 5. Unit Root Tests (Augmented Dickey-Fuller Test)**

Variables	Level t-values	Prob*	1 <sup>st</sup> Difference t-values	Prob*
US Globalization Index	-0.12	0.9932	-8.12	0.0000
US GDP per capita	-2.67	0.2546	-6.35	0.0000

\*MacKinnon one-sided p-values.

The focus of this study is not merely to demonstrate a positive association between U.S. globalization and its GDP per capita, but rather to explore how these two variables interact with global measures of globalization. The key question is whether there is any form of causality between the four variables examined in this paper: world globalization, U.S. globalization, world GDP per capita, and U.S. GDP per capita. If the U.S. economy operates independently of the global economy, then deglobalization should have no effect.

The purpose of this paper is not to develop a comprehensive model of the interactions between these variables. Instead, the analysis focuses on Granger causality tests. In the previous section (Table 4), it was shown that Granger causality flows from world globalization to world GDP per capita, but not the other way around. What about U.S. GDP per capita? How is it influenced by world globalization?

Table 6 presents the Granger causality tests. Based on the evidence, we cannot definitively determine the direction of the effect. It appears that there is no direct causal relationship between world globalization (GW) and U.S. GDP per capita (USGDPpc) in either direction.

**Table 6. Granger Causality Test GW and U GDPpc**

Null Hypothesis	F-Statistic	Probability
GW does not Granger Cause USGDPpc	0.212	0.8099
USGDPpc does not Granger Cause GW	1.491	0.2360

Table 7 presents another interaction between two variables: world GDP per capita and U.S. GDP per capita. The test indicates that we cannot reject the null hypothesis at the 1% level of significance, suggesting that world GDP per capita may Granger-cause U.S. GDP per capita. Moreover, there is no evidence of Granger causality in the opposite direction, from U.S. GDP per capita to world GDP per capita.

**Table 7. Granger Causality Test WGDPPc and USGDPpc**

Null Hypothesis	F-Statistic	Probability
WGDPPc does not Granger Cause USGDPpc	5.561	0.0069
USGDPpc does not Granger Cause WGDPPc	1.158	0.3234

Table 8 reports another Granger causality test, this time between world globalization and U.S. globalization. The results indicate that U.S. globalization Granger-causes world globalization. One interpretation of this finding is that the U.S. plays a leading role in driving world globalization. As noted earlier, world globalization is heavily

influenced by political factors, with countries like the U.S. playing a dominant role. This is another indication that U.S. is great country and always was since 1970.

**Table 8.** *Granger Causality Test GW and GUS*

Null Hypothesis	F-Statistic	Probability
GW does not Granger Cause GUS	1.449	0.2457
GUS does not Granger Cause GW	2.833	0.069

If we take the above Granger causality tests at face value, significant interrelations emerge that support the thesis that the U.S. has benefited from world globalization, which, in turn, has shaped its development. By taking a leading role in globalizing itself, the U.S. has encouraged other countries to follow suit, thereby driving world globalization. Increasing globalization, which includes the opening of international markets, positively impacts U.S. GDP per capita, as demonstrated by the Granger causality tests reported in Table 7.

Summarizing the evidence from the descriptive statistical analysis, the U.S. economy appears to have reaped substantial benefits from global globalization. These benefits were achieved by the U.S. first globalizing itself and then leading others to do the same. Economists have always argued that free trade is the best strategy for the participating countries. The conclusion that emerges is that if the U.S. were to deglobalize, the world would likely follow suit, creating an adverse environment in which both the global economy and the U.S. economy would suffer. Is this the outcome a future Trump administration would want? I don't believe so. Thus, all the rhetoric about "Making America Great Again" was a farce during Trump's first term, and it would remain a farce in a second term.

The next section explores the future of globalization, emphasizing long-term trends that extend beyond the four years of Trump's administration.

## Whither Globalization

The previous descriptive analysis identified three significant stylized facts based on data from the experience of globalization since 1970:

- There has been a long-term trend (spanning approximately 52 years) of increasing globalization.
- This increase has occurred in two symmetric cycles, characterized by what I termed "stagnated globalization."
- With the exception of six years of minor deglobalization, all other years have been marked by an overall increase in globalization.

The purpose of this section is to address two pertinent questions:

- What drives the persistence of globalization?
- What does the future hold for globalization?

In the following discussion, we examine these questions in turn.

### *What Drives the Persistence of Globalization?*

The evidence presented above leads to the conclusion that globalization is resilient to any force that appears to threaten it. It is apparent that while the world can experience periods of deglobalization—as evidenced by six different, non-consecutive years within the 52-year period from 1970 to 2021—globalization nevertheless exhibits a strong long-term tendency to increase, whether at a decreasing or an accelerating rate, despite numerous adverse shocks.

Why does this happen? The answer is simple: globalization persists because people around the world desire it. They value it primarily for its ability to enhance their welfare, particularly their economic well-being. If given the freedom to choose, citizens will consistently opt for more globalization. By this, I do not mean that people will change their ideological stance for or against globalization, but rather that, when it matters, they would continue buying and selling in the global market if it is more profitable for them.

Two interrelated forces drive this phenomenon. First, information technology spreads news of both positive and negative developments worldwide. As most people seek to maximize benefits and minimize costs, there is a natural demand for goods and practices proven effective in other countries. This demand inherently fuels globalization.

Second, people increasingly have the ability—though not perfectly—to express their opinions and enforce their preferences through a system rooted in Ancient Athens 25 centuries ago: democracy.<sup>9</sup> Applying this form of governance to modern societies is challenging, but technological advancements have expanded opportunities for direct and indirect participation by a growing global citizenry. Even the most oppressive regimes face internal and external pressure to open up and adopt beneficial practices. Globalization, it seems, is one such practice. If this holds true, democracy and globalization are inherently intertwined.

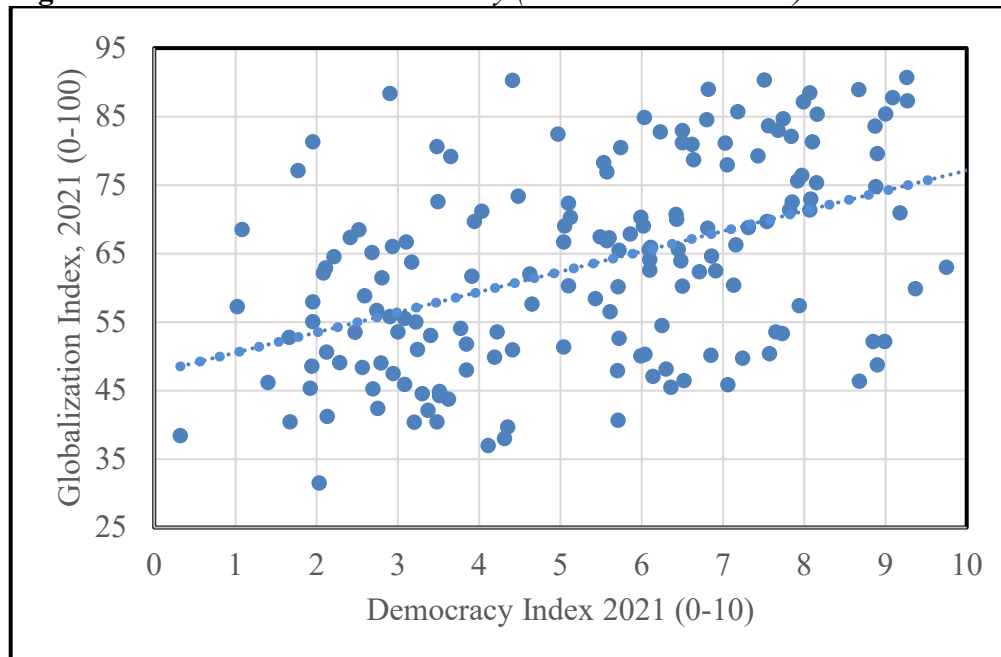
Figure 8 illustrates the relationship between globalization and democracy using a scatter plot of 165 countries for which data are available. The analysis reveals a strong positive correlation between the two variables. Table 9 presents the regression results based on a logarithmic specification. Although the Breusch-Pagan-Godfrey test (results not shown) indicates no heteroscedasticity issues, Heteroskedasticity and Autocorrelation Consistent (HAC) estimators are reported. There is no much difference with the Ordinary Least Squares estimators (results not shown).

There is a positive relationship between democracy and globalization. An increase in democracy tends to enhance globalization. Specifically, a 10% rise in the democracy index corresponds to a 1.9% increase in the globalization index. Evaluated at the average values of the two variables, this implies that a 0.53-unit increase in the democracy index (from 5.33 to 5.86) would lead to a 1.20-unit rise in the globalization index (from 63.33 to 64.53).

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<sup>9</sup>I have written extensively on the issue of democracy in ancient times and its future in modern contexts (see Papanikos 2017, 2020c, 2022g, 2022h, 2022j). Additionally, for discussions on globalization in Ancient Athens, see Papanikos (2016).

**Figure 8.** *Globalization and Democracy (165 countries in 2021)*



Source: Economist Intelligence Unit (EIU) and KOF Globalization Index.

**Table 9.** *Regression Results of the Effect of Democracy on Globalization*

Estimated equation:  $\text{Log (globalization)} = c + b \cdot \text{log (Democracy)}$

	Estimated Coefficient	t-statistic	Probability
Constant	3.82	72.2	0.0000
Log (democracy)	0.1911	5.9	0.0000
Adjusted R-squared	0.1879		
F-Statistic	38.95		
Observations	165		

Note: Heteroskedasticity and Autocorrelation Consistent (HAC) Estimators.

However, the scatter diagram reveals significant dispersion across all levels of democracy, indicating that a specific level of democracy can correspond to varying degrees of globalization. This underscores the need for a country-by-country analysis. Despite this variability, the overall relationship remains positive. It is also essential to recognize that globalization is influenced by numerous factors, with democracy being just one among them.

#### *What does the Future hold for Globalization?*

The fate of globalization is closely intertwined with the fate of democracy. If democracy functions as a contagious phenomenon, spreading across the globe as it appears to have done over the past 100 years, then the future of globalization looks promising.

Even authoritarian regimes will feel the pressure exerted by democratic nations and may begin to act as if they were democracies. The influence of global social

media is immense. Citizens everywhere are aware of events around the world and aspire to secure the best for their own countries—believing that the best is democracy. Indeed, more democracy is better than less democracy.

However, while democracy is necessary, it is not sufficient. The benefits of globalization must be distributed in alignment with the world's needs, particularly to those living in absolute poverty. As I have demonstrated in Papanikos (2024a), one of globalization's greatest achievements is the significant reduction in the number of people living in absolute poverty.

## Conclusions

I began this paper with Marx, and I will conclude with Marx. In his 1848 manifesto, Marx characteristically stated:

The cheap prices of commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image.

I believe this is the best definition of globalization, once stripped of Marx's jargon. Globalization is not solely economic; it also impacts civilizations. This aligns closely with the definition of globalization used to collect data, which is categorized into economic, political, and social indices. This is the index used in this paper.

My interpretation might seem absurd to many Marxists, but it appears to me that Marx suggests globalization is inevitable—without it, pain could lead to extinction. In Papanikos (2024a), I have demonstrated that globalization significantly reduces absolute poverty. In other words, it alleviates human suffering. Furthermore, nations that do not engage in the globalization process risk remaining barbaric. Thus, globalization acts as a force that brings nations into civilization.

Of course, globalization comes with costs, and it is interesting to note that Engels, in his *Principles of Communism* (1847), writes that:

We have come to the point where a new machine invented in England deprives millions of Chinese workers of their livelihood within a year's time.

The usual complaint now runs in the opposite direction. Using Marx's jargon, it is the 'cheap price of Chinese commodity labor' that has left thousands of Trump's supporters in the U.S. deprived of their jobs.

The conclusion of this paper is that the U.S. has always been a great country, and Trump is a powerful leader of the most powerful nation in the world today. However, globalization operates like a natural law—no country or leader can stop it. Thus, globalization is here to stay. This will happen with or without Trump. This becomes evident when examining Trump's first presidency. Despite all the rhetoric, U.S. globalization increased. Even if a second term attempts to reverse this trend, it

will only have a temporary effect. Sooner or later, the U.S. will return to its long-term path of increasing globalization.

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