April 7 issue - Will a rising tide of anti-Americanism engulf American companies operating abroad? I have spent most of my career working with these companies. As a member of Secretary of State Henry Kissinger's staff in the 1970s, I was involved with companies worried about expropriation in Latin America. In the 1980s, I lived in Tokyo and ran Lehman Brothers' Asian business. In the 1990s, as under secretary of Commerce for international trade, I worked with U.S. companies from Germany to Indonesia.

ONLY A FEW months ago, if someone had asked me whether anti-Americanism posed a real threat to U.S. business, I would have said the chances were remote.

I would have argued that most U.S. multinationals such as IBM or JPMorgan Chase are deeply rooted in their host societies, employing local citizens, contributing critical technology and doing many important tasks for the local economies. The phenomenon of foreign investment is no longer controversial; indeed, pretty much everyone wants it. Consumers the world over operate relatively independently of geopolitics, and most people drawn to American products and services will continue to buy them because of their quality or cachet. I'd have said U.S. companies could ride out any political storm, as they weathered anti-Vietnam War protests. Today, I am not so sure. In fact, I'm worried that anti-Americanism could imperil the U.S.-led system of international trade and finance. In the past several weeks, I have talked to business leaders who run American chambers of commerce in Germany, France, South Korea and Mexico. Most of them still see no reason to worry. 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 towards American investors," he said. Bruno Grob, president of Otis Elevator in France, told me that while he hears a lot about anti-Americanism on CNN and reads about it in the French press, he does not see negative French attitudes. I
asked Secretary of Commerce Donald Evans what he thought about the link between popular opposition to U.S. 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 leaders of U.S. multinationals who did not want to discuss these matters on the record for fear of attracting unwarranted attention to their businesses. A number of them are less sanguine, especially if political divisions across the Atlantic and at the United Nations continue to widen. Executives in Europe are most secure. Those doing business in the Gulf, in particular, but also in Asia, have deeper concerns. But all are anxious about potential fallout for their companies if the war in Iraq and the subsequent reconstruction efforts go badly, especially when amplified by the media, or if there is a surge of terrorism in Europe or Asia that is attributed to U.S. policies in the Gulf and Middle East. Some who are based in Europe hope that Congress isn't foolish enough to try to punish governments that oppose Washington's foreign policy with barriers to their imports, as Speaker of the House Dennis Hastert has suggested with regard to French wine. They believe that European governments would be forced to retaliate, setting off a nasty spiral that would surely hurt American companies. In countries like South Korea, there is concern that U.S. corporations could be unusually vulnerable to incidents—an environmental accident or a labor dispute—that in normal times wouldn't get much attention but that could now blow up into a bigger crisis. Worse, if terrorists attacked a U.S. company anywhere abroad, it could create great tension between all U.S. firms and the societies in which they operate. No one wants to live next to a terrorist target. I didn't hear much about another issue, which nevertheless is worrisome—the possibility that foreign-policy tensions could hurt U.S. companies by undermining U.S. international economic strategies. It is not so farfetched to think that political tensions relating to Iraq could spill over and undercut U.S. positions in the Doha trade talks, in efforts to harmonize accounting standards or antitrust regulations, or in International Monetary Fund deliberations. We are unlikely to see massive boycotts of American companies, although the possibility can't be totally eliminated. But there could be a long, slow erosion of the position of U.S. multinationals. For example, in nations where governments still have a say in the awarding of big business contracts, such as China or Saudi Arabia, fewer could go to American companies. In Europe, the best and the brightest local talent might find a stigma attached to U.S. firms and seek employment elsewhere. The cost of physical security could become a competitive disadvantage for U.S. multinationals. The most
vulnerable American firms could be consumer-product companies. In December, a bombing at a McDonald's in Indonesia killed three people, and brands like Nike and Coca-Cola could also be targets. There is a particular risk in industries where competition is brisk and the symbolism of being American is high-this risk applies to companies like Boeing, which have rivals such as Airbus, or General Motors, which vies with Toyota. The corporations that have least to fear may be financial firms like Goldman Sachs or Citigroup, which so clearly dominate the global landscape. If overseas American business is hurt, the U.S. economy won't be immune. At the end of 2001, American multinationals had invested more than $2.3 trillion abroad, not counting stocks and bonds. Many have become dependent on overseas markets for more than 30 percent of their revenue. American businesses have become central to global supply chains that service the United States itself; more than 25 percent of the products America imports come from the foreign subsidiaries of U.S. firms. We will never know the cost of American companies' deciding not to invest abroad or not to expand because of a perceived hostile environment overseas.

When all is said and done, two things worry me most. First is the changing nature of anti-Americanism itself. Dominique Moisi, a respected French commentator, 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. Perhaps this perspective is too French, but it contains an important warning about the complexity and depth of foreign antipathy toward the United States. In contrast to the past, today's anti-Americanism isn't propelled just by leftist politicians or intellectual elites but encompasses a broader spectrum of society. In the Islamic world, anti-Americanism is used as a distraction for deep-seated economic and social problems. In Europe, it reflects frustration and resentment about the Continent's political impotence. Especially in Latin America, U.S. firms could become increasingly frequent targets for the millions of people who feel left out of the recent surge of trade and investment around the world. As Prof. Francis Fukuyama of Johns Hopkins University has written, there is a risk today that opposition to American policies could become the chief passion in global politics. My second major concern is the potential breakdown in the American-led multilateral system itself-a system that is highly supportive of American business and rests on wide acceptance of American foreign-policy goals. If the current paralysis of NATO and the United Nations signals an end to consensus about the U.S. role on the world stage, then all bets are off on the prospects for American business. When I asked William Meyers,
president of Case Mexico and the American Chamber of Commerce there, about the impact of anti-Americanism on U.S. firms south of the border, he said, "Politics is politics and business is business, and the two don't mix." Looking at the fate of American companies over the next decade, I respectfully beg to differ.

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