



Paper for the Working Group on Anti-Americanism

The Economic Impact of Anti-Americanism

D R A F T

by Nusrat Choudhury

“Anti-Americanism is bad for business. The costs associated with rising anti-American sentiment are exponential. From security and economic costs to an erosion in our ability to engender trust around the world and recruit the best and brightest, the U.S. stands to lose its competitive edge if steps are not made toward reversing the negativity associated with America. Additionally, aside from profit-making, American business leaders have the responsibility to use their influence and creative resources to improve the overall reputation of the United States.”

- Business for Diplomatic Action¹

“Wars and boycotts, both fade away.”

- Jane Lindemann, Director of Global Brand Valuation, Interbrand²

During the months surrounding the 2003 United States-led military intervention in Iraq, the business press issued a flurry of articles highlighting expressions of anti-American sentiment targeted specifically at American corporations. These reports brought attention to the torching of a McDonald’s restaurant in Quito, Ecuador; the calls for boycotts of American tobacco, beverages, and cosmetics by South Indian activists; and the launch of “Mecca-Cola” in France as an alternative beverage for the nation’s Muslims.³ Many of these actions were carried out in express protest of United States foreign policy in Iraq as well as American leadership of globalization. They have prompted commentators to question whether anti-Americanism, a diverse set of phenomena by which individually or collectively held beliefs motivate systematic negative bias against the United States,⁴ holds the power to adversely impact an area of traditional pride and strength for the United States: the American economy. As BusinessWeek

¹ Business for Diplomatic Action, *Who We Are*, at <http://www.businessfordiplomaticaction.org/who/index.html> (last visited Jun. 10, 2005).

² *Wars and Boycotts, Both Fade Away*, BusinessWeek Online, Apr. 8, 2003.

³ *The Dangers of War*, The Economist, March 15, 2003, vol. 366, iss. 8315, page 59.

⁴ “Systematic bias is a disposition that makes individuals or groups to expect the U.S. to act perniciously and to interpret the behavior of the U.S. government or of Americans in light of that expectation. It is a mistake to infer that negative opinions about the United States, its policies, Americans, and the American way of life are valid indicators of a systematic bias or prejudice against the United States that slants all new information in only one, negative direction.” Peter J. Katzenstein and Robert O. Keohane, *Types and Sources of Anti-Americanism: A Framework for Analysis*, February 1, 2005 (forthcoming); 1-2.

asked in April 2003, “Will the enormous rise in anti-Americanism seen globally as a result of the war spill over to the business realm and cause problems for the continued development of globalization and free markets?”⁵

According to some observers, including the recently formed Business for Diplomatic Action, the answer to this question is fairly simple: “Anti-Americanism is bad for American business.”⁶ Proponents of this position argue that anti-Americanism threatens to undermine the country’s longstanding dominance in the economic realm by inspiring the wanton destruction of property owned by American businesses, forcing companies to focus on security, fueling boycotts, and eroding the pull of traditionally powerful American brands. As such, anti-Americanism reduces global demand for American products while simultaneously increasing costs for American businesses. Moreover, these commentators fear that the decline in public trust and confidence in “Brand America” will import significant consequences: “It’s an American CEO’s war-on-terror nightmare: for every Frontier Province, countless consumers around the globe start expressing their anti-Americanism by buying Mecca Cola instead of Coke, flipping on al-Jazeera instead of CNN, or zooming around in a battered Fiat instead of upgrading to a shiny Ford.”⁷

Yet, others are unconvinced. Characterizing these calls as far fetched, some observers argue that boycotts are temporary and have limited effect. They emphasize that consumers separate their political beliefs from their actions in the marketplace and that American brands remain among the most dominant in the world, capable of weathering the temporary shocks that come with war and unpopular foreign policy. Boycotts and other symbols of anti-Americanism may be alarming, but their primary impact is most acutely felt in the realm of symbols—not dollars. According to this position, anti-Americanism fails to warrant serious concern as a threat to what remains the strongest economy in the world.

This paper explores the available literature on the economic impacts of anti-Americanism, a literature that demonstrates a remarkable division in opinion. While some business leaders particularly fear the adverse impact of declining levels of public trust in American businesses, others express confidence that consumer responses to surveys do not predict actual behavior.

This paper points out the difficulty of separating the economic impact of anti-Americanism from other factors and the lack of hard data demonstrating that anti-Americanism has directly or indirectly affected the bottom line of American companies competing in a global economy. It points out that anecdotal evidence suggests that anti-Americanism may have a limited, but important, impact on American businesses, one that varies according to the region of the world considered and the industry at issue. The phenomena of anti-Americanism thus warrants greater research to determine its precise relationship to economic developments, and a degree of concern for its erosion of levels of confidence and trust in American corporations, sentiments that corporations spend millions of dollars cultivating.

⁵ BusinessWeek, April 21, 2003, iss. 3829, page 18.

⁶ Business for Diplomatic Action, Strategy and Tactics, at <http://www.businessfordiplomaticaction.org/take/strategy.html> (last visited Jun 10, 2005).

⁷ Ross Douthat, *Rebranding America*, Atlantic, November 2004, vol. 294, iss. 4, page 47.

Scope and Methodology

This paper will focus on the effect of expressions of anti-Americanism on U.S. businesses operating both in the United States and abroad. It will highlight anecdotal reports from the business press, interviews with business leaders, and the results of recent polls measuring consumer opinions and intended behavior by GMI, Inc. (2004) and Roper/ASW (2003). Based on this anecdotal and statistical evidence, this paper will explore the strengths and weaknesses of arguments that anti-Americanism will import a negative impact on sectors of the American economy.

Unpacking the Problem: Does Anti-Americanism Hit American Businesses?

The literature on anti-Americanism and anecdotal evidence suggest that general, systematic bias against the United States may “bleed” into negative sentiments toward American businesses and citizens, jeopardizing American economic interests in five main ways.

- 1) **Increased Emphasis on Security:** Anti-Americanism contributes to attacks on American businesses and increases security costs.
- 2) **Boycotts of American Products:** Anti-Americanism spurs boycotts of American goods, hurting sales and preventing global expansion central to the growth of corporations in an era of globalization.
- 3) **Erosion of Brand America’s Power:** Anti-Americanism promotes increasing popular distrust of American businesses and declining affinity to American brands, turning global consumers away from American products.
- 4) **Strengthening Foreign Countries’ Opposition to U.S. Policies on International Trade:** Strong public demonstrations of anti-Americanism may strengthen the negotiating postures of foreign governments on issues of international trade.
- 5) **Steering Away the Best and the Brightest:** Anti-Americanism may undermine one pivotal factor at the heart of American economic success in the 1990s – its ability to recruit the world’s highest talent.

The following sections discuss arguments and counter-arguments for anti-Americanism’s impact on each of these areas in turn.

Security

Anti-Americanism contributes to attacks on American businesses and increases security costs.

Recent years have witnessed vivid accounts of the destruction of American-owned businesses, particularly following United States military intervention in Afghanistan and Iraq. In October 2001, after American warplanes began the bombing campaign in Afghanistan, thousands of protesters armed with sticks and bats intermittently chanting “Death to America” made its way through the streets of Karachi, Pakistan. The mob smashed windows and set fire to a bus and several cars on the way to the U.S. consulate. After being diverted by police barricades and tear gas, the crowd settled on a new target: the local Kentucky Fried Chicken. Ironically, the restaurant was one of 18 KFCs in Pakistan and was locally owned. And while the owners attempted to hide the restaurant’s red, white and blue logo, the mob was undeterred and burnt the restaurant to the ground.⁸

KFC has not been the only target of foreigners angry with the United States. In 2003, Jose Bove, a French sheep farmer, rocketed to national acclaim and received a public tribute from President Jacques Chirac after he trashed a McDonald’s in the small southern French town of Millau.⁹ Similarly, in Quito, Ecuador, a Ronald McDonald statue was torched in 2003 as a response to the U.S. invasion of Iraq, demonstrating that anti-American sentiment based in political developments, may directly translate into negative attitudes and actions toward American businesses.¹⁰

Not only have adherents of anti-Americanism attacked American businesses, they have also attacked American business people. In 1997, three American businessmen, employees of Union Texas Petroleum, were murdered in Pakistan. The businessmen had been following their usual morning route through Karachi rush hour traffic, and were killed when gunmen burst from a car behind them, firing into the car through the front windshield. This incident occurred a day after the State Department issued an advisory warning Americans of possible terrorist threats in Pakistan.¹¹

Such attacks are deeply disturbing and warrant attention. Within the context of an exploration on the economic impacts of anti-Americanism, they merit closer scrutiny in light of the direct and indirect costs they may place on American businesses. Direct costs include the replacement of property and people impacted by attacks. The State Department recorded sixty-one attacks on American “business facilities” and twenty-nine “business casualties” in its *Patterns of Global Terrorism* report for 2003,¹² a report that tracks incidents of international terrorism and maintains data on attacks on U.S. businesses and citizens.

However, using data on terrorist attacks on American businesses and American businesspeople to measure the economic impact of anti-Americanism is problematic. The

⁸ Brian O’Keefe, *Global Brands*, Fortune, Nov. 26, 2001, vol. 144, iss. 10, page 42.

⁹ *Yank-Bashing is Getting Sillier and Sillier*.

¹⁰ *Wars and Boycotts, Both Fade Away*, BusinessWeek Online, Apr. 8, 2003.

¹¹ Steve Barth, *In Dangerous Places*, World Trade, Oct. 1998, vol. 11, iss. 10, page 64.

¹² Appendix A: *Patterns of Global Terrorism*, 2003.

existence of a causal link between these attacks and anti-Americanism remains contested.¹³ The *Patterns of Global Terrorism* report does not address whether a such a link exists with respect to the incidents it documents. When is an attack on a business the result of simple terrorism rather than anti-Americanism? Incidents like the torching of a locally-owned KFC restaurant in Karachi illustrate the making this classification is difficult. Furthermore, the report does not define how it classifies a “business” victim or target, nor does it address anti-Americanism inspired incidents on U.S. soil or against non-US citizens employed by American companies. Finally, neither the State Department nor any other source has compiled information about the aggregate financial costs of these attacks. Thus, while attacks on American businesses and their employees may be inspired by anti-Americanism and are deeply troubling, it remains difficult to quantify their economic impact.

However, the threat of anti-Americanism inspired attacks on American businesses may also place indirect costs on businesses, particularly by raising outlays on security. Less than a month after the U.S. intervention in Iraq, Michael Marx, CEO of Flextronics International, a contract manufacturer with global operations noted, “The issue of security is going to slowly but surely raise logistics costs.”¹⁴ Similarly, Josh Weber of Business Week Online argued that “Multinationals are already preparing for possible disruptions to their supply chains as the result of tightened security and the threat of more attacks. Others are considering moving their operations out of nations considered risky and factoring in rate hikes from shipping companies forced to spend more securing their fleets.”¹⁵

Once again, measuring the net economic impact of this increased emphasis on security is difficult. One source commented that terrorist attacks are rare relative to other dangers facing Americans working or traveling abroad.¹⁶ In addition, the increased emphasis on security due to terrorism and anti-Americanism may actually prove to be economically beneficial for some American firms. The same source reported that security and risk mitigation consulting firms and those specializing in armored vehicles have expanded rapidly in response to demand.¹⁷

Boycotts of American Products

Anti-Americanism spurs boycotts of American goods, hurting sales and preventing global expansion central to the growth of corporations in an era of globalization.

Like direct attacks on American businesses and citizens, worldwide boycotts of American products in protest of American-led globalization or foreign policy have grabbed headlines in recent years. In southwestern France, protesters staged a “die-in” at a supermarket, where they daubed their clothes with red paint to represent blood and laid down next to a Coca-Cola display.¹⁸ In 2003, ten restaurants in Hamburg, Germany, banned Coked, Marlboro, bourbon,

¹³ For a more thorough discussion, see Carl Robichaud & Rachel Golbrenner, *Anti-Americanism and Violence* (forthcoming).

¹⁴ Joseph Weber, *The Postwar Stakes for Business*, BusinessWeek Online, Apr. 11, 2003.

¹⁵ *Id.*

¹⁶ Steve Barth, *In Dangerous Places*, World Trade, Oct. 1998, vol. 11, Iss. 10, page 64. [should confirm in a post 9/11 source]

¹⁷ *Id.*

¹⁸ *Wars and Boycotts, Both Fade Away*, BusinessWeek Online, Apr. 8, 2003.

and other American goods.¹⁹ In South India, activist groups called for boycotts of American tobacco, beverages, and cosmetics, in 2003.²⁰ In Indonesia, Muslim radicals called for boycotts of U.S. products.²¹ Similarly, Tawfik Mathlouthi, a Tunisian living in France, received publicity for launching Mecca-Cola as an alternative beverage to Coca-Cola for Muslims.²²

Boycotts have proved particularly troubling to business leaders dealing with consumer products widely regarded as symbols of America. *The Economist* reported in 2003 that Coca-Cola, McDonald's, Starbucks, and Altria (once Philip Morris) were all hurt by the expansion of boycotts that began against firms trading with Israel a half-century ago.²³ One source reported that Coca-Cola, the "most valuable brand according to the BusinessWeek/Interbrand survey, says boycotts have affected its business in general, and that the boycotts have hurt local economies, local bottling companies, and local employees."²⁴

Some sources confirm that boycotts concretely impact companies' bottom-line. The Middle East and North Africa Business Report claimed that a grassroots boycott of American goods, organized through the Internet, newspapers, and mobile-phone text messages, contributed to a 55% decline of U.S. exports to Saudi Arabia between 1998 and 2002.²⁵ Another source indicated that the boycott caused sales of U.S. goods to Saudi Arabia to plunge 30% in 2002, with sales of goods like Marlboro cigarettes and Coca-Cola soft drinks falling by more than half. This reduction marked a 12-year low in exports of American products to Saudi Arabia.²⁶ These are numbers that should worry businesses seeking to sell products in Saudi Arabia.

The costs of anti-Americanism inspired boycotts may also be particularly significant in light of the importance of global markets for American companies specializing in visible consumer products. For firms like McDonalds, Coke, Gillette, and Kodak, growth in the U.S. market is measured in the low single digits at best and is far exceeded by growth in overseas markets.²⁷ Tricon, the owner of the Kentucky Friend Chicken (KFC) chain, offers the perfect example of an American firm fueling its growth through expansion in global markets. Since its formation in 1997, Tricon has opened more than 5100 restaurants, of which nearly 3200 are located in over 100 countries abroad.²⁸ As of a 2001 report, Tricon's business plan involved opening more than 1000 KFC stores per year overseas for the foreseeable future—despite September 11; in China alone, Tricon opened an average of ten new KFC stores per month in 2001.

¹⁹ *Id.*

²⁰ *Id.*

²¹ Joseph Weber, *The Postwar Stakes for Business*, BusinessWeek Online, Apr. 11, 2003.

²² *The Dangers of War*, *The Economist*, Mar. 15, 2003, vol. 366, Issue 8315, page 59.

²³ *Id.*

²⁴ Dennis Dunlap, *Hate the Policy, Love the Product*, Marketing News, May 14, 2004, page 9.

²⁵ Sean Callahan, *Middle East Friction Felt by Marketers*, BtoB, Mar. 10, 2003, vol. 88, iss. 3, page 1.

²⁶ "Saudis and other Arabs believe that Washington is now all but uncritically backing Israeli policies. Bush's references to Israeli Prime Minister Ariel Sharon as a 'man of peace' seem to confirm Saudi fears that Washington can no longer be an honest power broker in the turbulent Middle East." *A Saudi U.S. Divorce*, BusinessWeek, Sept. 9, 2003, iss. 3798, page 116.

²⁷ Brian O'Keefe, *Global Brands*, Fortune, Nov. 26, 2001, vol. 144, iss. 10, page 42.

²⁸ Today, Tricon opened 158 KFC franchises in Indonesia (the world's largest Muslim country – three of which were looted in the days after Sept. 11) and a restaurant in Mecca – the Muslim holy city in Saudi Arabia. *Id.*

For a company like Tricon, one dependent on global markets for expansion, the threat of a mass consumer boycott might inspire fear. Yet, in the months following September 11, Tricon's leaders assured the public that this was not the case. The company's CEO, David Novak, reaffirmed to Wall Street analysts that overseas growth would continue unabated—and downplayed the potential impact of an anti-American backlash. Days after the destruction of the Karachi KFC in October 2001, Novak emphasized that KFC is an accepted part of the landscape in many countries due to its longstanding presence. He assured the public, “We are going to have some radical situations,” he told *Fortune*, “but not to the extent that we think it's going to alter our business plan.”²⁹

The key to Tricon's relative nonchalance about the impact of Anti-Americanism-inspired boycotts may be its commitment to localism. KFC is known for allowing franchisees to adapt to local tastes and cultures while maintaining centralized quality control. Thus, KFC offers gravy and potatoes in England while serving fresh rice with sweet chili sauce in Thailand.³⁰ As Clayton Tolley, the CEO of global-branding firm Addison Whitney comments, “More and more, if it's only an American brand without a regional appeal, it's going to be difficult to market.”

Tricon is not alone in expressing confidence in response to a recent attack. In April 2003, *Business Week Online* noted that executives at such well-known U.S. icons as McDonalds and Wal-Mart said that attempts to target their stores with protests had little effect.³¹ Yet, Tricon's confidence may also be a pragmatic response. For a company dependent on global expansion for continued financial success, public expressions of optimism stressing the localism of its business outlets may be the best approach. As Allyson Stewart-Allen, an international marketing expert, has commented, CEOs of American companies may not want to “go ‘public’ on admitting the problem.”³²

Erosion of Brand America's Power

Anti-Americanism promotes increasing popular distrust of American businesses and declining affinity to American brands, turning global consumers away from American products.

Closely related to the issue of boycotts is a host of research demonstrating global consumers' backlash against American brands. In February 2005, GMI released the results of a poll of 20,000 consumers in twenty countries (including the United States) conducted one week after the South Asian Tsunami, measuring their opinions on American multinational brands, corporate tsunami relief efforts and U.S. foreign policy.³³ The GMI World Poll found that nearly 20% of the foreign consumers surveyed stated that they consciously avoid purchasing American brands as a way of displaying their “discontent over recent American foreign policies and military action.” The three countries with the highest percentage of consumers who

²⁹ *Id.*

³⁰ *Id.*

³¹ Joseph Weber, *The Postwar Stakes for Business*, BusinessWeek Online, Apr. 11, 2003.

³² GMI World Poll, Feb. 2, 2005, at http://www.gmi-mr.com/gmipoll/press_room_wppk_pr_02022005 (last visited Jun. 10, 2005).

³³ *Id.* The countries represented in the poll were Australia, Brazil, Canada, China, Denmark, France, Germany, Greece, Hungary, India, Italy, Japan, Malaysia, Mexico, Netherlands, Poland, Russia, South Korea, the United Kingdom, the United States.

indicated an intention to boycott iconic American brands were found to be South Korea (45%), Greece (40%) and France (25%).³⁴

The GMI World Poll probed whether the demonstrated intention of global consumers to boycott US products was linked to consumer's perceptions of US foreign policy. It found that 35% of all international consumers surveyed indicated that U.S. foreign policy is the single most important factor in formulating their image of America (ranging from 49% in Italy to only 18% in Russia). In contrast, only 3% of all international consumers indicated that American brands and products are most important in molding their impression of the United States. Furthermore, two-thirds of all respondents indicated a negative change in their views towards America as a result of the US-led war in Iraq, with South Korea (82%), France (78%), Mexico (77%), and Greece (75%) demonstrating the most negative effect. Commentators like Simon Anhold, a brand specialist and co-author of *Brand America: The Mother of All Brands*, have argued that the power of U.S. foreign policies in shaping international consumers' image of America presents a serious problem for American multinationals marketing their products overseas.

An earlier GMI poll conducted in 2004 provided similar results. Of the 8,000 individuals surveyed from all G8 countries, nearly 20% of respondents indicated that they were less willing to buy American products until the U.S. altered its approach to foreign affairs in Iraq and around the world. In contrast, only 9% of the sample indicated that they adopted a more positive perception of the U.S. and in turn increased their purchases of American-made products and services, due to President Bush's policies on international issues.

Some, like Douglas Massey, a professor at Princeton University's Woodrow Wilson School of Public and International Affairs, take this research seriously: "GMIs World Poll clearly indicates the rest of the world views America's intervention in Iraq as arrogant and selfish. Because of their anger and frustration, they are consciously considering changing their buying habits."³⁵ Massey argues that continued unilateral action on the part of the U.S. will not only "isolate it politically, but economically as well, depressing worldwide demand for American products and services."

Other polls measuring changes in the opinions of global consumers towards American culture and American brands have generated similar interest. A 2003 Roper/ASW survey found a decrease in global consumers who feel "very or somewhat close to American culture" over the last four years, with the largest decreases in Taiwan (20%), Argentina (17%) and Thailand (13%).³⁶ Similarly, the survey documented that two-thirds of global respondents reported feeling "closer to their own culture" over the same period, with the largest increases in Japan, Venezuela, Turkey, and Indonesia. Roper/ASW asked the same group of global consumers about their feelings of "trust" toward a list of multinational companies that included well known American companies. While some American companies ranked high on the aggregate "trust" list

³⁴ However, 56% of those who reported that they consider boycotting American brands also stated that their judgment of those corporations that had donated to the Tsunami relief effort had improved; similarly, 48% reported that they would consider purchasing products in the future from those brands that had provided tsunami aid. *Id.*

³⁵ *Global Backlash Against U.S. Brands: Can Tsunami Relief Efforts Stem the Anti-American Tide?*, GMI Poll Presskit, Jul. 8. 2005.

³⁶ *American Brands in the World: Growing Opportunities or Rising Threats?*, Roper Reports Worldwide Teleconference, Jul. 1, 2003.

(Levi's, Coca-Cola, and Ford), more dominated the bottom of the list (AOL, American Express, MTV).

Roper/ASW issued a 2003 report that argues for a link between these findings, claiming that the decline in global consumers' expressed affinity towards American culture and trust in American companies parallels their behavior towards American brands. The report highlighted the finding that American brands received higher premium ratings from those who indicated that they feel closer to American culture. For example, while 46% of those who feel "very distant" to American culture reported that American brands are "better and worth paying more for," the figure went up to 59% of respondents who indicated that they feel very "close" to American culture. In contrast, respondents feeling "close" or "distant" with respect to Japanese or European culture exhibited a much smaller gap in their attitudes towards Japanese or European brands. Roper/ASW suggested that these results may reflect the effect of anti-American sentiment over war in Iraq, and general resistance against American influence." It concluded that the data demonstrates that "American brands may be facing a less receptive global audience."³⁷ While global economic conditions are creating challenges for all brands, American brands are uniquely vulnerable and that "credibility is key, and if lost, it is very difficult to regain."

However, both the GMI World Poll and the Roper/ASW survey leave several important empirical questions unanswered.

First, these opinion polls may not measure the deep-seated, negative bias towards the United States associated with anti-Americanism, but consumers' "changeable opinions," to use Peter Katzenstein and Robert Keohane characterization.³⁸

As second and related question is whether what consumers' responses to such polls reflect their behavior in the marketplace. Some sources claim that most people separate their politics from their behavior as consumers. In 2002, Research International surveyed 1500 people in 41 countries aged 18-34 and found that this held true even for political activists.³⁹ One respondent to the survey noted that whenever he went to a protest against capitalism, the protesters wore Levi's. He explained, "Our political view has nothing to do with our behavior as customers."⁴⁰ Some experts, like Rob Satloff of the Washington Institute, agree; Satloff argues that a chasm may separate individual opinion from individual behavior, necessitating empirical study of consumer conduct to assess the impact of anti-Americanism on sales of American goods.⁴¹

Even if we take the GMI World Poll and the Roper/ASW survey to provide accurate measures of consumer behavior, they may still suggest that the economic impact of anti-Americanism on Brand America is dependent on the product at issue, both with respect to global

³⁷ *Id.*

³⁸ Peter J. Katzenstein and Robert O. Keohane, *Types and Sources of Anti-Americanism: A Framework for Analysis*, February 1, 2005 (forthcoming).

³⁹ *The Dangers of War*, *The Economist*, March 15, 2003, vol. 366, Issue 8315, page 59.

⁴⁰ *Id.*

⁴¹ Princeton Project on National Security, *First Report of Anti-Americanism Working Group*, Feb. 17, 2004 (confirm with Satloff).

consumers' identification of the product with America and the existence of alternative non-American products. Douglas Holt, a professor of Marketing at the Said Business School of the University of Oxford and the author of *How Brands Become Icons: The Principles of Cultural Branding*, explains, "What American multinational companies must consider is: what brands serve as the most useful proxy for people to use to protest American policies? These have been brands that are most readily associated with an expansionist U.S.: particularly McDonalds and Coke." When the GMI World Poll asked the 3400 consumer who indicated that they boycott American brands about which brands they boycott from a list of 35 international brands (both American and non-American), Marlboro Cigarettes (42%) and McDonalds (29%) were the brands most cited. Likewise, Marlboro Cigarettes (59%) and McDonalds (77%) were also among the top brands identified as being extremely American companies.

However, where there is a lack of suitable alternatives, consumers may fail to boycott products identified strongly with America, despite their best intentions. While 77% respondents to the GMI World Poll identified Coca-Cola as an extremely American company, only 29% of those professing an intention to boycott American goods indicated that they would avoid purchasing Coke products.⁴² Why? The reason may be that Coca-Cola—like Microsoft and Levis—were products that global respondents identified as American, but for which limited alternatives are available overseas.

Regional differences may also influence the strength of consumers' intention to boycott American goods as well as their ability to carry out the deed. The availability of alternatives to American products varies depending on geographic location. Moreover, international marketing expert Allyson Steward-Allen claims that Europeans are more ready to boycott American brands compared to other consumers because "[m]ost Europeans see their economies as highly dependant on the U.S., so anything the U.S. does to threaten America's prosperity and popularity feels proximate to Europeans."⁴³

While the GMI World Poll and the Roper ASW survey leave several empirical questions unanswered, the business press has picked up on their results, and some business leaders have expressed concern about the impact of anti-Americanism on the bottom line for American businesses. Business for Diplomatic Action, a private-sector task force directed by communications, marketing, political science, global development and media professionals, has highlighted the results of the surveys on their website. Dennis Dunlap, the CEO of the American Marketing Association, opened up the Second Annual Marketing Roundtable in March 2004 with a speech taking "A Look at anti-American Sentiment on Global Brands."

However, even as Dunlap's speech to the Annual Marketing Roundtable shows that opinion polls have grabbed the attention of business leaders, he has sought to counter some of GMI and Roper/ASW's conclusions. His speech noted that that American brands, some of which are the strongest, most valuable brand names in the world, appear to be "largely

⁴² The GMI World Poll measured the greatest resistance to Coca-Cola in the United Kingdom and France where 28% and 27% of respondents professing an intention to boycott American goods indicated that they would avoid purchasing Coca-Cola products as a demonstration of protest to US foreign policy. GMI World Poll, Feb. 2, 2005, at http://www.gmi-mr.com/gmipoll/press_room_wppk_pr_02022005 (last visited Jun. 10, 2005).

⁴³ *Id.*

unaffected” by the “growing disillusionment with the United States and American culture, especially since our military entered Iraq.”⁴⁴ He highlighted a survey by *BusinessWeek* and Interbrand of the 62 US-based global brands in *BusinessWeek/Interbrand* list of top 100 global brands found that two-thirds maintained or increased their brand value in 2003, compared with 2002, a result comparable to that of non-US brands.⁴⁵ The same survey showed that actual sales performance in 2003 for the top 50 brands in the *BusinessWeek/Interbrand* survey, sales increased for nearly all of the top names, both with respect to worldwide sales and with respect to sales in Europe.⁴⁶ Moreover, Dunlap emphasized that 2003 witnessed increased sales even for the most vulnerable brands in the most sensitive regions, including McDonald’s in the Middle East and in France, and Coca-Cola in Europe and the Middle East.⁴⁷ This was true despite local brands like Mecca Cola, Qibla Cola, and Cola Turka.

While Dunlap admitted that the weak dollar “no doubt helped” to achieve these figures, he nevertheless cited the findings as proof of the strength of American brands and the minimal impact of anti-Americanism on the sale of American products. The GMI World Poll, Roper/ASW survey and the *BusinessWeek/Interbrand* survey suggest the existence of several factors which may influence whether consumers’ stated opinions about the United States will translate into behavior in the marketplace: geographic location, the availability of alternative non-American products, the type of anti-Americanism at play in a given community, and larger global economic forces. They point to the need for empirical research that seeks to more accurately measure the impact of anti-American attitudes on consumer behavior by holding other independent variables constant.

Strengthening Foreign Countries’ Opposition to US Policies on International Trade

Strong public demonstrations of anti-Americanism may strengthen the negotiating postures of foreign governments on issues of international trade.

Anti-American protestors have drawn a link between their attacks on American businesses and boycotts of American products, with their opposition to the United States’ position on international trade. Jose Bove, the sheep farmer who destroyed a French McDonalds’ in August 1999, followed his attack with a trip to the Seattle meeting of the World Trade Organization where he brought along 400 pounds of smuggled Roquefort cheese.⁴⁸ His gesture, which protested American companies’ leadership of globalization and a WTO ruling that permitted United States trade retaliation against European products, resonated strongly with the French public and politicians on both ends of the political spectrum.⁴⁹

While Bove’s protest may seem ridiculous to some, commentators have expressed concern that anti-Americanism may strengthen the hand of foreign governments during international trade negotiations. Others have noted that continuing global tensions may affect

⁴⁴ Dennis Dunlap, *Hate the Policy, Love the Product*, Marketing News, May 15, 2004, page 9-10.

⁴⁵ Of the 38 brands that were non-US based, almost 75% maintained or increased their brand value in that period.

Id.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ Sophie Meunier, *The French Exception*, Foreign Affairs, Jul/Aug 2000, vol. 79, iss. 4, page 104.

⁴⁹ *Id.*

countries' ability to arrive at consensus on trade issues. Mark Weisbrot of the Center for Economic and Policy Research stated, "I can't think of a time when the U.S. has been more isolated. . . . And that can't help when nations are trying to reach consensus in the WTO." Business Week has also commented, "Another risk is that continued global tensions will set back free-trade negotiations. Some fear that the antipathy that has emerged over Iraq between the U.S. and its major trading partners could lead to tougher negotiating stances and less willingness to compromise. The U.S., which had been backing Russia's bid to join the World Trade Organization, may not push as hard because of Moscow's antiwar stance."⁵⁰

However, tracing the relationship between anti-Americanism, changes in state positions on international trade, and resulting shifts in the economic landscape may be difficult to trace. Whether national leaders change their position on international trade issues in response to the anti-American sentiments professed by their constituencies may be better understood as a potential *political* use of anti-Americanism.

Steering Away the Best and the Brightest

Anti-Americanism may undermine one pivotal factor at the heart of American economic success in the 1990s – its ability to recruit the world's highest talent.

In 2003, *The Economist* reported that American business schools noted a decrease in the applications of foreign students to their programs.⁵¹ *Business Week* also observed, "Student visas to U.S. colleges are increasingly hard to get, and many foreign scientists and academics are refusing to go to conferences in the US, in protest against the war. At one point, the U.S. could tap into the best and brightest of the entire globe. Less so today. And tomorrow?"⁵²

Similarly, one U.S. telecommunications industry executive and member of the U.S.-Saudi Business Council suggested another unintended side effect of visa restrictions for travel to the United States. Speaking on condition of anonymity, he reported that he was aware of a construction project in Yenbu, Saudi Arabia, which could be as big as \$2 billion and that was not accepting bids from U.S. companies because of the difficulty Saudis had getting into the U.S. to conduct businesses.⁵³

Whether anecdotal evidence of a decrease in the ability of American business schools and companies to recruit foreigners has been sustained since 2003 is unclear. Similarly uncertain is whether such decreases result, in part, from anti-Americanism rather than factors such as the issuance of fewer numbers of visas to travel to the United States. Business leaders, including Bill Gates, have urged Congress to raise visa limits to allow American companies to recruit top foreign talent, particularly in the technology area.⁵⁴

⁵⁰ Joseph Weber, *The Postwar Stakes for Business*, BusinessWeek Online, Apr. 11, 2003.

⁵¹ *The Dangers of War*, *The Economist*, March 15, 2003, vol. 366, iss. 8315, page 59.

⁵² Finding Prosperity on the Far Side of War, *Business Week*, Apr. 14, 2003, iss. 3828, page 96.

⁵³ Sean Callahan, *Middle East Friction Felt by Marketers*, *BtoB*, Mar. 10, 2003, vol. 88, iss. 3, page 1.

⁵⁴ *Bill Gates wants end to limits on overseas hiring*, at <http://www.alipac.us/article-print-376.html>.

Isolating the impact of anti-Americanism on American companies' efforts to recruit foreign students and workers requires inquiry into whether there has indeed been a decrease in applications by foreigners to work in American companies. Cari Eggspuehler of Business for Diplomatic Action indicates that one challenge to such a study is companies' reluctance to release data on their recruitment efforts. Understanding the effect of anti-Americanism in this regard also demands further empirical study isolating the various push and pull factors at play. These factors include requirements restricting foreigners' entry to the United States, growth in domestic educational and employment opportunities, and the availability of alternative opportunities in other parts of the world.

[Must contact admissions offices at several business schools to determine if applications are down. Looking for info on company reports of recruitment problems. Would be helpful to speak with someone on this issue, particularly in tech industry. Also, newly released book, *The Flight of the Creative Class: The New Global Competition for Talent* (Harper Business 2005) by Richard Florida.]

Complicating Factors

[Discussion of factors that should be considered when assessing the economic impact of anti-Americanism

- 1) **Sector of the Economy.** Some sectors of the economy seem to be less vulnerable to impact.
 - a. Oil: "It is no surprise that the oil business, the centerpeice of the region's economy, also continues to operate unabated. Houston-based Baker Hughes was reported to pursuing business as usual."
 - b. Transportation and Tourism is more vulnerable to impact. According to Cari Eggspuehler of Business for Diplomatic Action, the industry reports that in 2003, foreign travel to the United States is at 12%, a figure 30% below their 2000 data; at the same time, world travel is up 40%, demonstrating that people are going elsewhere. and reports that in 2003, (however, must isolate impact of larger economic forces when looking at reduced sales)
 - c. Eggspuehler also comments that the desire of business leaders to work with BDA varies according to the industry, reflecting their differing perceptions of the potential impact of anti-Americanism on their businesses. Leaders in the energy and pharmaceutical industries are not that interested in contrast to leaders in the transportation and tourism industries.

- 2) **Geography** (related to sector of the economy). Future research should unpack the impact of anti-Americanism on American businesses with respect to the part of the world in which they operate. Some observers comment that the Middle East, for example, is a peripheral market for consumer products; rather, much of the business between American companies in the Middle East can be classified as "business-to-business."⁵⁵ Since sales of

⁵⁵ Saudi Arabia imported \$2.8 billion worth of American machinery and transportation equipment in 2002, which amounted to 58% of its overall imports. U.S. exports to the entire region in 2002 amounted to about \$25 billion. This is compared to about \$33.3 billion to the UK only. In 2002, U.S. exports to the 17 countries of the Middle East

B-B products may depend more on longstanding relationships, they may be less impacted by anti-Americanism.

- 3) **Isolating the impact of anti-Americanism from other global economic factors.** This may be difficult to do and remains a task for future research on the issue (strength of the dollar in relation to other currencies, security concerns and visa restrictions, cost of fuel; changed circumstances due to war in Iraq and terrorism are not necessarily attributable to anti-Americanism)
- 4) **Type of anti-Americanism and Representativeness.** What type of anti-Americanism is at play and how representative are protestors calling for boycotts of the general public in a given country? Some observers, like Jan Lindeman, global brand-valuation director at the New York-based consultancy, Interbrand, claim that “the sound and fury likely signifies nothing. . . . There is little proof that antiwar sentiments have had massive impact. . . This [anti-American] debate is waged by . . . groups that don’t reflect most consumers.”⁵⁶ While boycotts are dramatic, the “people who raise their voices on these issues don’t necessarily represent overall consumer sentiment.”
- 5) **Brand Specificity.** The impact of anti-Americanism may also reflect how successful a specific brand is at adapting to local tastes and the overall strength of the brand.
- 6) **Temporary versus Long-term effects.** Both attitudes toward the US and behavior in the marketplace may change rapidly or exhibit long-term trends. While empirical studies should differentiate between the two, this may be difficult to do.

Conclusion

[Discuss gaps in knowledge and need for future research. Need to determine precise link between consumer and public perception of American businesses/brands and behavior. Right now, CEO’s of American companies do not know if rising anti-Americanism will translate into products not bought, mergers not completed, or investments not made.⁵⁷

Conclude that we should acknowledge that anti-Americanism may have a limited impact on American businesses, one that may vary according to geography and the industry at issue. Many business leaders, particularly those in industries perceived to be vulnerable, are expressing concern about anti-Americanism in light of the American economy’s larger struggle to regain steam.⁵⁸ Some are even mobilized through groups like Business for Diplomatic Action to try to do something about anti-Americanism.

totaled about 25.6 billion, down 4% from the previous year, according to U.S. Census Bureau figures. Sean Callahan, *Middle East Friction Felt by Marketers*, BtoB, Mar. 10, 2003, vol. 88, iss. 3, page 1.

⁵⁶ *Wars and Boycotts, Both Fade Away*, BusinessWeek Online, Apr. 8, 2003.

⁵⁷ *America: The view from Abroad*, BusinessWeek, Jun. 16, 2003, iss. 3837, page 104.

⁵⁸ Joseph Weber, *The Postwar Stakes for Business*, BusinessWeek Online, Apr. 11, 2003.

If we believe opinion polls, American companies may have to decide how comfortable they are with the reports that global consumers feel less affinity with American culture and less favorability towards American brands, even if we lack data proving that such opinions impact bottom lines. Yale School of Management professor, Paul Bracken, contends that it is a problem that fewer young people throughout the world want to be identified with America. “Multinational companies need to invest in reversing this trend. It is essential to their long term growth. Unless a change can be achieved in attitudes towards America, the progress towards globalization will be, at best, impeded. At worst, there will be a retreat.”⁵⁹]

⁵⁹ Kurt Kuehn, *Managing “Anti-Americanism”*, Traffic World, Jan. 10, 2005.

Appendix A

U.S. Department of State, *Patterns of Global Terrorism Report (2003)*

