

GLOBALISATION AND UNEMPLOYMENT RATES IN THE UNITED STATES: AN ARDL ECONOMETRIC APPROACH (1974-2023)

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ABSTRACT

This study analyses the influence of economic growth (GDP), foreign direct investment (FDI), inflation (INF), trade balance (BOT), and money supply growth (BMG) on the unemployment rate in the United States and tests the long-term relationship among these variables. Using annual time series data for the period 1974–2023. The Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests indicate that the research variables exhibit mixed levels of integration, $I(0)$ and $I(1)$, so the Autoregressive Distributed Lag (ARDL) approach was applied. The Bounds Test is used to detect cointegration, and the Error Correction Model (ECM) is estimated to identify short-term dynamics and the speed of adjustment toward long-term equilibrium, along with diagnostic tests to ensure model accuracy. The research findings indicate cointegration among the variables, with long-term results showing that GDP and FDI have a negative and significant impact on unemployment; BOT has a negative impact with marginal significance; BMG has a positive impact with weak significance; and inflation is not significant. The error-correction coefficient of -0.19 indicates that approximately 19% of the long-term imbalance is corrected each period, and all diagnostic tests confirm that the model is free of autocorrelation, heteroskedasticity, and multicollinearity. By applying ARDL-ECM to a long dataset, this study makes an empirical contribution that enriches our understanding of unemployment dynamics in the United States. The results are expected to help policymakers design strategies to reduce unemployment by strengthening the economy, increasing foreign investment, and implementing more effective wage and trade policies.

Keywords: Globalisation, Unemployment, Foreign Direct Investment (FDI), Economic Growth, ARDL, Time Series Analysis.

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I. INTRODUCTION

Since the early 1970s, globalisation has driven various aspects of life in the United States, including the economy. This dynamic has encouraged integration in international trade and investment, leading to an increase in the labour sector (Abdi et al., 2025). This is evidenced by several indicators, such as an increase in foreign direct investment (FDI), fluctuations in international trade (BOT), and the strengthening of financial transmission through liquidity from the capital sector, which affects BMG. Conversely, since the 1970s, domestic economic growth (GDP) and inflation (INF) in various countries have become highly volatile in response to global shocks, such as the oil crisis, the 1998 monetary crisis, and recessions in several countries (Asafo-Adjei et al., 2023). These global dynamics have made the global economy unstable, thereby affecting labour market demand. This indicates that globalisation has two sides: on the one hand, it can create jobs, but on the other hand, it can cause losses for workers when global dynamics occur. Therefore, further analysis is needed to determine the relationship between globalisation and unemployment using relevant macroeconomic variables during the period 1974–2023.

The United States is one of the countries most impacted by globalisation. This is evident in increased capital inflows into the United States, followed by increases in exports and imports, and the expansion of international trade involving the country. Based on data from FRED from 1974 to 2023, the unemployment rate in the United States fluctuates frequently from year to year. This is evident in Figure 1, which demonstrates that both domestic and global economic dynamics significantly influence labour market conditions.

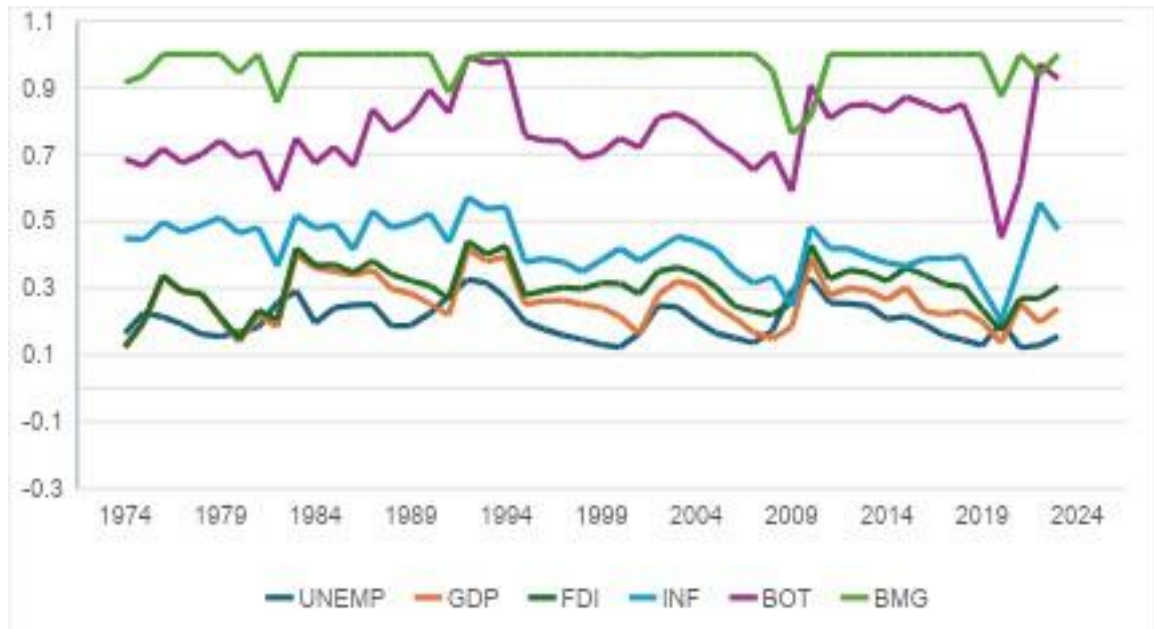


Figure 1. Fluctuations in the US Unemployment Rate and Macroeconomic Indicators (1974–2023)

Annual FDI flow data collected by the US Bureau of Economic Analysis show the attractiveness of the US vis-à-vis other countries. In contrast, the economic conditions of foreign countries and their ability to invest have trended upward since the 1980s. At the same time, the Balance of Trade (BOT) indicator shows a downward trend, reflecting a widening deficit as shifts in global production put pressure on domestic employment. This condition is further reinforced by economic growth (GDP) and inflation (INF) becoming more sensitive to global fluctuations (Alfalih, 2024), as well as by changes in financial liquidity flows driven by the dynamics of Broad Money Growth (BMG) in response to shifts in international capital flows. The combination of these variables places the US labour market in a position that is highly responsive to global changes, making employment one of the sectors most affected by global economic integration. The findings of several studies show that there is still inconsistency regarding the impact of globalisation on unemployment, with studies often contradicting one another. On the one hand, there is a view that when a country opens itself to the global market, goods from other countries, such as those produced at lower cost, will flood the domestic market (Campos et al., 2025a). This creates competition in the labour market by intensifying competition

between goods produced by domestic and global companies.

Ultimately, domestic companies affected by this trade competition will inevitably reduce the number of goods they produce, which will have a broader impact on the employment sector (Mohamed, 2024). As a result, unemployment will increase, leading to *the Shocking Institution Hypothesis*. If the government does not intervene by implementing policies to protect the domestic market from foreign competitors, the multiplier effect will be even more widespread. In addition, globalisation and technology only require skilled labour, which can exacerbate the situation that has already occurred. As a result, unemployment will not only increase but also persist for a long time (Dawid & Neugart, 2023). However, there is an optimistic view regarding the results of previous studies on foreign direct investment (FDI), which is one component of aggregate revenue. Through foreign capital flows, multinational companies can increase their production factors by improving human resources through technological development, establishing companies, and bringing in liquidity (BMG) (Mahembe & Odhiambo, 2014). The presence of FDI can reduce unemployment (Rong et al., 2020), for example, through the establishment of companies, which inevitably require new labour to carry out their operations. As a result, the labour market will improve as the number of available jobs increases (Fritsch & Mueller, 2008). Not only that, when new companies expand, surrounding businesses, such as local entrepreneurs, will be exposed to the impact of this liquidity and can indirectly create new jobs.

In addition, previous studies have found that certain variables remained separate, so that several macro variables, such as GDP, inflation, exports, imports, and money supply growth, had not been analysed within a single framework. In fact, changes in these variables can affect the labour market both directly and indirectly. On the other hand, the ARDL method is suitable for analysing the impact of globalisation on the labour market. Although this research is suitable and robust for examining the impact of globalisation on the labour market, there is still little research using the ARDL method in this context. Therefore, this study aims to fill this gap by analysing the period from 1974 to 2023 and testing all globalisation variables, such as FDI, inflation, GDP, exports and imports, and money supply growth in a single ARDL model, so that the results of the analysis can be more complete, accurate, and in-depth.

This study aims to examine the impact of globalisation on the US labour market during 1974-2023, measured using macro variables such as GDP, inflation, exports and imports, and money supply growth. Simply put, this study includes GDP, inflation, exports and imports, and money supply growth as control variables, so that the effects of external variables are not included, and the focus remains on the impact of globalisation, thus avoiding confusion with the effects of other economic factors. This study will also differentiate between the results of short-term and long-term analyses, so that with the details of the changes that will be felt in the short term, which could shake the import market, and the impact of globalisation variables in the coming years that will affect foreign direct investment (FDI), can be known, which could then stimulate the labour market. With this method, the study aims to provide a more complete, accurate, and in-depth picture of globalisation's impact on the US labour market.

II. LITERATURE REVIEW

The relationship between globalisation and labour market outcomes has been extensively debated in economic literature. In line with traditional trade theory, globalisation, characterised by the free flow of goods, capital, and technology across borders, is expected to generate efficiency gains and improve resource allocation. However, the distributional consequences of globalisation, particularly on employment and wages, remain a central puzzle. Classical theories such as the Heckscher-Ohlin model predict that trade liberalisation benefits the abundant factor of production. For a capital-abundant and skill-intensive economy like the United States, this implies a positive effect on skilled labour but potential downward pressure on less-skilled workers. This theoretical ambiguity has motivated numerous empirical investigations, yet consensus remains elusive. A substantial body of research emphasises the adverse effects of globalisation on domestic employment. Unlike Autor et al. (2013) and subsequent studies that emphasise the negative effects of Chinese import competition on U.S. labour markets, this study adopts a broader macroeconomic perspective. It examines the national unemployment rate over a longer period (1974-2023) and incorporates multiple channels of globalisation, including FDI, the trade balance (BOT), inflation, and money supply growth (BMG). Using the ARDL bounds testing approach and the Error Correction Model (ECM), the study distinguishes short-run dynamics from long-run equilibrium adjustments. The findings are expected to demonstrate that globalisation has a dual

impact: it can reduce unemployment through investment and production expansion while also increasing structural unemployment due to technological change and shifting trade patterns. Ultimately, these effects depend on the quality of institutions, human capital, and macroeconomic policies. This is consistent with the *shocking institution hypothesis*, which posits that labour markets with rigid institutional structures experience prolonged unemployment when exposed to external competition (Campos et al., 2025). Evidence from European countries further indicates that trade openness, while beneficial for overall productivity, tends to reduce employment in sectors with weak comparative advantage (Mohler et al., 2018).

In contrast, other studies highlight the positive contributions of globalisation through foreign direct investment (FDI) and technology transfer. FDI is argued to boost labour productivity by introducing advanced production techniques, management practices, and capital equipment (Apostolov, 2016). Multinational enterprises often create new jobs directly by establishing local subsidiaries and indirectly through spillovers to domestic suppliers. Rong et al. (2020) found that FDI inflows significantly reduced unemployment in China, particularly in regions with higher labour market flexibility. Similarly, research on Central and Eastern European economies shows that FDI-driven productivity gains translate into higher output and sustained employment growth over the long term (Mahembe & Odhiambo, 2014). These findings align with the Keynesian view that investment, whether domestic or foreign, stimulates aggregate demand and expands labour absorption.

The effects of globalisation on unemployment also appear to be conditional on institutional and technological factors. Potrafke (2013) demonstrated that countries with stronger labour market institutions, including generous unemployment insurance and active labour market policies, are better equipped to buffer the negative shocks of globalisation. Moreover, the quality of governance and regulatory frameworks determines whether FDI translates into stable employment or merely temporary gains (Gozgor, 2017). Technological globalisation, especially automation and digitalisation, has been shown to polarise labour markets by eroding middle-skill jobs while expanding high-skill and low-skill positions (Reme et al., 2025). This suggests that the impact of globalisation is far from uniform; it interacts with a country's technological readiness, educational attainment, and industrial structure.

Despite the richness of existing literature, several gaps remain. Many studies have examined the relationship between globalisation and unemployment using panel data or cross-country regressions. Still, fewer have focused on a single advanced economy over an extended time horizon with a comprehensive set of globalisation indicators. Specifically, the simultaneous effects of FDI, the trade balance, economic growth, inflation, and money supply growth on unemployment within a unified framework have not been fully explored for the United States. In addition, most prior research does not distinguish clearly between short-run and long-run dynamics. The study by Nwosa and Tijani (2020) on Nigeria is an exception, but their findings cannot be generalised to a highly open and post-industrial economy like the U.S.

In the context of the United States, limited econometric research employs the ARDL bounds testing approach to cointegration, specifically tailored to the period 1974–2023. This period encompasses multiple global shocks, the oil crises, the Asian financial crisis, the 2008 Great Recession, and recent pandemic-related disruptions, making it an ideal laboratory for understanding how globalisation transmits its effects to the labour market. The lack of time-series studies that simultaneously incorporate FDI, trade openness, and macroeconomic variables (GDP, inflation, money supply) over the long run presents an opportunity for further investigation. To address these gaps, this study builds upon the theoretical foundations of the globalisation trade unemployment nexus. It adopts a more nuanced approach by decomposing globalisation into measurable macroeconomic channels: foreign capital flows (FDI), trade intensity (BOT), domestic economic activity (GDP), price stability (INF), and monetary liquidity (BMG). By applying the ARDL methodology, the research aims to differentiate between short-term adjustments and long-term equilibrium relationships. This approach is expected to provide a more complete picture of how globalisation influences unemployment in the United States, offering insights that can inform targeted policy interventions. The findings will help resolve apparent contradictions in the existing literature and provide a robust empirical benchmark for future comparative studies.

III. METHODOLOGY

This research employs a descriptive quantitative framework to examine empirical relationships among macroeconomic variables. The primary objective is to assess how globalisation indicators, namely foreign direct investment (FDI), trade balance (BOT), economic growth (GDP), inflation (INF), and broad money growth (BMG), affect the unemployment rate (UNEMP) in the United States. The analysis distinguishes between short-run and long-run effects, and the findings are derived from observed data using established econometric procedures. The study relies on annual time-series data spanning from 1974 to 2023, sourced from the Federal Reserve Economic Database (FRED). This extended period captures various global disruptions, including oil crises, monetary instability, and the 2008 financial recession, as highlighted by earlier research (Campos et al., 2025).

Theoretically, the selection of independent variables is driven by their individual roles in the relationship between unemployment and globalisation. Since foreign capital inflows provide new manufacturing techniques and capital equipment that might increase employment prospects, FDI is the real-sector channel of globalisation (Apostolov, 2016; Mahembe & Odhiambo, 2014). Trade openness can increase production capacity and labour absorption, but it can also displace workers in industries that compete with imports (Llop, 2022; Szymczak, 2024). BOT reflects the trade channels of globalisation, indicating the intensity of international commerce and participation in global value chains. As a gauge of domestic economic activity, GDP indicates how overall economic growth affects labour demand through aggregate demand channels (Gozgor, 2017; Mohamed, 2024). Because price volatility may influence labour market decisions, INF is included as a control variable to account for macroeconomic stability (Potrafke, 2013). BMG represents the financial aspect of globalisation. Broad money aggregates of major economies are frequently employed in the literature on global liquidity to describe cross-border capital flows and international liquidity circumstances (Baks & Kramer, 1999; Sousa & Zaghini, 2004; Rüffer & Stracca, 2006). Because businesses need liquidity to purchase cutting-edge machinery and equipment from overseas, changes in BMG are also closely linked to capital goods imports and technology transfer (Bouattour et al., 2024). Since the introduction of new machinery and automation technologies frequently replaces labour, especially in manufacturing sectors, the importation of capital goods represents a crucial channel through which globalisation transmits technological pressures to domestic labour markets (Reme et al., 2025; Sié, 2023). By capturing both the liquidity implications of international capital mobility and the technological adjustment pressures resulting from capital goods imports, BMG thereby links the financial and real sectors of globalisation.

The primary analytical technique is the Autoregressive Distributed Lag (ARDL) model introduced by Pesaran, Shin, and Smith (2001). The ARDL approach is selected because preliminary unit root tests (Augmented Dickey-Fuller and Phillips-Perron) indicate that the variables exhibit a mixture of stationarity at level $I(0)$ and at first difference $I(1)$. Unlike the Vector Error Correction Model (VECM), which requires all series to share the same order of integration, the ARDL framework accommodates mixed orders of integration. Furthermore, ARDL enables simultaneous estimation of short-term dynamics and long-term equilibrium relationships, making it suitable for policy-oriented analysis.

$$\begin{aligned} \Delta UNEMP_t = & \alpha_0 + \sum_{i=1}^{p-1} \beta_i \Delta UNEMP_{t-i} + \sum_{j=0}^{q_1-1} \theta_j \Delta GDP_{t-j} + \sum_{k=0}^{q_2-1} \gamma_k \Delta FDI_{t-k} + \sum_{m=0}^{q_3-1} \delta_m \Delta BOT_{t-m} \\ & + \sum_{n=0}^{q_4-1} \phi_n \Delta INF_{t-n} + \sum_{r=0}^{q_5-1} \psi_r \Delta BMG_{t-r} + \lambda ECT_{t-1} \\ & + \varepsilon_t \end{aligned}$$

- a. Δ denotes the first-difference operator, capturing short-run adjustments.
- b. $UNEMP_t$ is the unemployment rate at time t .
- c. GDP , FDI , BOT , INF , and BMG represent the independent variables.
- d. β , θ , γ , δ , ϕ , ψ are short-run coefficients.
- e. λ is the error correction term (ECT) coefficient, indicating the speed at which deviations from long-run equilibrium are corrected.
- f. ECT_{t-1} is the lagged residual from the cointegrating equation.
- g. ε_t is the stochastic error term.

Before estimation, the stationarity of each variable was tested using the ADF and PP tests to ensure that no variable is integrated of order two (I(2), which would invalidate the ARDL approach. Following confirmation of mixed integration levels, the Bounds Testing approach for cointegration was applied. This test determines whether a long-run equilibrium relationship exists between the unemployment rate and the set of independent variables. If cointegration is confirmed, the Error Correction Model (ECM) is estimated to capture short-term dynamics and the speed of adjustment toward long-term equilibrium. The optimal lag length for the ARDL model is selected based on criteria such as the Akaike Information Criterion (AIC) and Schwarz-Bayesian Information Criterion (SBIC). Finally, a series of diagnostic tests, including tests for autocorrelation (BG-LM), heteroscedasticity (Breusch-Pagan/Godfrey), normality (Jarque-Bera), and model stability (CUSUM and CUSUMSQ), are employed to ensure the robustness and validity of the estimated model.

IV. RESULTS AND ANALYSIS

The results of the descriptive analysis in Table 1 show that the US unemployment rate (UNEMP) during 1974-2023 (mean 6.2%) moved in line with macroeconomic volatility, particularly GDP fluctuations (mean 1.73%, min -3.43%) and inflation (mean 3.97%, max 13.55%), reflecting the economy's sensitivity to the global business cycle, regarding the impact of import competition on the labour market. The stability of FDI flows (mean 1.23%) supports the argument that foreign investment plays an important role in increasing technological capacity and creating quality jobs (Apostolov, 2016). On the other hand, trade openness indicators (BOT; mean 10.12) and significant variations in capital goods imports (BMG; mean 6.93) show a fairly wide range of values, from -2.75 to 17.20. The minimum negative value does not indicate an absolute decline in the money supply; rather, it reflects a contraction in the year-on-year growth rate. Such conditions have occurred in the United States when monetary authorities implemented tighter policies. For example, during the Volcker Shock period in the early 1980s, when the Federal Reserve aggressively raised interest rates to curb inflation, and during the liquidity adjustment phase following the 2008 global financial crisis. Therefore, the relatively large standard deviation of the BMG, at 4.19, indicates that money supply growth is heavily influenced by changes in monetary policy direction and various economic shocks, not just by linear changes in aggregate demand, indicate the high integration of the US in GVC, consistent with literature emphasizing that GVC participation can increase productivity but also widen labour inequality (Bustaman et al., 2022; Szymczak, 2024). This overall pattern is consistent with the theoretical understanding that the dynamics of the modern labour market are shaped by the simultaneous interaction between domestic variables and globalisation mechanisms and are reinforced by the quality of institutions and technological capacity (Abdi et al., 2025b; Potrafke, 2013).

Table1. Descriptive Statistical Analysis

Variables	Obs	Mean	Std Dev.	Min	Max	Skew.	Kurt.
UNEMP	50	6.20	1.66	3.60	9.70	0.47	2.40
GDP	50	1.73	2.01	-3.43	6.31	-0.51	3.56
FDI	50	1.24	0.83	0.14	3.41	0.68	2.93
INF	50	3.97	2.95	-0.36	13.55	1.49	4.83
BOT	50	10.13	1.82	6.99	13.64	0.19	2.23
BMG	50	6.93	4.19	-2.75	17.20	0.03	3.10

Source: Data processed, 2026

Table 2: The ADF and PP results show that most variables are non-stationary in levels, especially UNEMP, FDI, BOT, and some INF variables, which become stationary in first differences. These findings are consistent with the globalisation literature, which holds that global macroeconomic variables such as trade, FDI, and inflation tend to exhibit long-term trends due to their influence by international dynamics (Gozgor, 2017; Potrafke, 2013). Conversely, GDP and BMG are significant at the ADF and PP levels, indicating that domestic economic activity and capital goods imports move in line with a stable economic cycle. These results

reinforce the use of the ARDL model because the mixed variables $I(0)$ and $I(1)$ are methodologically consistent with the bounds testing approach (Pesaran et al., 2001).

The pairwise correlation analysis in Table 3 shows that the unemployment rate is negatively correlated with GDP and FDI, indicating that increases in economic growth and foreign investment tend to reduce unemployment, consistent with findings on labor market efficiency in open economies. Furthermore, the negative relationship between UNEMP and BOT confirms that the intensity of international trade is associated with increased labor absorption, in line with the views of (2017) and Llop (2022) regarding the role of trade openness in expanding production capacity. Conversely, the positive correlation between UNEMP and BMG suggests that capital-goods imports can trigger labour reductions through the introduction of new technologies, as explained in the literature by Autor (2013) and Reme (2025) on labour market polarisation due to automation. Meanwhile, inflation shows no significant correlation with unemployment, supporting Potrafke's (2013) view that price pressures do not directly determine labour dynamics. Overall, this correlation pattern is consistent with the low VIF results and supports the theoretical structure of globalisation's relationship with labour in the US.

The VIF results in Table 4 show that all variables have VIFs < 2 (mean VIF = 1.46), indicating no serious multicollinearity. This is important because the relationships among globalisation variables (trade, FDI, and BMG) are theoretically interconnected but do not interfere with the estimation. The low VIF confirms that the model can identify the influence of each dimension of globalisation without being disturbed by high correlations between variables.

The varsoc test in Table 5 indicates the optimal lag is 1 based on FPE, AIC, HQIC, and SBIC. The selection of lag 1 indicates rapid short-term dynamics in the US economy, consistent with the literature on the effects of globalisation through imports, FDI, and GVCs, which tend to respond quickly to changes in international demand (Autor et al., 2013; Szymczak, 2024).

Table 2. Unit Root Test

Variables	ADF		PP	
	Level	1st Diff.	Level	1st Diff
UNEMP	0.0856*	0.0000***	0.0563*	0.0000***
GDP	0.0000***	0.0000	0.0000***	0.0000***
FDI	0.0518*	0.0000***	0.063	0.0000***
INF	0.0333**	0.0000	0.0331**	0.0000***
BOT	0.5328	0.0000***	0.4929	0.0000***
BMG	0.0049***	0.0000***	0.0055***	0.0000***

Source: Data processed, 2026 * Show significance at the 10% level, ** Show significance at the 5% level. *** Show significance at the 1% level.

Table 3. Pairwise Correlation

	UNEMP	GDP	FDI	INF	BOT	BMG
UNEMP	1.0000					
GDP	-0.3006	1.0000				
FDI	-0.4063	-0.2261	1.0000			
INF	0.0882	-0.1010	-0.4881	1.0000		
BOT	-0.2118	-0.1735	0.5984	-0.4066	1.0000	
BMG	0.0787	0.1025	-0.2086	0.2805	-0.3062	1.0000

Source: Data processed, 2026

Table 4. Variance Inflation Factor/Multicollinearity

Variables	VIF	1/VIF
INF	1.84	0.54
FDI	1.50	0.67
DBOT	1.40	0.72
GDP	1.32	0.76
BMG	1.26	0.80
Mean VIF	1.46	

Source: Data processed, 2026

Table 5. Var Lag Order Selection Criteria

Lag	LL	LR	df	p	FPE	AIC	HQOC	SBIC
0	-541.54				879.14	23.81	23.90	24.04
1	-368.07	346.95	36.00	0.00	2.26*	17.83	18.45*	19.50*
2	-333.85	68.43	36.00	0.00	2.65	17.91	19.07	21.01
3	-298.93	69.84	36.00	0.00	3.46	17.95	19.65	22.49
4	-259.08	79.70*	36.00	0.00	4.69	17.79*	20.02	23.75

Source: Data processed, 2026

Table 6. ARDL

Variable	Coefficient	t-Stat.	Prob.	Description
Long-Run Coefficients				
GDP	-0.0184	-4.22	0.0001	Significant
FDI	-0.00197	-3.01	0.0044	Significant
BOT	-0.000203	-1.71	0.094	Significant at 10%
INF	0.00133	0.47	0.635	Not significant
BMG	0.0160	1.92	0.061	Significant at 10%
C	0.1043	4.35	0.0001	Significant

Short-Run Coefficients (Error Correction Model)

Δ GDP	-0.00351	-2.91	0.0055	Significant
Δ FDI	-0.00038	-1.82	0.076	Significant at 10%
Δ BOT	-0.00003	-0.82	0.416	Not significant
Δ INF	0.00025	0.43	0.664	Not significant
Δ BMG	0.00309	1.90	0.064	Significant at 10%
ECT (-1)	-0.1925	-4.01	0.0002	Significant

Diagnostic Tests

R	0.73	—	—	
Adjusted R ²	0.69	—	—	
Durbin-Watson	2.01	—	—	No autocorrelation
BG-LM Test	—	—	0.1068	No autocorrelation
BP/CW Heteroscedasticity	—	—	0.5616	No heteroscedasticity
Normality (Jarque-Bera)	—	—	0.955	Normal residuals
CUSUM & CUSUMSQ	Unstable	—	—	Unstable model

Source: Data processed, 2026

Table 7. Bound Testing

Test Statistic	Value	Critical Value at 5%	Decision
F-statistic	29.837	I(0) = 2.45; I(1) = 3.61	H ₀ rejected; cointegration exists

Source: Data processed, 2026

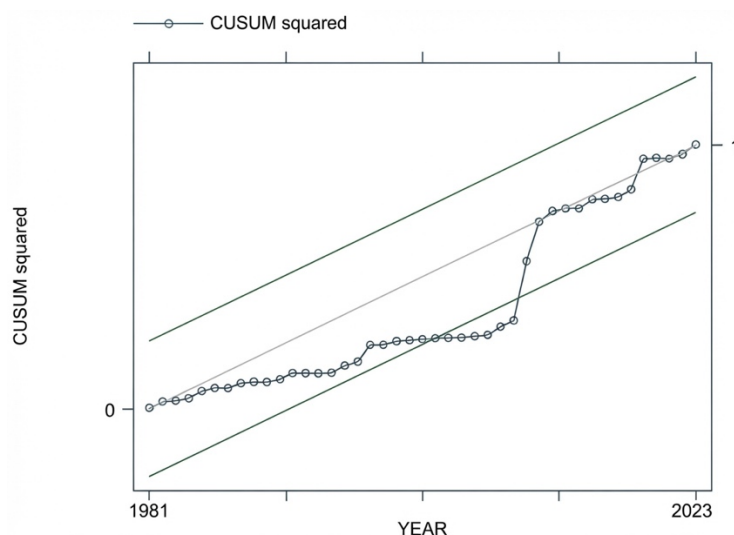
**Figure 2. CUSUM Curve**

Table 6 shows that the ARDL test results indicate that, in the short term, only GDP is significant for UNEMP, with a coefficient indicating that a temporary increase in growth increases unemployment fluctuations, as explained by short-term growth shocks (et al., 2018). The FDI and INF variables are not significant, indicating that the effects of foreign investment and price pressures take longer to have a real impact on the economy (Apostolov, 2016). In the long term, GDP has a significant negative effect on UNEMP, reinforcing the argument that economic expansion and trade integration increase labour market efficiency (Gozgor, 2017). FDI also has a significant negative effect, consistent with the literature emphasising the role of technology transfer and increased industrial productivity. INF remains insignificant for UNEMP and, in the long term, shows minimal direct effects on labour absorption (Potrafke, 2013). For trade, BOT shows a coefficient that is close to significant and negative, consistent with findings that trade openness can reduce unemployment when industries can adapt (Autor et al., 2013). Conversely, BMG has a positive coefficient, indicating technological adjustment pressures that could replace labour (Reme et al., 2025; Sié, 2023). The Error Correction Term (ECT) value confirms that approximately 19% of short-term deviations are corrected annually toward long-term equilibrium, confirming the existence of a stable cointegration relationship.

The F-statistic value (29.837) far exceeds the upper limit (I (1)) at all significance levels. Thus, the ARDL model indicates a significant long-term relationship between unemployment and the macro variables

(GDP, FDI, BOT, INF, BMG), as shown in Table 7. Furthermore, the CUSUMS figure shows that during 2008-2009, the cumulative residual line exceeded the critical limit at the 5% significance level. This condition indicates a structural change in the relationship between macroeconomic variables and the unemployment rate that occurred during the 2008 global financial crisis. Thus, although the ARDL model generally shows stable parameters, there is instability during certain periods due to global economic shocks that affect the relationship pattern among the variables.

V. CONCLUSION AND RECOMMENDATION

This study, covering the period 1974 to 2023, shows that globalisation has had a proven impact on the labour market in the United States, with variables such as GDP and FDI significantly contributing to long-term poverty reduction, driven by increased production capacity and labour demand. Conversely, Broad Money Growth (BMG) is associated with increased poverty due to adjustments in the technological and industrial structures that take time to adapt. This ultimately demonstrates that the impact of globalisation is not instantaneous and requires a long process to be visible in the labour market. Recommendations in this context include the US government's careful alignment of policies with global dynamics to maximise the benefits of foreign capital (FDI) flows. Simultaneously, it should implement large-scale upskilling and reskilling programs to help workers adapt to technological changes.

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