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A Lifeline Not Made in the U.S.A.

By MICHELINE MAYNARD

Millions of Americans work for foreign companies operating in the United States, but their stories are rarely told. As the country pulls out of a devastating recession, foreign employers could help revive the economy.

This article is adapted from “The Selling of the American Economy: How Foreign Companies Are Remaking the American Dream,” by Micheline Maynard, a reporter for The New York Times. The book, to be published on Tuesday by Broadway Business, explores the impact of foreign investment on American workers, communities and the political scene.

NEVADA RYAN, 35, is from a family of crop-dusters. Her grandfather, father, mother — and Ms. Ryan herself — have all spent countless hours flying planes that drop plumes of chemicals on corn and cotton fields near her hometown of Sumner, Miss.

Time spent as a child in those nimble little planes inspired her to get her pilot’s license and study engineering. But the kind of attractive job she wanted could not be found when she was attending college in Mississippi during the 1990s. So, like many others, she left the area to find employment — going first to Charleston, S.C., then to Atlanta.

In 2006, she heard of a chance to return to her home state, for a job at American Eurocopter, part of the EADS consortium, the European airplane and military equipment maker.

EADS planned to build a second plant in Columbus, Miss., and make rescue helicopters for the United States Army. Ms. Ryan applied, was hired as a flight test engineer and immediately flew to Germany for training.

Asked how she and her co-workers felt about owing their livelihoods to a company based overseas, Ms. Ryan, 35, responded, “I don’t think anybody here has a problem with it.”

As scores of companies are hemorrhaging jobs, closing plants and slashing compensation, foreign employers have become a lifeline for Ms. Ryan and millions of other Americans. While they haven’t been immune from the recession, foreign-owned companies in the United States have a work force of more than 5.3 million, or some 3.5 percent of all workers, and are spread across the 50 states in sectors from manufacturing to retail and publishing. If these jobs did not exist, the nation’s unemployment rate would be above 13 percent.

Investments in the United States by big car companies like Toyota, Honda, Nissan and Mercedes-Benz have received the greatest share of attention over the past two decades. But there are also tens of thousands of Americans working for companies like the Tata Group of India, which recently reopened the Pierre Hotel in Manhattan and makes Eight O’Clock Coffee; Haier, the Chinese appliance maker, with a refrigerator plant in South Carolina and an impressive headquarters in a landmark building in Manhattan; and Nestlé, the Swiss food company, which employs hundreds to make Nesquik and Coffee-Mate in Indiana.

Even Anheuser-Busch, America’s best-selling beer maker, is now owned by a Belgian company, InBev.

Foreign companies may touch a nerve in American society and may still be an object of fear and distrust among many, who view foreign investment as a threat to the American worker and way of life. But foreign investment isn’t simply about helping workers earn a weekly paycheck. Foreign companies that invest in the United States are having a significant — and largely positive — impact on not only the lives of workers, but also the health of the American economy and society as a whole.

When foreign companies open a factory or buy a business in a region they also stimulate local commerce and create a demand for more homes, shops, schools and restaurants. They contribute money to schools, parks and towns, and lure consultants and technicians who then provide more jobs. This ripple effect explains why governors, mayors and economic development officials are so eager for foreign investors.

Without foreign investment, says Mitch Daniels, the Republican governor of Indiana, “we’d be a Dust Bowl.”

IN Ms. Ryan’s case, a job with a foreign company was an opportunity to move back home and be close to relatives and friends. But whether home is Mississippi or Michigan, Nashville or New York — or even if moving home isn't the goal at all — foreign companies provide American workers with more than jobs. They also provide them with options.

Judy Flynn, one of Ms. Ryan's co-workers, got a second chance at a manufacturing career through American Eurocopter. For 20 years, she ran the purchasing operations at United Technologies in Columbus, Miss., an American-owned company that supplied auto parts to customers like G.M. and Chrysler. She started on the assembly line and spent 10 years assembling motors before she was promoted to an office job and then to purchasing supervisor.

But soon, Ms. Flynn, who saw every parts order that came into the factory, noticed that requisitions for parts the plant had previously been fulfilling were instead being sent to its operations in China. "I had an idea that something was happening globally," she said. Indeed it was. In 1999, United Technologies put her division up for sale, and in 2003, it closed the plant entirely, putting its 2,000 employees out of work.

Ms. Flynn, the mother of three daughters, with no college degree — "I had 'life experience,' " she said with a smile — applied at American Eurocopter as soon as she heard it planned to open its original facility, a plant making civilian rescue helicopters, at the nearby Golden Triangle Airport.

She landed an office job, and after four years worked her way to supervisor in the materials department. Known to her co-workers as "Miss Judy," she is easy to spot by her bright blue lanyard, bearing her company identification card and lapel pins with pictures of American Eurocopter aircraft.

Still, for her, as for many American Eurocopter employees, the adjustment wasn't so easy. In the company's first year, turnover was rampant as workers struggled to adjust to the painstaking routine of assembling helicopters. Inside the factory, the time-consuming work was as challenging as a skilled trades position in a car plant, demanding precision, attention to detail and a reasonable understanding of helicopter mechanics. It was a departure from the routine of a typical factory.

The dropout rate was high, "mainly driven by the fact of people not knowing very well what we were doing," said Marc Paganini, the chief executive of American Eurocopter. Executives soon realized that something had to be done to protect their new investment. Most of the original workers had left, taking what little experience they had with them, and newcomers were making all kinds of mistakes, which were costly given that the helicopters being assembled were used for rescue missions, where lives were quite literally at stake.

But instead of giving up on their workers and replacing them with more-experienced counterparts from overseas, managers decided to spend more time interviewing and assessing American workers, and to provide more training once they were on the plant floor.

Ms. Flynn said the attitude at the plant became, “We will help you to succeed; we are determined you will succeed here.” Soon, the turnover slowed, and a second plant opened next door.

The factories gave EADS the opening it wanted in the American market, letting it compete for an even bigger prize: a $35 billion contract to build refueling tanker planes for the Air Force, which it landed in February 2008 in a stiff competition with Boeing.

EADS, which subsequently lost the contract after the General Accounting Office found flaws in the way the work was awarded, plans to try again for the deal, as does Boeing. If it succeeds, EADS plans to build an assembly plant in Mobile, Ala.

“From the very beginning of the creation of EADS, we were looking at doing more in the United States,” Mr. Paganini said. “We knew if we built here, we could sell here.”

FACTORY work might sound dull and unappealing to many Americans. But for those struggling to make ends meet, an assembly line job at a foreign-owned factory is a coveted opportunity.

Brian Howard lives with his wife, Stephanie, and their sons, Jordan and Dillon, in a new three-bedroom house with green shutters in Williamstown, Ky. The house, custom built, has furniture and cabinets made by Mr. Howard, an amateur woodworker. The neighborhood is dotted with new homes, some owned by his co-workers at Toyota in Georgetown, Ky., nearby.

When Mr. Howard learned about the plant, he sent for an application card. But he hadn’t yet finished college, there was no automotive experience in his background, and he knew little of what to expect from working at a car plant, let alone one run by a Japanese company. So he first went back to school, receiving his degree in business management at Northern Kentucky University in 1989, before applying at the plant.

Twenty years later, he is a team leader, managing a group of workers in the paint department at one of the two assembly plants at the Georgetown complex, which also includes an engine plant and employs 7,800 workers. Most, like Mr. Howard, had college degrees and little experience on an assembly line before they joined Toyota. Competition was stiff: as soon as the state opened the application process, more than 80,000 people submitted cards hoping to be considered for the original 2,000 jobs, or 40 applicants for every position.

For Mr. Howard, the main attraction was the pay and benefits, such as health care and a retirement plan, and the opportunity to advance within the plant. He began at about $20 an hour, and now earns roughly $25 an hour, about $8 over the national average, according to the Bureau of Labor Statistics. Even with concessions the union made during the devastating auto slump, veteran workers at Detroit plants are still paid slightly more, about $28 an hour. But workers who will be hired in the future — if any — will receive about half that.

The wages and ample opportunities for advancement may help explain why unions are absent at many foreign-owned plants. So does location. Many, though not all, foreign-owned operations have been in Southern states that are most likely to have right-to-work laws. These laws mean workers can’t be legally required to join a union, even if one is organized in the workplace. (Foreign car plants built in Indiana, Ohio, West Virginia and Kentucky are not in right-to-work states, but the U.A.W. has either not tried, or failed, to organize them.)

No matter where they are located, it will be the actions of the foreign companies themselves that will determine whether their workers stay independent or choose to join unions.

“The best selling point that unions have is that workers in foreign-owned companies are employed at management’s largess,” said Gary N. Chaison, a professor of industrial studies at Clark University in Worcester, Mass. Beyond labor laws, he added, “they have no protection except for what management will let them have.” Unions could have a chance, he said, if the companies institute mass layoffs in a “clearly arbitrary, uncalled for and unfair manner.”

A decision by Toyota to follow G.M. in pulling out of a joint venture in California has angered the U.A.W. and California legislators, who have vowed to find a new owner for the car plant. But in general, management at foreign-owned factories knows that its best weapon against unions in this economy is a job.

Asked about the prospect of a union in the American Eurocopter plant in Columbus, Miss., Ms. Ryan said, “If it ain’t broke, don’t fix it.” She is not so dismissive about the idea of eventually working for an American employer — if it could offer a job equivalent to the one she holds now and if she could stay in her home state, which both seem unlikely.

“I’m not saying I wouldn’t work for an American company; I would love to,” she said. “ Maybe someday the tide will turn and there will be one that invests here.”

Mickey Meece contributed reporting from Georgetown, Ky.