the future, Sorley thinks. Reserve combat forces will literally be held in reserve. But, just as in Desert Shield and Desert Storm, he says, selected reserve *support* forces will be deployed early on. The importance of using America's military reserves is one "lesson of Vietnam" that was reinforced in the Persian Gulf.

ECONOMICS, LABOR & BUSINESS

Corporations Without Countries

"Does Corporate Nationality Matter?" by Robert B. Reich, in *Issues in Science and Technology* (Winter 1990–91), National Acad. of Sciences, 2101 Constitution Ave., Washington, D.C. 20418.

Does improving U.S. "competitiveness" mean making American-owned corporations more productive and profitable, and boosting their share of world markets? Not so much as it once did, contends Reich, of Harvard's Kennedy School of Government. With U.S. corporations increasingly employing foreign workers, and foreign firms stepping up investments in this country, maintaining and enhancing Americans' standard of living, he says, now depends "less on the competitiveness of U.S. corporations than . . . on the value that the American workforce is able to add to the global economy. And what is good for the American workforce is no longer necessarily the same as what is good for the U.S. corporation."

More than 20 percent of U.S. firms' output is now produced by foreign workers on foreign soil. A majority (55 percent) of IBM's global employees now are not Americans. IBM Japan, with more than 18,000 Japanese employees, is one of Japan's major exporters of computers. Once U.S. jobs moving offshore were just low-wage, low-skill ones, Reich notes, but no longer. Texas Instruments has a software development office in Bangalore, its 50 Indian programmers linked by satellite with TI's Dallas headquarters. U.S. firms increased spending on research and development overseas by 33 percent in 1986–88—and by only six percent at home.

Much of what U.S. firms produce abroad is exported back to the United States. In fact, Reich says, that process accounts for about one-fourth of America's trade deficit. "When offshore production is taken into account, U.S. firms are no less competitive than they were in the 1960s," he believes. U.S. firms still have about the same share of global exports as they did 25 years ago—17 percent.

Foreign firms, meanwhile, now own more than 13 percent of America's manufacturing assets and employ more than eight percent of America's manufacturing workers—about three million Americans. In 1987–90, while the Big Three U.S. automakers were laying off 9,000 employees, foreign firms were hiring more than 12,000 U.S. autoworkers.

Although American shareholders do benefit from the global successes of U.S. firms, the standard of living of Americans "depends far more on what it is that they can *do* than it does on the assets they own. And what they are able to do depends, in turn, on the education and training they receive." Global corporations can give Americans good jobs that involve valuable training and experience. But American "control" of a particular global corporation, Reich says, is no guarantee that the corporation will give *Americans* good jobs. In today's global economy, "corporations are becoming global entities that are only loosely linked to nations, if at all. The U.S. competitive future depends on the one factor of production that is rooted at home: our workforce." Measures to promote U.S. competitiveness that fail to recognize this fact, he says, "may end up jeopardizing the real standard of living of Americans instead of enhancing it."