Global Engagement is Vital for U.S. Economic Growth, Job Creation

New Study Shows How U.S. Companies’ Success Abroad Fosters Growth at Home


Authored by Matthew Slaughter, Ph.D., of the Tuck School of Business at Dartmouth, “American Companies and Global Supply Networks: Driving U.S. Economic Growth and Jobs by Connecting with the World,” details the critical links among globally engaged U.S. companies, their international operations and supply networks, and U.S. economic growth and employment.

“Despite ongoing economic uncertainties, this study underscores the fact that millions of good American jobs are created when companies engage in growing global markets via international trade and investment,” Slaughter said. “The benefits of global engagement impact all levels of our economy, not just those companies engaged in international commerce.”

The study reveals three main points about globally engaged U.S. companies:

1. **Globally engaged U.S. companies are the driving force in U.S. capital investment, R&D and international trade** – all of which are essential to supporting economic growth and well-paying jobs in the United States.

2. **They must engage in the global economy to access new customers and ideas so they can remain dynamic and innovative, and continue to grow.**

3. **Global growth supports more hiring, investment and R&D in U.S. operations** and also creates jobs in other U.S. companies, often small- and medium-sized, within their global supply chains.

To make these points, Slaughter uses a mix of economic data, academic and policy research and case studies that detail how the success of globally engaged U.S. companies, their customers and suppliers, as well as the U.S. workers they all employ, increasingly depends on their competitiveness in the global marketplace. The companies profiled are The Dow Chemical Company, The Coca-Cola Company, ExxonMobil, FedEx Corporation, IBM, Procter & Gamble and Siemens.
“The success of globally engaged U.S. companies has a direct and very positive impact on Main Street USA,” said John Engler, president of Business Roundtable. “To encourage and enable our companies to seek new markets and succeed anywhere in the world, we need tax, trade and investment policies that reflect today’s competitive global economy. The benefits at home are enormous.”

“Today’s most successful American companies share a common trait: They invest, produce and hire from a dynamic, global perspective. The importance of demand from high-growth markets outside the United States, and of worldwide supply chains in meeting this demand, cannot be overstated. U.S. companies have to remain globally competitive in order to generate jobs at home,” said Peter Robinson, president and CEO of USCIB.

Additional key facts and findings reported in the paper about the benefits to America from these companies include:

- Growth in demand abroad continues to surpass growth in demand in America.
- U.S. companies of all sizes are globally engaged and pursuing new customers in the global marketplace. In fact, about 26 percent of U.S.-based multinational companies are classified by the U.S. government as “small businesses.”
- International operations of U.S.-based companies primarily exist to serve foreign markets, with more than 90 percent of the foreign production by American companies sold to foreign customers and not imported back to the United States.
- In 2010, globally engaged U.S. companies employed 28.1 million Americans, performed $253.8 billion in R&D, made $587.3 billion in capital investments in the United States and bought more than $8 trillion in goods and services from U.S. suppliers. American small and medium enterprises have been significantly aided in expanding their customer base and global presence with the help of globally engaged U.S. companies.
- Policymakers must focus on the development and implementation of U.S. policies that promote U.S. competitiveness.

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