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US groups back role of global companies

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An alliance of large US companies will today fight back against the rising tide of protectionism among politicians and the public by publishing research on the role played by multinationals in the US economy.

The Business Roundtable, which includes companies such as General Electric, IBM and Microsoft, will use the study to counter increasing calls on government to favour domestically focused companies over multinationals and foreign rivals during the economic crisis.

The recent stimulus package contained a "Buy American" provision to encourage the sale of made-in-USA goods and services, while President Barack Obama's budget proposed limits on tax breaks on the overseas earnings of US groups.

The moves could hit companies such as GE, IBM and Procter & Gamble, which derive more than half of their profits outside the US.

"The political winds are clearly troubling for trade and export-oriented companies but we are trying to bring reason to the debate," said John Castellani, president of the Business Roundtable, whose members have total annual revenues of about \$5,000bn.

"The US shouldn't shoot itself in the economic foot by hindering its companies' ability to expand overseas and create jobs here."

[The study, by Matthew Slaughter, professor of international economics at Tuck School of Business, concludes "US multinational companies strengthen the American economy through ...domestic activity and international engagement".](#)

[Prof Slaughter found that US-based parent companies of multinationals account for nearly a quarter of the country's private-sector economy, about a third of its capital investment and three-quarters of all research and development.](#)

[From 1982 to 2004 he calculates that one in five multinationals increased jobs overseas while cutting US staff - a pattern critics see as a "hollowing out" of the domestic economy. However,](#)

more than a third increased jobs at home and abroad, while the rest lost jobs inside and outside the US.

"The idea that limiting the ability of multinationals to expand abroad would create more jobs in the US is just wrong." Prof Slaughter said.

But his view got short shrift from Vermont senator Bernie Sanders who backed legislation to block banks receiving government money from hiring overseas workers. "I think members of the Business Roundtable have been very clear about wanting to shut plants in America and open up in China," he told the Financial Times.

"The business growth [in recent years] has been with small business."

Todd Tucker, research director at Public Citizen, a consumer lobby group, said: "Multinational companies advocate policies that are contrary to the economic and other interests of the majority of Americans."