

Making America Great Again, 2024

By Shimshon Bichler and Jonathan Nitzan

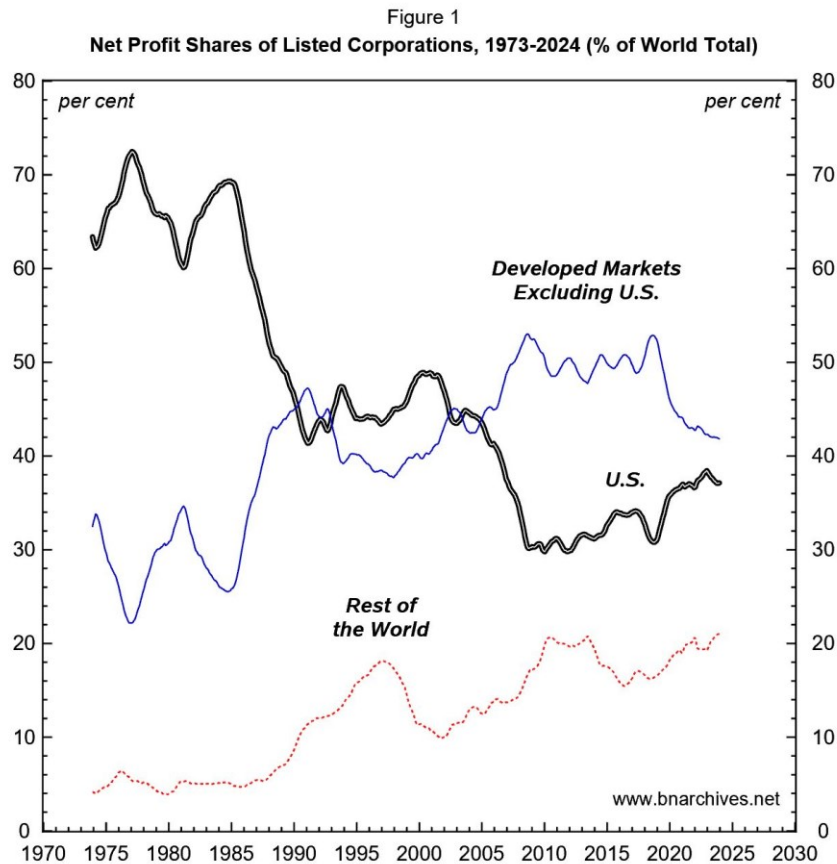
November 11, 2024

Real-World Economics Review Blog

In 2019, we published a RWER paper assessing Trump's promise to 'Make America Great Again'. <https://bnarchives.net/id/eprint/630/>

Here are updates of two key charts from this paper.

The first figure depicts the relative global decline of U.S. corporations. It shows that U.S. firms currently account for ~1/3rd of global corporate profit, down from 2/3rds half a century ago.



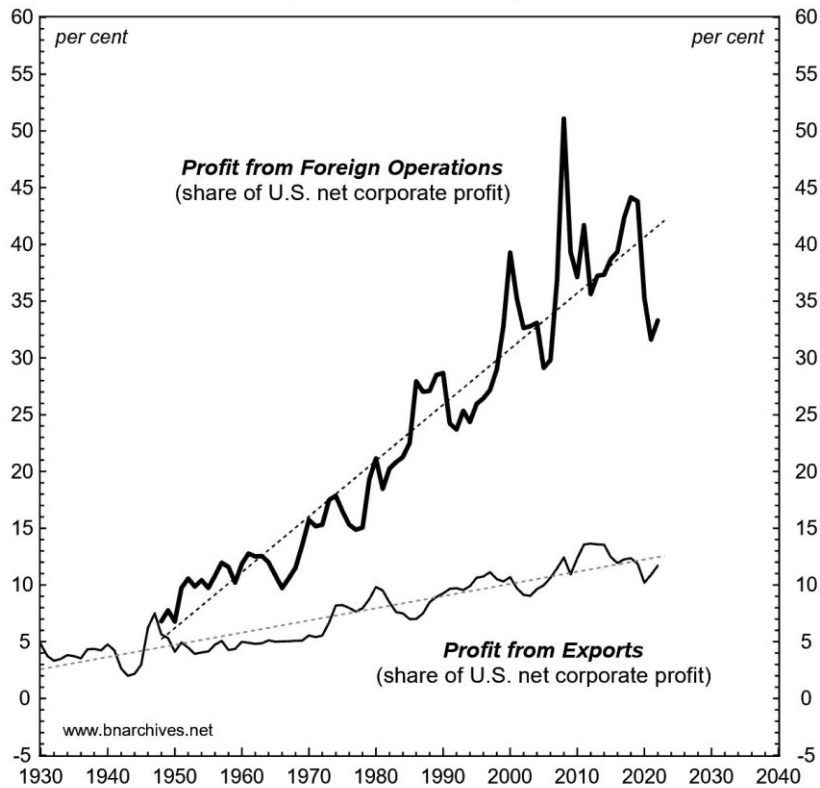
NOTE: This chart is updated from Bichler and Nitzan (2012b: Figure 3, p. 59). Net profit is computed as the ratio of market value to the price-earnings ratio. Data for developed markets excluding the U.S. are calculated by subtracting from the profit of firms listed in developed markets the profit of firms listed in the U.S. Data for rest of the world are calculated by subtracting from the profit of all firms the profit of those listed in developed markets. Series display monthly data and are smoothed as 12-month trailing averages. The underlying earnings data are reported on a consolidated basis, including domestic and foreign subsidiaries and the equity share in minority-held firms. The last data points are for July 2024.

SOURCE: Datastream (series code: TOTMKWD(MV) and TOTMKWD(PE) for the market value and price-earnings ratio of all listed firms, respectively; TOTMKUS(MV) and TOTMKUS(PE) for the market value and price-earnings ratio of U.S.-listed firms, respectively; TOTMKDV(MV) and TOTMKDV(PE) for the market value and price-earnings ratio of firms listed in developed countries, respectively).

The second figure shows the growing dependence of U.S. firms on foreign operations. Currently, U.S. corporations get roughly 40% of their profits from foreign subsidiaries, compared to 15% half a century ago and slightly over 5% in the 1940s.

Can these trends be reversed by an authoritarian U.S. president? Do Trump's corporate masters want to reverse these trends in the first place?

Figure 4
**U.S. Corporate Dependency on Foreign Profit:
Foreign Operations vs Exports, 1930-2023**



NOTE: This chart is revised and updated from Jonathan Nitzan & Shimshon Bichler, *Capital as Power: A Study of Order and Creorder* (2009: Figure 15.6, p. 357). Profit from foreign operations denotes receipts from the rest of the world as a per cent of corporate profit after tax. Profit from exports is estimated by the export share of GDP.

SOURCE: U.S. Bureau of Economic Analysis through IHS Markit (series codes: ZBECNRWRCT for after-tax corporate profit receipts from the rest of the world; ZA for after-tax corporate profit; X for exports; GDP for GDP).