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Worldwide American Companies Vital to Domestic Jobs and Economic Recovery

U.S. companies' success in international markets key to creating high-paying jobs at home

Washington – A paper released today and commissioned by [Business Roundtable](#) and the [United States Council Foundation](#) confirms that worldwide American companies, which account for a quarter of all private-sector output and employ 22 million U.S. workers, create more U.S. jobs through their participation in the global economy. Furthermore, their international operations complement – rather than substitute for – domestic employment, employee compensation and investment. This paper, a data update to last spring's "[How U.S. Multinational Companies Strengthen the U.S. Economy](#)," also finds that promoting international engagement is especially critical as the U.S. strives to emerge from the global financial crisis and deep domestic recession.

"The expansion of worldwide American companies into international markets has long supported economic growth and employment here at home. In recent years, though, the United States has become a slow-growth market compared with much of the world. This, coupled with our current economic challenges, makes it more critical than ever before for U.S. workers and businesses to compete and succeed in the global marketplace," said author [Matthew J. Slaughter](#), associate dean of the MBA program and Signal Companies' professor of Management at the Tuck School of Business at Dartmouth.

Slaughter notes that nearly 8.5 million jobs have been lost since the beginning of the recession in late 2007 – representing 7.4 percent of the entire U.S. private-sector workforce.

"To fully recover from this recession and ensure long-term growth, our nation's top priority must be to create millions of jobs: and not just any jobs, but the high-paying, investment-and export-oriented jobs worldwide American companies create. The best way to do this is to help our companies successfully tap into foreign markets," said Slaughter.

Slaughter's research also demonstrates that the additional jobs created through trade and investments abroad are high-paying and require knowledge creation, capital investment and exporting. According to Slaughter, U.S. workers at worldwide American companies make on average about 20 percent more than their private sector counterparts. In dollar terms, that means these workers are bringing home an extra \$10,000 every year.

Slaughter's research also reveals that the large shares of domestic productivity-enhancing activities performed here at home by worldwide American companies lead to this high average compensation for U.S. workers. These companies generate 29.4 percent of total private-sector capital investment, 45.2 percent of all American exports and nearly 75 percent of total R&D performed by all U.S. companies. Additionally, the paper notes that the worldwide operations of these companies are highly concentrated here in the United States, with the majority of employment (68.7 percent), output (69.8 percent), capital investment (74.1 percent) and R&D (85.1 percent) all occurring in domestic operations.

"We often hear that companies are shipping jobs overseas to low-income countries, but the data does not support that argument. Far from 'abandoning' the United States, as critics charge, worldwide American businesses employ more than two workers in the United States for each worker employed at a foreign affiliate," said Slaughter.

Given U.S. multinationals' central role in underpinning U.S. economic growth and job creation, Slaughter argues these companies must continue to focus on strengthening competitiveness abroad, a key priority for Business Roundtable and the United States Council Foundation.

"American companies are committed to harnessing the international economy's potential to increase American jobs and promote faster U.S. economic growth. To help achieve these objectives, we need policymakers to advance economic policy that encourages the vitality of these companies' worldwide operations," said [John J. Castellani](#), President of Business Roundtable, an association of leading U.S. CEOs. "When President Obama [came to speak to our CEOs](#) last month, he talked about the importance of exporting goods and services abroad to support more jobs at home. He's right, and his [recently released trade plan](#) reinforces how critical international engagement is for our domestic economy."

"Professor Slaughter's findings confirm what companies operating globally have long known: First, there are major opportunities for growth in overseas markets; second, to be close to your customers, you have to have a physical presence in these markets; and third, there is an integral, positive relationship between worldwide and domestic operations, meaning that success overseas leads to greater success at home," said [United States Council for International Business](#) (USCIB) President and CEO [Peter M. Robinson](#). The United States Council Foundation is the educational arm of USCIB.

The full text and findings of this data update can be found by clicking [here](#).

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