based on past triumphs, not past humiliations and defeats. It's forward-looking, imbued with "a missionary spirit and a short collective memory." But the U.S. effort to "liberate" Iraq, for example, looks like something else to inhabitants of the Middle East, who are "haunted by memories of Western military invasions since the time of the Crusades."

Washington's "insensitivity" to foreign nationalism stirs resentments and prompts accusations of hypocrisy, Pei believes. What's more, it undermines efforts by the United States to isolate hostile regimes such as North Korea. "The rising nationalism of South Korea's younger generation . . . hasn't yet figured in Washington's calculations concerning Pyongyang's [nuclear] brinkmanship."

Americans' own insularity compounds the problem. Pei cites a survey showing that, in the past five years, only 22 percent of Americans have traveled to a foreign country, compared with 66 percent of Canadians, 73 percent of Britons, 60 percent of the French, and 77 percent of Germans. And even in the wake of September 11, 2001, Americans are not much interested in international affairs. In an early 2002 survey, only 26 percent said that they were following foreign news "very closely."

Little wonder, then, that American nationalism evokes "mixed feelings" abroad. That might not matter much under other circumstances, says Pei, but when the nationalism drives U.S. foreign policy, the unfortunate result is "broad-based anti-Americanism."

Economics, Labor & Business

Is the Revolution Over?

"IT Doesn't Matter" by Nicholas G. Carr, in *Harvard Business Review* (May 2003), 60 Harvard Way, Boston, Mass. 02163.

Information technology (IT) was once thought a vital strategic tool for gaining an edge on competitors. But these days, argues Carr, *Harvard Business Review*'s editor at large, IT has become just another humdrum means of doing business.

"You only gain an edge over rivals by having or doing something that they can't have or do," he points out. "By now, the core functions of IT—data storage, data processing, and data transport—have become available and affordable to all."

Before IT was so widespread, many companies—including Mobil Oil, American Airlines, and Federal Express—were indeed able to steal a march on competitors by their innovative use of proprietary IT. But, says Carr, as happened with other "infrastructural" technologies—the telegraph, railroads, electric power—"the window for gaining advantage" remained open only briefly. The cost of a technology drops, "best practices" are quickly identified and disseminated, and the opportunities for breakthrough uses decrease. Today, hardware and software available right off the shelf have much more power than most companies need. As a result, Microsoft, IBM, Sun, and other IT producers are rushing to reposition themselves as suppliers of "Web services"—charging annual fees and becoming, in effect, utilities.

IT "is entwined with so many business functions . . . that it will continue to consume a large portion of corporate spending," Carr writes. But a kind of mania drove IT expenditures during the 1990s from about 30 percent of all capital spending by U.S. corporations to nearly 50 percent. He urges companies to cast a cold eye on the amounts they spend for IT. Most workers don't need the latest blazingly fast PC to do their jobs, and a huge investment in data storage simply to save employee e-mails and files makes no sense.

What's more, Carr maintains, being stingy with IT dollars is unlikely to damage a firm's competitive position. A consulting firm that looked at 7,500 large U.S. companies last year found that the typical company spent 3.7 percent of revenues on IT. But the 25 firms with the highest financial returns spent, on average, less than one percent.