

## Anti-Americanism may harm U.S. firms

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### Ripple effects

**NEW HAVEN, Connecticut** Seen from abroad, American corporations are lining up to enter Iraq. The European media have noted with concern that the first contract in Iraq to put out oilfield fires was awarded without any bidding to Kellogg Brown Root, a subsidiary of U.S.-based Halliburton, a company that has long had ties to the U.S. military.

The governments and business communities of France, Germany, and Russia - and even Britain - are concerned that their companies will be left in the cold. We can't tell how this tension will play out, but whatever the United States would gain in its drive to sew up commercial contracts, it could lose much more outside Iraq, where anti-Americanism poses a potential danger.

To be sure, at this moment most U.S. business executives do not seem to be overly concerned about anti-war feeling spilling over into their operations - at least officially. I recently talked to some who run American chambers of commerce in Germany, France, South Korea and Mexico. Typical of their comments was that of Fred Irwin, chairman of CitiGroup in Germany and president of the American Chamber of Commerce there. "I don't see any links between tensions between Washington and Berlin and attitudes of Germans toward American investors," he said.

I also asked Secretary of Commerce Donald Evans what he thought about the link between popular opposition to American policies and attitudes toward U.S. business. "We'll get past this," he said. "I don't think the geopolitical issues are going to have any long-term momentum."

Nevertheless, I also interviewed several American business leaders who did not want to discuss these matters on the record but who were much more cautious. Those working in Europe are most secure, although they have an eye on large and potentially restless Muslim populations. Those doing business in the Gulf, in particular, but also in Asia, have deeper concerns which include an escalation of terrorism coming out of these regions. There is also some concern that if there is a backlash in the United States against countries that criticize American behavior, then this could result in U.S. boycotts that would cause foreign nations to retaliate.

The evolution of anti-American attitudes toward U.S. companies might not be sudden or dramatic. We are unlikely to see massive boycotts of large numbers of American companies. But in nations where governments still have a say in the award of big business contracts, such as China and Saudi Arabia, fewer could go to U.S. firms. In Europe, the best local talent might shy away from working for U.S. companies.

If overseas U.S. business suffers, so will the U.S. economy. Many American companies have become dependent on overseas markets for more than 30 percent of their revenues. American businesses have also become central to global supply chains that service the United States itself. For example, more than 25 percent of the products America imports come from the foreign subsidiaries of U.S. companies. At the end of 2001, American multinationals had invested more than \$2.3 trillion directly in foreign plants and facilities. Large as this sum may seem, we will never know the cost of American companies that decide not to invest abroad or not to expand existing operations abroad because of a perceived hostile environment overseas.

Three things worry me the most. First is the changing nature of anti-Americanism itself. Dominique Moisi, a French commentator on global issues, told me that there used to be widespread public resistance to what America did, but that today there is an objection to what America is. Americans should take this sentiment as an important warning about the complexity and depth of foreign antipathy toward the United States. In

contrast to the past, anti-Americanism today isn't propelled just by leftist politicians or intellectual elites but encompasses a broader spectrum of society.

Second, we could be seeing the rise of a huge counterforce to continued globalization. American companies have been in the vanguard of globalization, and were they to be attacked or otherwise impeded, so could the continued liberalization of trade and investment that they have been so identified with. As Francis Fukuyama of Johns Hopkins University has written, there is a risk today that opposition to U.S. policies could become the chief passion in global politics.

My third major concern is the potential breakdown in the American-led multilateral system itself - a system in which U.S. foreign policy and its economic policy were in synch, and in which Washington's goals were supported broadly by so many other key countries. If the current paralysis of NATO and the United Nations Security Council is signaling an end to the post-World War II consensus about the role that Washington is playing on the world stage, then over time, all bets may also be off when it comes to the prospects for American business.

The writer, who held foreign policy and economic positions in the Nixon, Ford, Carter and Clinton administrations, is dean of the Yale School of Management. This article is reprinted with permission from YaleGlobal Online ([www.yaleglobal.yale.edu](http://www.yaleglobal.yale.edu)), a publication of the Yale Center for the Study of Globalization.

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