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Pandemic, Wars, MAGAnomics, and the Manufacturization of the Economy: Donald Trump, Karl Marx, and the Mercantilists

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Key Takeaways

- **Hyperglobalization, driven by the COVID-19 pandemic and Russia's war in Ukraine, which disrupted global supply chains, has given way to confrontational globalization:** Global supply chains have begun to be rerouted through friendshoring, nearshoring, and inshoring, which also includes reshoring.
- **For President Donald Trump, who aims to revive the American economy, friendshoring and nearshoring are unacceptable:** MAGAnomics is based solely on inshoring, where not only do previously departed manufacturing companies return to the country (reshoring), but other companies in this sector of the economy must also give preference to operating in the United States.

- **The primary instrument for increasing the share of manufacturing in the US economy is the imposition of high tariffs:** Prioritizing manufacturing bears a superficial resemblance to Karl Marx's economic theory. However, the far more obvious parallel is with the economic views of the mercantilists, which were thoroughly criticized by Adam Smith as early as the 18th century.

The mass offshoring of manufacturing enterprises from developed to developing countries began in the late 1960s and early 1970s. This process was driven by declining industrial profitability, rising wages in developed countries, the growing strength of trade unions, and the oil shocks of 1973 and 1979. In search of lower labor costs, corporations began to transfer labor-intensive industries (textiles, electronics, assembly, household appliance production) to developing countries, including South Korea, Taiwan, Hong Kong, Singapore, and Mexico. The development of modern logistics, which provided the infrastructure for global supply chains, became another significant driver of this relocation.

It should be noted that this process of deindustrialization affected not only developed countries, but also some developing countries. The results of this "premature deindustrialization" for these countries included significant economic consequences (e.g., lower economic growth) and political consequences (e.g., democratic failure) (Rodrik, 2015).

The "liberation" of developed economies from the "burden" of manufacturing led to a greater focus on the development of finance, services, information technology, consulting, intellectual property, the platform economy, and related sectors.

As a result, a new division of the global economy emerged. Developed countries became characterized primarily by advanced financial, service, and information technology sectors, while manufacturing became concentrated mainly in relatively successful developing countries.

Since the mid-1990s, the intensification of international trade and the expansion of global supply chains have contributed to the emergence of economic foundations of hyper-globalization (Rodrik, 2011, 200–201).

As is well known, the COVID–19 pandemic in 2020 caused major disruptions to global supply chains (e.g., Spence, 2021). Naturally, these disruptions prompted recognition of the need to strengthen the resilience of global supply chains (e.g., Marin, 2021).

The problem of disruptions in global supply chains, and the task of strengthening their resilience, became even more pressing following the start of Russia's war in Ukraine in February 2022 and the West's subsequent imposition of economic sanctions on Russia as a result (BBC, 2024).

Following the US and Israeli attack on Iran in February 2026, Iran blocked the Strait of Hormuz, causing a new round of disruptions to global supply chains (e.g., Bakhtiari, 2026).

Trade wars initiated by US President Donald Trump are also contributing to disruptions in global supply chains (Papava, Bedianashvili, 2025).

Since the COVID-19 pandemic, as well as the aforementioned wars, it has become clear that the era of hyper-globalization has ended and has given way to confrontational globalization (Papava, 2022b). The contours of a better globalization (Rodrik, 2022) are increasingly emerging, likely to be based on economic security (Papava, 2022a), with the resilience of global supply chains as a key priority.

To achieve the goal of ensuring the sustainability of global supply chains, friendshoring (i.e., redirecting supply chains to friendly countries), nearshoring (i.e., relocating operations to a neighboring country, usually one sharing a border), and reshoring (often mistakenly equated with inshoring or onshoring, when production is moved back to the home country) have acquired particular importance (Ellerbeck, 2023). I believe the term "inshoring" (or "onshoring") has a broader meaning than "reshoring." Specifically, it encompasses not only the return of businesses that had previously left a country, but also the establishment of operations by companies that had never previously operated there (Papava, 2025). In other words, "reshoring" refers only to the return of companies that had previously left, whereas "inshoring" includes both "reshoring" and the relocation of new companies to a country.

After President Trump imposed new trade tariffs on traditional US trading partners, it became clear that both friendshoring and nearshoring were fundamentally out of the question for the US. A clear example of the exclusion of friendshoring is the imposition of tariffs on the UK (e.g., McKiernan, 2025) and the EU (e.g., Grzana, Ilzetzki, 2025), which until recently had been considered strategic US partners. At the same time, this tariff policy also affected the United States' immediate neighbors,

Canada and Mexico (WH, 2025), indicating that nearshoring was likewise excluded for the United States.

In this context, it is important to note that Washington's preference for inshoring does not mean that other countries will also abandon friendshoring and nearshoring. On the contrary, they are likely to become increasingly interested in finding new partners, even those that have also been affected by the US trade war. The most obvious example of this is the growing possibility of revising trade and economic relations between China and the EU (McMorrow et al., 2025) to counter Trump's trade war (Latona, 2025).

Inshoring fits organically into President Trump's "Make America Great Again" (MAGA) project as the basis for implementing the "America First" agenda. Through inshoring, it is believed that the American economy can be revitalized, leading to increased employment in US manufacturing, which, for example, is 2.5 times smaller than in Germany, China and Russia (Grigoryev, 2026, 132).

To promote inshoring, it is necessary to reduce imports and increase the attractiveness of the United States as a place to do business. This is achieved by imposing import tariffs, primarily on countries with which the United States has negative trade balances. This approach to reviving the American economy is the core of MAGAnomics (Mulvaney, 2017).

The process of inshoring, whereby not only companies that had previously left the country return, but also other manufacturing enterprises relocate there, can be qualified as the **manufacturization of the national economy**.

President Donald Trump's emphasis on the manufacturization the US economy naturally recalls both Karl Marx and the mercantilists, for whom the presence and development of manufacturing were of paramount importance.

Karl Marx regarded manufacturing as a priority over trade and services (Tregenna, 2013), since surplus value is created precisely in the manufacturing industry (Marginson, 1998), and only partially in the service sector (Tregenna, 2011).

Unlike Karl Marx, however, Donald Trump places no importance on the creation of surplus value. As such, any similarities between their views on manufacturing are merely superficial.

A far more productive comparison can be made between the fundamental instruments of MAGAnomics and mercantilism. Specifically, both emphasize the use of high tariffs to improve trade balances with virtually all trading partners. The similarities between MAGAnomics and mercantilism (Barro, 2019), particularly in the context of the strategic pursuit of national advantage, are obvious.

Here, we should also note that Adam Smith offered a thorough and widely accepted critique of mercantilism as early as the mid-18th century (e.g., Warlow et al., 2007).

Some similarities between MAGAnomics and mercantilism, on the other hand, do not at all exclude the existence of differences (e.g., the absence of colonies in the United States, whereas colonial resource extraction was a defining feature of mercantilist economic policy) (Hoffman, 2025). As MAGAnomics does not fully coincide with classical mercantilism, a special term, "modern mercantilism," has been introduced (Jensen, 2024).

While it is generally accepted that China is a modern mercantilist power (Subramanian, 2026), with its economy managed by a communist government that subsidizes industry and manipulates the currency, this does not justify the adoption of mercantilist policies by the United States (e.g., Andrews, 2025).

To be fair, it should also be emphasized that the COVID-19 pandemic also contributed to the perceived justification for the onset of "modern mercantilism" in the United States (Andrews, 2025). I would add that certain economic sanctions imposed by the US on Russia due to the war in Ukraine have also reinforced this trend. In particular, the imposition of a 500 percent tariff on countries purchasing Russian oil (Carvalho, 2026) fits squarely within the logic of "modern mercantilism," for which the introduction of high tariffs is the preferred policy instrument. Given that China and India together consume more than 80 percent of Russia's seaborne crude oil exports, it is clear which countries such sanctions primarily target (Owens, 2026).

In conclusion, it should be noted that, because the theoretical foundations of MAGAnomics are limited and contradictory (Haldar, 2025), most economists regard this approach to reducing the US trade deficit as ineffective, with potentially negative consequences both for the United States and for its trading partners (Rodrik, 2025). At the same time, the forecast for achieving the main goal of MAGAnomics, the restoration of US manufacturing through Trump's tariff policy, is not particularly encouraging (Lee, 2025).

Nevertheless, regardless of the "modern mercantilism" of the United States, the process of manufacturization of the global economy deserves due attention and warrants further study.

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