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# Made in the World

By **THOMAS L. FRIEDMAN**

THE Associated Press reported last week that Fidel Castro, the former president of Cuba, wrote an opinion piece on a Cuban Web site, following a Republican Party presidential candidates' debate in Florida, in which he argued that the "selection of a Republican candidate for the presidency of this globalized and expansive empire is — and I mean this seriously — the greatest competition of idiocy and ignorance that has ever been."

When Marxists are complaining that your party's candidates are disconnected from today's global realities, it's generally not a good sign. But they're not alone.

There is today an enormous gap between the way many C.E.O.'s in America — not Wall Street-types, but the people who lead premier companies that make things and create real jobs — look at the world and how the average congressmen, senator or president looks at the world. They are literally looking at two different worlds — and this applies to both parties.

Consider the meeting that this paper reported on from last February between President Obama and the Apple co-founder Steve Jobs, who died in October. The president, understandably, asked Jobs why almost all of the 70 million iPhones, 30 million iPads and 59 million other products Apple sold last year were made overseas. Obama inquired, couldn't that work come back home? "Those jobs aren't coming back," Jobs replied.

Politicians see the world as blocs of voters living in specific geographies — and they see their job as maximizing the economic benefits for the voters in their geography. Many C.E.O.'s, though, increasingly see the world as a place where their products can be made anywhere through global supply chains (often assembled with nonunion-protected labor) and sold everywhere.

These C.E.O.'s rarely talk about "outsourcing" these days. Their world is now so integrated that there is no "out" and no "in" anymore. In their businesses, every product and many services now are imagined, designed, marketed and built through global supply chains that seek to access the best quality talent at the lowest cost, wherever it exists. They see more and more of their products today as "Made in the World" not "Made in America." Therein lies the tension. So many of "our" companies actually see themselves now as citizens of the world. But Obama is president of the United States.

Victor Fung, the chairman of Li & Fung, one of Hong Kong's oldest textile manufacturers, remarked

to me last year that for many years his company operated on the rule: “You sourced in Asia, and you sold in America and Europe.” Now, said Fung, the rule is: “ ‘Source everywhere, manufacture everywhere, sell everywhere.’ The whole notion of an ‘export’ is really disappearing.”

Mike Splinter, the C.E.O. of Applied Materials, has put it to me this way: “Outsourcing was 10 years ago, where you’d say, ‘Let’s send some software generation overseas.’ This is not the outsourcing we’re doing today. This is just where I am going to get something done. Now you say, ‘Hey, half my Ph.D.’s in my R-and-D department would rather live in Singapore, Taiwan or China because their hometown is there and they can go there and still work for my company.’ This is the next evolution.” He has many more choices.

Added Michael Dell, founder of Dell Inc.: “I always remind people that 96 percent of our potential new customers today live outside of America.” That’s the rest of the world. And if companies like Dell want to sell to them, he added, it needs to design and manufacture some parts of its products in their countries.

This is the world we are living in. It is not going away. But America can thrive in this world, explained Yossi Sheffi, the M.I.T. logistics expert, if it empowers “as many of our workers as possible to participate” in different links of these global supply chains — either imagining products, designing products, marketing products, orchestrating the supply chain for products, manufacturing high-end products and retailing products. If we get our share, we’ll do fine.

And here’s the good news: *We have a huge natural advantage to compete in this kind of world, if we just get our act together.*

In a world where the biggest returns go to those who imagine and design a product, there is no higher imagination-enabling society than America. In a world where talent is the most important competitive advantage, there is no country that historically welcomed talented immigrants more than America. In a world in which protection for intellectual property and secure capital markets is highly prized by innovators and investors alike, there is no country safer than America. In a world in which the returns on innovation are staggering, our government funding of bioscience, new technology and clean energy is a great advantage. In a world where logistics will be the source of a huge number of middle-class jobs, we have FedEx and U.P.S.

If only — if only — we could come together on a national strategy to enhance and expand all of our natural advantages: more immigration, most post-secondary education, better infrastructure, more government research, smart incentives for spurring millions of start-ups — and a long-term plan to really fix our long-term debt problems — nobody could touch us. We’re *that* close.

