

Chapter 7

1. a; d ; and f.
2. i; i; and ii.
3. (a) No; (b) No; (c) Yes ; (d) No; (e) Yes.
4. (a) higher
(b) 'unparalleled in world history'
(c) corporate executives/financial institutions.
5. There are two possible orders here, either: d; c; e; a; b or: d; c; a; e; b.
6. (a) You should do this yourself, using the textbook.
(b) You should do this yourself, using the textbook.
(c) There are several reasons why the word 'predatory' could be applied to capitalism today rather than fifty years ago. First, some observers argue that profit maximization, share holder returns and share holder value have become not just the *main* (that's always been the case) but the *only* concern of businesses and their executives. Second, profits and share values are being driven up not by businesses seeking to expand their plant through greater investment or increasing the productivity of their operations, but by buying or taking over other companies which are then stripped of their best assets while others are dumped, by cutting jobs or downsizing their operations. Long-term growth by steady profit reinvestment, product development, investment in workers, training and research have become much less important for many firms than previously. Third, a growing proportion of returns from business are accruing to company directors and officials through high salaries, share options, bonuses (based on cash returns and not necessarily on achievements). Fourth, it is argued that some companies are not interested in winning and rewarding the loyalty of their employees as a path to growth and profitability.