

HOW DO GLOBALISM AND NATIONALISM IMPACT THE INTERNATIONAL BUSINESS COMPETITIVENESS OF THE UNITED STATES OF AMERICA?

Francoise O. Lepage, Dominican University of California

Denise M. Lucy, Dominican University of California

Jayati Ghosh, Saginaw Valley State University

ABSTRACT

Business competitiveness in the global marketplace is dependent upon the stability, infrastructure, policies, and practices of the nations with which it does business. A nation's competitiveness is fundamentally interconnected with its businesses and while on the world stage, it is tied to its globalist and nationalist strategies. There are objective approaches to measuring various dimensions of national outcomes of competitiveness from economic, political, and social platforms. Many internationally recognized indices seek to offer standard-based, objective perspectives and associated data on what constitutes nation-state greatness. These indices are based upon a globalist perspective, acknowledging that a nation's competitiveness is in relationship with other nations. The paper utilizes the constructs of business competitiveness in the context of several of these internationally accepted indices.

This study operationalizes the USA's global competitiveness from three dimensions: economic, political, and social, by analyzing indices recognized as valuable to assessing a nation's outcomes. Further, it considers the international business competitiveness of the USA over four decades of the presidential administrations, from Carter to Obama, to advance the country's international commerce and determine if there is alignment with the international standard measured by these indices. Also, each presidential business competitive policy and their concomitant outcomes, are analyzed based on the theoretical underpinnings of both nationalism and globalism and posit which posture best supports USA's international competitiveness on the macro level. The paper concludes that both globalist and nationalist strategies in a globalized world have advanced the USA's international business competitiveness.

Keywords: international business competitiveness, globalization, globalism, nationalism, country indices

INTRODUCTION

Does globalism or nationalism best support the international business competitiveness of the USA? This is a philosophical question, which has been debated by scholars from Plato to Smith (Sowell, 2007). The debate can be traced through the philosophical works from Plato's, *The Republic* to that of Adam Smith's, *The Wealth of Nations*. The perspective between globalists and nationalists differ on human nature. The globalists appear to have an unconstrained view of human nature. They are the children of the Western period of the Enlightenment. They believed that science had unburdened humanity of the myths that had controlled their lives and coupled with critical

thinking, anything was possible. The nationalists, on the other hand, appear to have a constrained vision that views the external constraints of laws, institutions, customs and traditions, religion, as absolutely vital for the fulfillment of human destiny. This social reality, based on intellectual proclivities, is accepted as fact rather than perception. There lies the challenge.

When considering the contemporary era, globalization has profoundly impacted world economies. Waldman and Javidan (2020) describes globalization and economic interdependence among nations as a driver for Gross Domestic Product (GDP). Due to globalization, GDP grew from \$50 trillion in 2000 to \$75 trillion in 2016. Employment also grew beyond borders with migrant employees sending \$466 billion to their families in their home countries. Waldman and Javidan (2020) purport that a global mindset of executives has promoted development, maturation, and growth across international businesses.

Conversely, Waldman and Javidan (2020) report there is a movement toward nationalism, leaning toward protectionism, encouraging domestic production and consumers to buy goods from their home countries to ensure maximum benefit to the domestic economy due to national self-interest. Nationalism is often considered as bigoted and xenophobic, leading to protectionist national policies. However, Waldman and Javidan (2020) argue that businesses need to find a middle ground.

This paper seeks to answer three questions: 1) Is the USA competitive in the global business marketplace? 2) Is there a link between American Presidents' policies and USA's international business competitiveness? 3) Is there a difference in USA's global business outcomes based on a president's perspective on globalism and nationalism over 40 years under Presidents Carter through Obama? The paper defines the concepts of globalism, nationalism, and national interest in the process of identifying whether the perspectives of the presidents of the USA on globalism and/or nationalism led to business competitiveness. This study analyzes selected indices utilized to provide a historical perspective of USA competitiveness. The paper will then review the presidential strategic initiatives from the last 40 years and explore the level of alignment between their initiatives and the actual outcomes expressed in the selected indices. Finally, the paper analyses the presidential approaches in terms of globalism and/or nationalism and relates them to the USA's international business competitiveness.

UTILIZING COUNTRY INDICES TO ASSESS BUSINESS COMPETITIVENESS

Porter (1990) defined competitiveness as the engine of the market economy, which is fundamental to a firm's success or failure in becoming internationalized. Business internationalization theory purports that competitiveness is the capacity of internal considerations when approaching new markets, targets, and business networks (Hilmersson, 2014). Looking into external factors, Molodchik, Shakina & Bykova (2012) considered industry, country specificity, economic climate, education, and technological progress as relevant influencing forces of competitiveness. Hussain & Hoque (2002) also examined the influences of the social, economic, and political pressures and constraints of competition, concluding that all these factors should be considered as relevant environmental drivers.

There are a wide range of approaches to determining international competitiveness of a country’s businesses on the world stage and can be found in various disciplines in the literature. According to Zmuda (2017) while there are definitional ambiguities, there is consensus that international competitiveness is a multi-faceted concept. While defining and measuring competitiveness is greatly debated, business and economic foundational literature suggests it is firms, not nations, that compete in the global marketplace (Porter, 1998). However, several composite indicator indices have been developed that are consistently utilized by policymakers to assess country performance that are applied to considering business competitiveness and degree of globalization (Veveře, Zvirgzdina & Linina, 2017; Freudenberg, 2003). The number of these country performance indices has grown from fewer than 10 in 1970 to over 120 by 2005 (Bandura, 2005). These tools are cited widely as useful tools for international comparisons of country performance (Hudrlikova, 2013).

This paper analyzed five country performance indices to consider the international business competitiveness of the USA: 1) The KOF Globalisation Index, 2) A.T. Kearney Foreign Direct Investment Confidence Index, 3) The World Bank’s Doing Business Index, 4) Transparency International’s Corruption Perception Index and 5) The World Economic Forum’s Global Competitiveness Index.

DEFINING GLOBALISM, GLOBALIZATION AND NATIONALISM

Globalization is a process that eliminates national boundaries, integrates national economies, cultures, technologies, and governance, and produces complex relations of mutual interdependence (Dreher & Martens, 2008). Globalization creates business opportunities for trade, flow of capital, ideas, and people. To integrate into the global economy, countries tend to promote policies, which in turn, help to remove barriers to the flow of investment, goods, and services. As a process, it brings about economic, social, and political changes within a country and has impacted developed and developing economies. There is ongoing debate on the positive and negative implications resulting in some counties benefitting more than others from globalization (Gonzalez, 2016).

Fostering political and economic globalism in an increasingly nationalistic environment need not lead to a debate among ideological extremes. Political and economic globalism is not inherently at odds with nationalism. The discussion need not be a win/lose construct since one can craft an alliance between all three concepts and create a win/win outcome. However, as the economist, Sowell (2007) states that social visions differ in their basic conceptions of the nature of human beings. The question is as follows: are the social visions of political and economic globalism diametrically opposed to the social vision of nationalism?

Table 1. Differing Perspectives on Social Vision

Constrained Social Vision	Unconstrained Social Vision
Human nature is flawed and needs the external constraints including laws, institutions, nations, traditions, and religion, to behave well.	Human nature is malleable, can be improved, and even perfected under the right conditions. Artificial constraints should be minimized.
Goal: Manage human beings.	Goal: Free human beings.

Source: Sowell (2007)

As depicted above in Table 1, Sowell (2007) frames his discussion of social visions into two abstractions: unconstrained and constrained vision. The first step in the creation of an alliance between political and economic globalism and nationalism is defining each construct and building a bridge that will link them. In the bridge-building task, considerations for both the constrained and unconstrained social visions should guide the process.

Globalism and globalization are interconnected. Globalism is a philosophy and ideology leading to policies that frame the world and its global communities above individual countries. Al-Rodhan and Stoudmann (2006) present a comprehensive overview of 114 contending definitions of globalization since 1998. According to Nye (2002), it is characterized by networks of connections that span multi-continental distances.

According to Gygli, Haelg, Potrafke & Sturm (2019), “globalisation is the process of creating networks of connections among actors at intra- or multi-continental distances, mediated through a variety of flows including people, information, and ideas, capital, and goods. Globalisation is a process that erodes national boundaries, integrates national economies, cultures, technologies, and governance, and produces complex relations of mutual interdependence” (p. 546). Thus, the three variants of globalization include economic, political, and cultural.

The KOF Swiss Economic Institute has developed the KOF Globalisation Index (Konjunkturforschungsstelle, KOF Swiss Institute, 2019) which includes measures of economic, social, and political dimensions of globalization which is discussed in the following section. KOF defines globalization as a process of creating networks of connections among actors at intra-or multi-continental distances, mediated through a variety of flows including people, information and ideas, capital, and goods.

According to Sowell (2007), the second step connecting political and economic globalism and nationalism is to understand and connect the concepts of nationalism compared to globalization. There are many interpretations of the term nationalism, and it resists a simple definition. According to Sabanadze (2010), nationalism is often defined as advocating for the interests of a particular nation and its people, with the primary goal of gaining and maintaining the nation's interest and its sovereignty. However, Sabanadze (2010) posits that nationalism is about seeking the recognition of a culture and gaining acceptance from others. It is about a process of interaction not one of isolation. Twenty-first-century contemporary, or new nationalism, with its outward-looking aspects of nationalism, namely, its national security, accepts its interdependence within the international system.

Sowell (2007) asserts that a country's definition of its national interests is the third step in linking political and economic globalism, globalization, and nationalism to national security. National security issues could contain both constrained and unconstrained social views. It creates an opportunity for discussion among non-ideological minds. How best to define national interest is, however, a matter of considerable dispute. But, in this context, since 1986, each President is required by law to submit an annual National Security Strategy Report. This report defines national interest for the United States as interpreted by each President. For Presidents prior to 1986, their Inaugural Address served as the guide for national security using several indices.

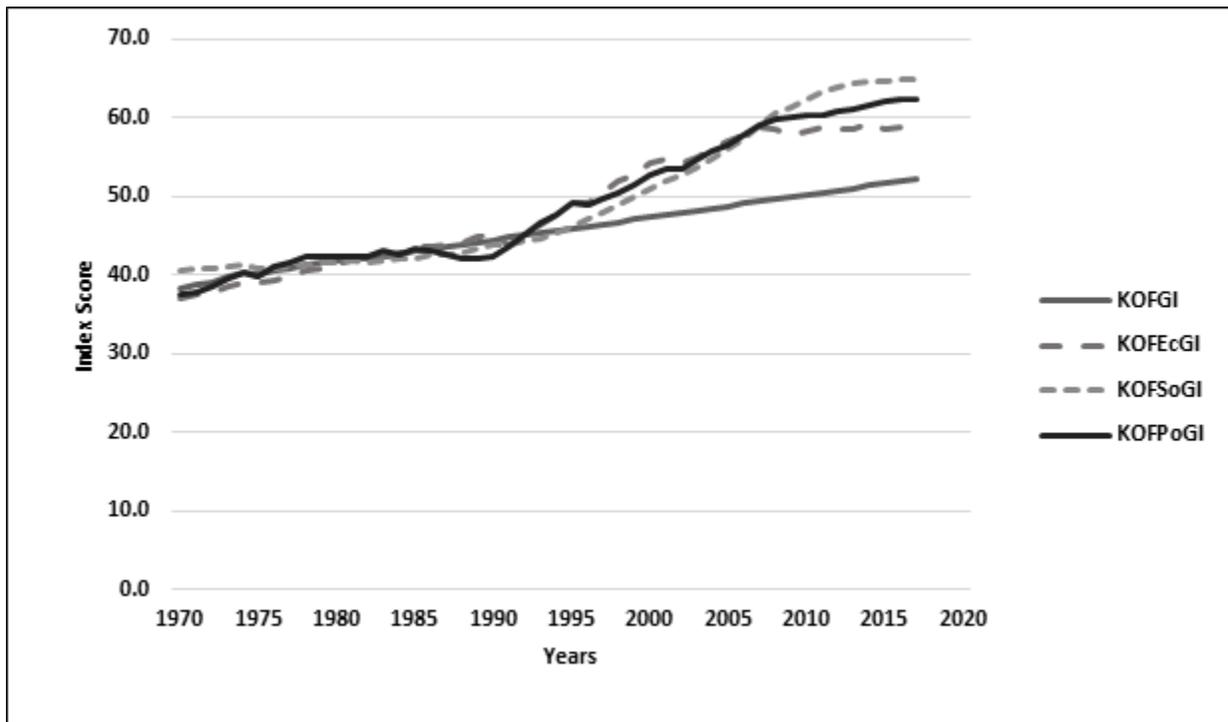
The next section will provide details of each of these selected indices utilized to provide a historical perspective of competitiveness of the USA.

KOF Globalisation Index

The KOF Swiss Economic Institute in Zurich, Switzerland, has become the most often cited source in addressing the status of worldwide globalization (Gygli, Haelg, Potrafke & Sturm, 2019). The index defines globalization as a process that creates connecting networks among and between countries and their businesses, which includes interactions of people, information and ideas, capital, and goods. The KOF index is available for the years 1970-2019 for 203 countries and is updated annually. The index is based on a scale of 100, the closer to 100 the more globalized a nation is purported to be. As with all indices, there are both positive and negative points with the KOF index. However, according to Potrafke (2015), “the KOF index successfully measures globalization and evaluates its consequences” (2015, p.530).

The KOF Globalisation Index measures three types of activity, including the economic, social and political dimensions. Economic globalization is characterized as long-distance flows of goods, capital, and services as well as information and perceptions that accompany market exchanges. This dimension measures the actual flows and the restriction to those flows. Social globalization reflects the sharing of ideas, information, images, and people. This part of the index focuses on measuring personal contacts among people living in different countries as well as looking at data on information flows and cultural proximity, often through the arts, movies, art exhibits, and food as examples. And finally, political globalization reflects the diffusion of government policies.

Figure 1. Worldwide Globalization Progress Slightly Climbs Since 1995



Source: KOF Globalisation Index, 2019

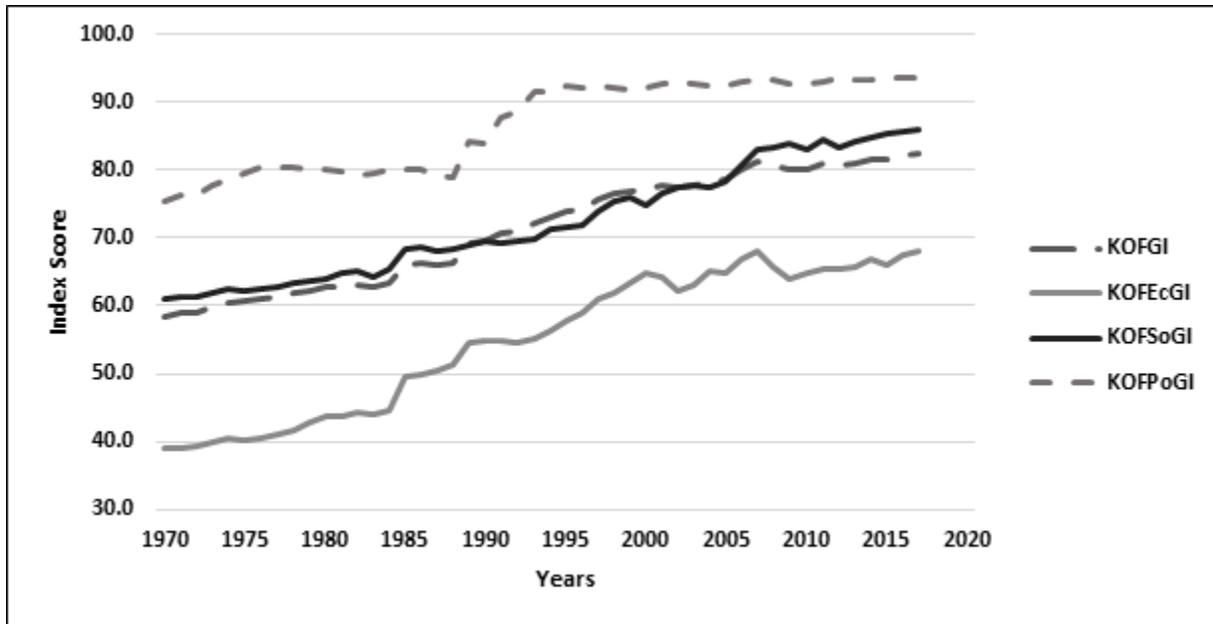
The individual country globalization ranking data reveal that the size of internal markets seems to be a variable. The large, internal market countries tend to rank lower on the KOF Globalization Index as do the less economically developed nations. The data also show that since 1970, when the KOF Globalization Index was initiated, there has been a small, but steady rise in the level of worldwide globalization as can be seen in Figure 1 (KOF Globalisation Index, 2019).

The small, but steady worldwide rise in globalization seen in Figure 1 is similar when looking at the USA’s globalization landscape for all administrations over the past 40 years. All three globalization types of activity (economic, social, and political) steadily progressed since 1978. Compared to overall globalization around the world, the political dimension in the USA was almost double that of the world in 1970.

Figure 2 (KOF Globalisation Index, 2019) displays USA globalization measures noting overall globalization as KOFGI, the economic globalization as KOFECGI, the social globalization as KOFSoGI, and the political globalization as KOFPoGI. While the USA’s political globalization rating was nearly double that of its economic globalization in 1970, however the USA’s globalization progressed steadily since 1970 in all categories.

A cursory review of each administration’s trade policies over the past 40 years reveals that all Presidents of the USA were in support of open trade. Beginning in the late ’70s there was more emphasis on pressing for the opening of foreign markets.

Figure 2: USA Globalization Progressed Steadily Since 1970



Source: (KOF Globalisation Index, 2019)

The Omnibus Trade and Competitive Act 1988 during the Reagan Administration initiated legislation to open markets not to close them (Destler, 1991). The Bush Administration led the initial talk for the North American Free Trade Agreement (NAFTA) and in 1992, President Bush visited Australia, Japan, Singapore, and South Korea in pursuit of opening markets for goods from

the USA. Presidents Clinton, Bush W., and Obama all supported open trade, albeit leveling the playing field.

Although the economic dimension score lowers the United States’ global ranking, the US ranked 63rd in economic globalization, but 29th and 10th for social and political globalization, which reflects its large internal markets rather than its protectionists’ policies (KOF Globalisation Index, 2017). The USA national self-interest included open trade from Presidents Carter through Obama administrations.

As displayed in Table 2, KOF globalisation ranking data for the United States over 40 years under six Presidents, the USA’s pace of globalization had a slow, but steady rise. However, the USA’s rank has declined in comparison to other countries’ progressions.

Table 2. USA’s KOF Globalisation Pace Rises While Rank Declined

KOF USA	Carter		Reagan		Bush		Clinton		Bush W		Obama	
	'77	'81	'81	'89	'89	'93	'93	'01	'01	'09	'09	'17
76.65											#26	#27
79.29									#24	#38		
79.28							#13	#20				
74.45					#14	#15						
70.22			#12	#15								
65.22	#14	#15										

Source: KOF Globalisation Index, 2017

Foreign Direct Investment

The next index considered in the analysis of the United States’ business competitiveness is foreign direct investments (FDI). According to ATKearney (2017), FDI is defined as investments in fixed assets. Furthermore, the U.S. Department of Commerce (2017) in its definition of foreign investments includes establishing new operations, purchasing existing operations or another company, or adding capital to foreign pre-existing operations.

ATKearney in its seminal 1998 survey asked respondents which factors influenced their overseas investment. The leading factors were market size, political stability, regulatory environment, competitor presence. Nearly two decades later their concerns were similar and included domestic market size, cost of labor, regulatory transparency and lack of corruption, general security environment, and efficiency of legal and regulatory processes. This indicates that the availability

of raw materials and other inputs, land and real estate, quality of transportation infrastructure including, electricity and telecommunications were not priorities (ATKearney, 2017).

ATKearney has conducted an annual survey of corporate CEOs and CFOs and other top corporate leaders, from the world’s largest one thousand firms, with a \$500 million annual revenue. The survey includes 30 countries that receive more than 90 percent of global FDI flows based on the United Nations Conference on Trade and Development (UNCTAD). All major regions and sectors participate in this annual survey and include 45 percent of the respondents from the service sector, 40 percent from the industrial sector, and 15 percent from informational technology. The Index, a tool to measure the investment preferences over the next one to three years, serves as a barometer of global investor confidence in markets around the world (ATKearney, 2017).

The United States Department of Commerce (2020) seeks to consider foreign companies to invest in the United States. It reminds the potential foreign investors that the United States has the world’s largest household spending market in the world. With a GDP of \$18 trillion and 325 million people, household spending is the highest in the world, accounting for almost a third of global household consumption. Moreover, it promotes the USA as a nexus for innovation, with abundant resources, access to capital, workforce talent, and according to the World Bank, has consistently ranked among the best in the ease of doing business. Finally, the report mentions that for the fifth year in a row, the ATKearney FDI Index has rated the USA at the top of its FDI Confidence Index. The United States’ record in attracting FDI is a strong one. Since the ATKearney survey began in 1998, the United States ranked first 59 percent of the time, second at 23 percent, third at 16 percent, and fourth at 6 percent. From 2012 to 2017, it was ranked first for those five consecutive years (ATKearney, 2017). FDI records are often reflective of national attractiveness resulting from the strength of the nations’ attributes.

Table 3. Top 5 FDI Inflow to USA Over Four Decades Came From 9 Countries

Carter 1981	Reagan 1989	Bush 1993	Clinton 2001	Bush W 2009
Netherlands	UK	UK	UK	Canada
UK	Japan	Germany	Germany	France
Japan	Netherlands	France	Netherlands	Germany
Canada	Switzerland	Netherlands	France	Belgium
France	Germany	Canada	Canada	UK

Source: Bureau of Economic Analysis, 2018

Mundheim and Helenik (1979) described the attitudes of Americans in the USA towards FDI. The report explains that prior to the Carter Administration, there was a minimal flow of FDI into the United States. During the Carter presidency, 1978-1981, the USA experienced an acceleration of FDI inflows and FDI became a consistent factor in the creation of American jobs and USA’s business competitiveness as can be seen in Table 3. It depicts the top five countries providing the highest inflows of FDI during multiple Presidential administrations. It also indicates the inflow of

FDI to the United States was from nine countries over four decades. The countries were predominantly from Europe and this pattern continued over five presidential administrations suggesting that the USA appears to be competitive to overseas investors.

It soon became apparent that the USA did not have the data to assess the impact of FDI on the USA’s industry and economy. To bridge this information gap, the Congress enacted the Foreign Investment Study Act of 1974, commonly called FISA. It required the Government to conduct a survey at least every five years. Table 4 shows the increase in the inflow of FDI over six Presidents, 1978-2017. Table 4 further documents that the USA appears to be competitive to overseas investors.

Table 4: FDI into USA increased 97.5% in past 40 years

AT Kearney FDI Rankings	Carter	Reagan	Bush	Clinton	Bush W	Obama
2010-17						\$2,278.5 T
2002-09					\$1,687.7 T	
1994-2001				\$1,286 T		
1990-93			\$142,46 B			
1982-89		\$287.6 B				
1978-81	\$56.6 B					

Source: ATKearney, 2017

Table 4 indicates the growth of investments into the USA has been profound across these six Presidents over their 40 years of policies of their administrations. Therefore, utilizing FDI as a criterion for assessing USA business competitiveness (World Bank, 2019a; 2019b).

World Bank’s Doing Business Index

The World Bank annually provides objective measures of business regulations for local businesses in 190 economies. The World Bank’s “Doing Business Index” was established in 2003-2004 as a benchmark study of the global business regulatory environment. Its annual index was developed to measure regulations that directly impact starting and conducting business. The eleven processes are noted in Table 5. They include starting a business, labor market regulations, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, trading across borders, paying taxes, enforcing contracts, and resolving insolvency (World Bank, 2020a).

The process includes a study of laws, regulations, and publicly available information on business entry. A detailed list of procedures is developed, as well as costs, and time required to comply with each procedure. Information is also collected on the sequence of which procedures are to be completed and whether some may be completed simultaneously. Local incorporation lawyers, notaries, and government officials review and verify the data. If the local data is not reconciled with research data, the process continues until synchronization is achieved (World Bank, 2020a).

A review of Table 5 indicates the World Bank Doing Business (2020b) ranking scores in 2019, comparing the number one ranked country, New Zealand, with the United States, ranked at #6

Table 5. World Bank’s Doing Business Compares #1 New Zealand and USA #6

Categories	New Zealand	United States
Starting a Business	1	55
Dealing with Construction Permits	7	24
Getting Electricity	48	64
Registering Property	2	39
Getting Credit	1	4
Protecting Minority Investors	3	36
Paying Taxes	9	25
Trading Across Borders	63	39
Enforcing Contracts	23	17
Resolving Insolvency	36	2

Source: World Bank Doing Business (2020b)

In 2019, New Zealand ranked higher than the USA in seven of the ten Doing Business categories with Starting a Business, Registering Property, Protecting Minority Investors in the top three. First, in the *Starting a Business* category, the USA’s ranking of 55 is between the countries of the Democratic Republic of Congo and 54 and Niger at 56. In the category of *Registration of Property*, the USA ranked 39, which was comparable to Croatia at 38 and the Korean Republic at 40. Comparing the USA from a global perspective in this category, Malawi was at the mid-range (90th rank), and the lowest ranking of 187 was shared by Libya and Timor-Leste. In the category of Protecting Minority Investors, New Zealand ranked 3 while the USA ranked 36. There were multiple countries ranked at 37 which include Austria from Europe, Morocco from North Africa and Indonesia from the southeast Asian region. The country which ranked lowest was Somalia at 190. The categories where the USA ranked better than New Zealand were Resolving Insolvency, Trading Across Borders and Enforcing Contracts.

Overall, the United States is lagging in some practices described above compared to some of the more economically developed countries. However, when looking at the confidence of CEOs’ and CFOs’ perspectives of the ease of doing business in the USA, the Clinton Administration ranked number 1. In the subsequent administrations of Presidents Bush and Obama, the ranking ranged from 1 to 4 during those 15 years. This confidence supports the increasing inflow of FDI as shown in Table 4.

Transparency International Corruption Index

Transparency International, a non-governmental organization, has published the annual Corruption Perception Index (CPI) since 1995. The CPI is developed using information from multiple sources. It is a widely used indicator of corruption worldwide. It ranks countries and territories assessing how corrupt a country's public sector is perceived to be by experts and business executives. A composite index combining 13 surveys and assessments of corruption are collected by several reputable institutions (Transparency International, 2019). The CPI utilizes a scale of zero to 100, with zero being 'highly corrupt' and 100 denoting 'very clean,' and only measures corruption in the public sector. No country has achieved a perfect 100. Also, each country is ranked up from 1 to 180.

Transparency International (2019) defines corruption as “the abuse of entrusted power for private gain”. It further classifies corruption depending on the amounts of money lost and the sector where it occurs. There are three categories of corruption. The first category is framed as grand corruption, which includes acts that are committed at high levels of government and consequently distort policies, and or affect the central functioning of the state, which enables individuals or organizations to benefit at the expense of the public good. The second category is labeled as petty corruption, which includes day-to-day abuses of entrusted power by low and mid-level public officials who are often trying to secure goods and services in their dealings with ordinary citizens. The third category is political corruption, which is defined as political decision-makers manipulating policies, institutions, and procedural rules in deciding on the allocation of financing and resources to benefit wealth, status, or power.

The G20 group of twenty nations make-up the international forum promoting international financial stability, for governments and central banks' governors. The Organization for Economic Co-operation and Development (OECD), with its thirty-five members, promotes the stimulation of economic progress and trade. Transparency International (2019), ranks 198 countries in terms of the perception of corruption in the respective country. The five least corrupt nations in 2019 were New Zealand and Denmark tied for the least corrupt at number 1 out of 100. Finland ranked next least corrupt. And Switzerland, Sweden and Singapore ranked as the next least corrupt. The United States was tied with France at ranking 23 out of 100.

A brief review of the rankings points to mediocre performance on the part of the United States. Since the CPI began, the USA has never been ranked above 14 in the year 2000 and slid down to its lowest ranking of 24th place in the year 2011. These scores are lower than many of the OECD, partners, and G20 members. In 2017, the United States trailed behind numerous partners including Canada, Germany, the United Kingdom, and Australia to name a few (Transparency International, 2017).

Gallup (2015) reported that 75 percent of the American public believed that there was widespread corruption in the government, up from 66 percent in 2009. Some key areas of concern have included the lack of transparency in campaign financing and high-profile state and local corruption. The CPI rankings coupled with the U.S respondents' perceptions of governmental corruption, indicates the level of mistrust of their elected representatives.

In 1972, Gallup’s first surveyed residents of the USA on the level of trust and confidence in their government’s handling of international and/or domestic problems. The scale had four categories: a great deal, a fair amount, not very much, or none. In 1972, 22 percent of respondents reported their confidence and trust in the federal government handling of international issues as not very much or none at all, compared to 2019 when it more than doubled to 50 percent (Gallup, 2019). In the same year, related to domestic issues, the lack of confidence and trust was reported at 29 percent compared to 60 percent in 2019. It is interesting to note that Gallup data supports the findings of the Transparency International data.

Global Competitiveness Index

The World Economic Forum (WEF) has been measuring competitiveness among nations since 1979 with its Global Competitiveness Index. The WEF defines economic competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country (World Economic Forum, 2019a). The WEF believes that a competitive economy is a productive one and that productivity is linked to growth. A growing economy leads to higher income levels and in the final analysis, leads to an increase in human welfare. It is important to understand the factors that contribute to this chain of events and how they are measured.

The WEF organizes a nation’s competitiveness in twelve pillars, organized into three subindexes: First are basic requirements that include Institutions, Infrastructure, ICT Adoption, Macroeconomic Stability, and Health, Skills, Product Market, Labor Market, Financial System, Market Size, Business Dynamism and Innovation Capability (World Economic Forum, 2019a). Table 6 breaks down the United States’ second position in the 2019 ranking and in each of these areas/pillars and compares them to WEF’s number one nation, Singapore.

Table 6. World Economic Forum’s 12 Pillars of Global Competitiveness Ranks US #2

(n=141)	Overall US Ranking (2)	Overall Singapore Ranking (1)
Pillars	USA by Pillar	By Pillar ranked #1
Institutions	20	Finland
Infrastructure	13	Singapore
Macroeconomic stability	37	Multiple
ICT adoption	27	Republic of Korea
Health	55	Multiple
Skills	9	Switzerland
Product Market	8	Hong Kong SAR
Labor market	4	Singapore
Financial system	3	Hong Kong SAR
Market size	2	China
Business dynamism	1	United States
Innovation capability	2	Germany

Source: World Economic Forum, 2019a

The USA led the world in 2018, but dropped to second place in 2019, remaining in a leading ranking among other developed economies, overall. As noted in Table 6 based on the World Economic Forum (2019b), seven of the 12 Pillars of global competitiveness as assessed by the World Economic Forum, the USA ranks in the top 9 of 141 reported countries. The USA ranks as number 1 in Business Dynamism and Skills at number 9. Overall, the USA ranked number 2, compared with first ranked Singapore

There are four areas where the gaps are widest from the top country: Health, Macroeconomic Environment, Information and Communication Technologies (ICT) adoption and institutions. In analyzing the first pillar, Health, representing life expectancy, which is the average number of years one is expected to live in good health. There are four countries in 2019 that tied for the number 1 ranking: Spain, Hong Kong SAR, Japan, and Singapore. The USA ranked at 55, compared with Poland at 54 and Algeria at 56. The Macroeconomic Environment assesses the level of inflation and fiscal policy sustainability. There are 33 countries tied at the rank of number 1. The USA is ranked at 37, with France at 36 and Singapore at 38. The ICT pillar assesses the level of access to ICT. South Korea is ranked at number 1. The USA is ranked at 27 while Brunei Darussalam is 26 and France at 28.

Even though the USA's performance dropped by one place from the former year, it remains one of the most competitive world economies given its first in class innovation capabilities, business dynamism, the world's second-largest market based on purchasing power, and the most dynamic financial system in the world (World Economic Forum, 2020).

CONSIDERING NATIONAL SECURITY/NATIONAL INTEREST PERSPECTIVES

Henry Kissinger articulated what he thought were the most important questions to be answered by the United States if it wanted to be involved in the evolution of the 21st Century world order (Kissinger, 2014). Kissinger believed that to thrive in the world order, all nations need to acquire a second culture that is global, structural, and juridical, a concept that transcends the perspective and ideals of any one region or nation.

The five questions included: 1) What do we seek, no matter how it happens, and if necessary alone, with the answer defining the minimum condition of survival of society. 2) What do we seek to achieve, even if not supported by any multilateral effort? These goals define the minimum objectives of the national strategy. 3) What do we seek to achieve, or prevent, only if supported by an alliance? This defines the outer limits of the country's strategic aspirations as part of a global system. 4) What should we not engage, even if urged by a multilateral group or alliance? This defines the limiting condition of the American participation in the world order. 5) What is the nature of the values that we seek to advance?

Kissinger's questions, if answered by each President of the USA, could eliminate, in large measure, the ambiguity surrounding questions of national interest and national security. Kissinger's questions provide the backdrop to answer our three inquiries: 1) How do the Presidents of the USA define national security and national interest? 2) Over the past 40 years, which Presidents have been globalists, nationalists, or both, based on our previous definitions? 3) How has each President supported American businesses to compete in the international marketplace?

The first and second questions are difficult to separate. Since 1986, the Goldwater-Nichols (Congress.gov, 1986) legislation required that each of the Presidents must submit a National Security Strategy Report (2020) describing the national security strategy of its administration to the United States Congress. And in the review of the American Presidency Project (2020) these documents since 1986, including pre-1986 documents, such as Inaugural Addresses, and major speeches, a pattern of thinking along the lines of globalism and globalization emerges. The third question is how did each President support American business competitiveness in the international Graphic News Marketplace. This can be related, in part, to specific policies that were initiated. Table 7 provides details for these efforts (National Security Strategy Archive, 2020).

Table 7. USA Presidential Pro-Business Initiatives Maximize International Competitiveness

President	Initiative 1	Initiative 2	Initiative 3
Carter	Deregulation of trucking and airline industries	Reformed civil service	Decreased o the budget deficit
Reagan	Overhauled the income tax code	Maintained free-flow of oil during Iran-Iraq war	Maintained prosperity without recession
H.W. Bush	Sent troops to the Panama Canal to keep it open	Rallied an international alliance to free Kuwait and spare Saudi Arabia	Contributed to the conclusion of GATT's Uruguay Round if Multilateral Trade Negotiations
Clinton	Signed NAFTA into law	Created USA's first national export strategy providing pathways from government to work with private sector to increase exports	Established computer export controls to protect American business
G.W. Bush	Increased federal investment in research and development by more than 50% to \$137 billion	Implemented or completed negotiations for Free Trade Agreements (FTAs) with 14 countries on 5 continents; negotiating with 11 additional countries	Crafted a banking bailout and auto industry rescue plan
Obama	Continued a banking bailout and auto industry rescue	American Recovery and Reinvestment Act of 2009	Implemented National Export Initiative (NEI) to double exports in 4 years

Source: American Presidency Project (2020)

Based on the above policies, there were impacts on the increased number of jobs created and economic growth under each President from Carter to Obama. The Bureau of Labor Statistics (Graphic News, 2021) compiled the number and percentage of jobs increased by the Presidents under our review. Carter increased jobs 10.3 million (12.82%), Reagan grew 16.1million jobs (17.06%), H.W. Bush increased jobs by 2.6 million (2.46%), Clinton grew jobs by 22.9 million

(13.66%), G.W. Bush grew jobs by 1.35 million (1.02%), and Obama increased jobs by 11.5 million jobs (8.56%). These Presidents all increased economic growth: Carter 3.3%, Reagan 3.5%, G.H.W. Bush 1.7%, Clinton 4 %, W.H. Bush 1.5% and Obama 2.4% (Bloomberg.com, 2018).

This pattern is very much interconnected to the world outside the USA to secure its security and national interests. Waldman and Javidan (2020) describe globalization and economic interdependence among nations as a driver for GDP. Due to globalization, GDP grew from \$50 trillion in 2000 to \$75 trillion in 2016. Employment also grew beyond borders with migrant employees sending \$466 billion to their families in their home countries. New nationalism is a process of interaction, not one of isolation. Waldman and Javidan (2020) purport that a global mindset of executives has promoted development, maturation, and growth across international businesses.

Since 1986, USA Presidents have been required to annually submit a *National Security Strategy Report* to Congress articulating a President's priorities of national security and national interests. In alignment with Kissinger's framework, the USA Presidents from Carter through Obama believed in a) Globalism, b) Implementing Global Policies, and c) Free Trade & Global Citizenship.

The National Security Strategy Archive (2020) summarizes the policy themes of each of the presidents' strategic approaches. They are: 1) Carter focused on international human rights; 2) Reagan focused on national security and solidarity with allies; 3) Bush Sr. focused on greater sharing of global leadership and responsibilities; 4) Clinton focused on international engagement and prosperity at home and abroad; 5) Bush Jr. focused on the balance of power favoring human freedom and spreading democracy, and 6) Obama focused on greater economic integration with the international community.

In review of these USA national security strategies, these six USA presidents embraced globalism and globalization. Therefore, all of these presidents were globalists, as well as nationalists. Their perspectives embraced globalization, leveraging it to advance national interests.

CONCLUSIONS

There are many internationally recognized indices that offer standard-based, objective perspectives on what constitutes national competitiveness within the international, comparative context. These approaches measure the dimensions of competitiveness related to economic, political, and social factors. Although nations may be ranked by these competitive indices, it is business firms that must compete in the world marketplace, both at their macro and micro levels of the firm, with or without the support provided by their governments.

The benefits of globalist and nationalist perspectives were analyzed in the context of the USA's global competitiveness over Presidents Carter through Obama's strategies to embrace and advance globalization. We purport that American international business competitiveness is measurable by considering the indices that have been presented in this paper. This paper utilizes the aforementioned indices to suggest answers to three questions: Is the USA competitive in the global business marketplace? Is there a link between American Presidents' policies and American international business competitiveness? Is there a difference in USA's global business outcomes

based on a President's perspective on globalism and nationalism over 40 years under Presidents Carter through Obama?

Based on the indices, we argue that the United States may be considered to be globally competitive in business based on three out of five indices. The KOF Globalization Index indicates that the United States progressed slowly, but steadily forward on the "Globalization Index". It appears to be at a standstill, while other peer countries have progressed. The United States' measures of its globalization were at higher levels than other countries when the KOF Globalization Index began in 1970. But its percentage gain overtime is slower than other emerging economies.

According to the ATKearney FDI Index, the USA has an exemplary record in attracting foreign direct investment. KOF says further Globalization in the economic, social, and political fields has been on the rise since the 1970s, receiving a particular boost after the end of the Cold War. Fundamentally, globalization is the exchange, movements, and interactions around the world of goods and services, people and cultural practices, and capital and technologies.

The USA has been in the top five of the World Economic Forum's "Global Competitiveness Index" during the last 40 years from 1979-2019. For 95% of the years, the USA ranked in the top five in the world. However, there are indications that the USA can improve in the macroeconomic environment.

There is room for improvement on two indices, the World Bank's "Doing Business" and the "Corruption Perception Index." Overall, the World Bank data indicate the USA was on a downward trend from 2004 through 2014. Further, the data suggest that the United States could benefit from a comprehensive review of its regulatory framework and tax structure.

Transparency International's "Corruption Index," demonstrates that the United States' scores are lower than many other countries; most often ranked at 16 out of 180 countries. The data suggest that the USA trails behind many OECD partners.

Our second question, which sought to know if there was a link between American Presidents' policies and American business competitiveness, is more difficult to answer. Our review of business advocacy and policies by Presidents were considered by analyzing all the National Security Strategy Reports for each year of each President for the 40 years of their presidential terms, from Carter to Obama.

This analysis did not reveal direct linkages. Since many of the initiatives are long-term strategies, crediting one President over another for a particular policy is somewhat arbitrary. For instance, President Reagan referred to the concept of a Free North American Trade Zone when he announced his presidential candidacy in 1979. The idea was then developed more fully under President Bush and enacted under President Clinton. Which administration gets credit or conversely, which gets the criticism? What is clear, however, is that each President, from Carter to Obama, advocated for free trade, for participation in international and regional organizations, and for collaboration with allies and partners.

The final question that this paper considered was whether there is a difference in business outcomes based on a President's perspective on globalism and nationalism. It appears that this is moot since Presidents Carter through Obama were both globalists and new nationalists. Whether their individual visions were driven by constrained or unconstrained views of human nature, they were nonetheless accepting of Nye's world characterized by networks of connections that span multi-continental distances. (Nye, 2002). Furthermore, all were seeking acceptance of American multicultural society and presented this society as an ideal worthy of protection at all costs. These presidents valued a process of interaction, not one of isolation. All of the presidents from Carter to Obama balanced the USA's national self-interest within an interdependent international environment.

Based on the evidence presented in this paper, the international business competitiveness of the United States of America is supported by both perspectives and actions of globalism, as well as nationalism with processes of interactions, not those of isolation. The indices referred to throughout this paper are valuable measures. They can also serve as guides to nations that strive to be internationally competitive using international norms, while also leveraging globalization to advance national interests.

The social, economic, and political variables impacting business competitiveness are dynamic, shifting and changing between and among developed and developing countries. The authors will continue further research and pursue subsequent USA administrations' data, as it becomes available, to compare to the former four decades of the country's globalist and nationalist strategies in support of USA businesses in the global marketplace.

REFERENCES

- Al-Rodhan, N., & Stoudmann, G. (2006). Program on the geopolitical implications of globalization and transnational security definitions of globalization: A comprehensive overview and a proposed definition. Retrieved from <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.472.4772&rep=rep1&type=pdf>
- American Presidency Project (2020). American presidency documents. Retrieved from <https://www.presidency.ucsb.edu/documents>
- ATKearney (2017). *The 2017 A.T. Kearney foreign direct investment confidence index. Glass Half Full*. Retrieved from <https://www.kenarney.com/foreign-direct-investment-confidence-index/article/?a/glass-half-full-2017-foreign-direct-investment-confidence-index-article>
- Bandura, R. (2005, June 20). Measuring country performance and state behavior: A survey of composite indices. United Nations Development Programme.
- Bloomberg.com (2018). Presidents and economic growth. Retrieved from <https://www.bloomberg.com/opinion/articles/2018-08-01/ranking-presidents-economic-records-by-gdp-growth>

- Bureau of Economic Analysis (2018). Foreign direct investment in the U.S.: Balance of payments and direct investment position data. Retrieved from <https://www.bea.gov/international/di1fdibal>
- Destler, I. M. (1991). U.S. Trade policy-making in the eighties. In Alesina, A & Carliner, G. (Eds). *Policies and Economics in the Eighties* (pp. 251-284). Chicago: University of Chicago Press.
- Dreher, A., & Martens, P. (2008). *Measuring globalization: Gauging its consequences*. New York: Springer Books.
- Congress.Gov (1986). Goldwater-Nichols Department of Defense Reorganization Act of 1986. Retrieved from <https://www.congress.gov/bill/99th-congress/house-bill/3622>
- Freudenberg, M. (2003). Composite indicators of country performance: A critical assessment. *OECD Science, Technology and Industry Working Papers*, No. 2003/16, OECD Publishing, Paris.
- Graphic News (2021). Jobs created by U.S. presidents. Sourced by *U.S. Bureau of Labor Statistics*. Retrieved from <https://www.graphicnews.com/en/pages/40633/business-us-jobs-by-president-1>
- Gygli, S., Haelg, F., Potrafke, N., & Sturm J. E. (2019). The KOF globalisation. The KOF Globalisation Index revisited. *The Review of International Organizations*, 14, 543-574. Retrieved from <https://link.springer.com/article/10.1007/s11558-019-09344-2>
- Hilmersson, M. (2014). Small and medium-sized enterprise internationalisation strategy and performance in times of market turbulence. *International Small Business Journal*, 32(4), 386–400.
- Hudrlikova, L. (2013). Composite indicators as a useful tool for international comparison: The Europe 2020 example. *Prague Economic Papers*, 4, 459-473.
- Hussain, M., & Hoque, Z. (2002). Understanding non-financial performance measurement practices in Japanese banks. A new institutional sociology perspective. *Accounting, Auditing & Accountability Journal*, 15(2), 162–183.
- Kissinger, H. (2014). *World Order*. New York: Penguin Press.
- KOF Swiss Economic Institute (2019). *KOF Globalisation Index*. Retrieved from <https://kof.ethz.ch/en/forecasts-and-indicators/indicators/kof-globalisation-index.html>
- Molodchik, M. A., Shakina, E. A., & Bykova, A. (2012). Intellectual capital transformation evaluating model. *Journal of Intellectual Capital*, 13(4), 444–461.

- Mundheim, R. H., & Heleniak, D. W. (1979). American Attitudes Toward Foreign Direct Investment in the United States. *Journal of Corporate Law and Securities Regulation* (2), (pp. 221-243). North Holland Publishing Company.
- National Security Strategy Archive (2020). U.S. presidential security strategy of the United States: 1987 - 2020. Retrieved from <https://nssarchive.us/>
- Nye, J. (2002). Globalism versus globalization. The globalist: rethinking globalization. Retrieved from <https://www.theglobalist.com/globalism-versus-globalization/>
- Porter, M. E. (1990). *The competitive advantage of nations*. New York, NY: Free Press.
- Porter, M. E. (1998). Clusters and the new economics of competition. *Harvard Business Review*, 76(6), 77-90.
- Potrafke, N. (2015). The evidence of globalism. *The World Economy*, 38(3), 509-552.
- Sabanadze, N. (2010). Introduction. In *Globalization and Nationalism*, 1-14. Budapest; New York: Central European University Press.
- Sowell, T. (2007). *A Conflict of visions: Ideological origins of political struggles*. New York: Basic Books.
- U. S. Department of Commerce (2017). Foreign direct investment in the United States. Retrieved from <https://www.commerce.gov/news/fact-sheets/2017/10/foreign-direct-investment-united-states>
- United States Department of Commerce (2020). Trade Agreements (nd). International Trade Administration. Retrieved from <https://www.trade.gov/trade-agreements>
- Vevere, V., Zvirgzdina, R., & Linina, I. (2017). Indexes as business environment characterizing instruments. *European Integration Studies*, 11, 220-232.
- Waldman, D. A., & Javidan, M. (2020). The false dichotomy between globalization and nationalism. *Harvard Business Review*. Retrieved from <https://hbr.org/2020/06/the-false-dichotomy-between-globalism-and-nationalism>
- World Bank (2019a). Foreign direct investment net flows. Retrieved from <https://data.worldbank.org/indicator/BM.KLT.DINV.CD.WD>
- World Bank (2019b). Country tables. Doing business. Retrieved from <https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB19-Chapters/DB19-Country-Tables.pdf>
- World Bank (2020a) Doing business 2020. Retrieved from <https://www.doingbusiness.org/en/about-us>

World Bank (2020b). Ease of doing business scores. Retrieved from <https://www.doingbusiness.org/en/data/doing-business-score>

World Economic Forum (2019a). Global competitiveness report. Schwab, K. (Ed). Retrieved from http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

World Economic Forum (2019b) Global competitive index: 2018 performance overview of the United States in 2018. Retrieved from <http://reports.weforum.org/global-competitiveness-report-2019/economy-profiles/#economy=USA>

World Economic Forum (2020). Global competitiveness report special edition 2020: How Countries are performing on the road to recovery. Retrieved from <https://www.weforum.org/reports/the-global-competitiveness-report-2020>

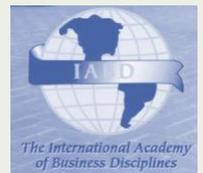
Zmuda, M. (2017). Towards a Taxonomy of International Competitiveness. Central European Management Journal, Issue 3, 97-116. Retrieved from <https://www.ceeol.com/search/article-detail?id=583752>

QRBD

QUARTERLY REVIEW OF BUSINESS DISCIPLINES

August 2021

Volume 8
Number 2



A JOURNAL OF INTERNATIONAL ACADEMY OF BUSINESS DISCIPLINES
SPONSORED BY UNIVERSITY OF NORTH FLORIDA
ISSN 2334-0169 (print)
ISSN 2329-5163 (online)