

## Chapter 10

1. Read pages 184-6 of your textbook then decide which of the following statements are correct and which are incorrect.

- (a) The six largest Sogo Shosha in Japan deal with half of that country's exports in addition to other business activities.
- (b) Some of today's TNCs grew out of trading companies which originally imported and exported goods between colonies and the imperial nations.
- (c) The main factor that encouraged TNCs to invest increasingly in the Global South was the availability of highly skilled and organized labour in these countries.
- (d) The leading TNCs and those richest in assets are engaged in producing consumer goods such as clothing and toys.
- (e) Global supply chains involve subcontracting operations which link together a string of businesses across national borders and world regions.
- (f) Advances in international transportation and communications such as containerization and cheap air cargo make it essential for production sites to be located nearer to mass markets.

2. Read pages 186-188 of your textbook then find the missing words or phrases relating the characteristics of TNCs and their operations.

(a) Speaking in economic terms, what do TNCs maximize to their own advantage by operating transnationally, that is, within and between several countries?

\_\_\_\_\_ / \_\_\_\_\_.

(b) TNCs often generate greater \_\_\_\_\_ (of goods, money, etc.) between their various global components than those occurring within particular countries.

(c) According to Dicken, that fact that the value of all trade between countries has grown faster than the value of world production is a clear indication of the \_\_\_\_\_ of economic activity.

- (d) The transnationality index (TNI) measures the average of every company's \_\_\_\_\_/\_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ as a percentage of the total of each of these.
- (e) The huge amount of all kinds of resources around the world under the control of TNCs – including components, finished goods, expertise, raw materials, etc. – have become the basic \_\_\_\_\_/\_\_\_\_\_ of the global economy.
- (f) Hirst and Thompson assert that in the late 1990s the global economy was scarcely more internationalized than it was prior to the \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_.
- (g) The \_\_\_\_\_ of the global economy since approximately 1980 means that businesses engaged in finance, such as investment banks, are able to drain wealth from the more productive industries.

3. Read pages 187-192 of your textbook then provide answers to the following questions.

- (1) According to UNCTAD, how many TNCs were operating in 2009 despite the global recession?
- (2) By UNCTAD estimates, what was the average transnationality index (TNI) for the largest TNCs in 2008?
- (3) By how much had foreign direct investment (FDI) grown by 2008 compared to 1982?
- (4) According to the listings in Fortune 500, how many of the top 500 TNCs were based in the countries of the Global South by 2007? How many were based in India?
- (5) What percentage of total corporate business profits in the USA and UK for all economic sectors by 2005 accrued to the financial industries (banking, insurance and the sale of securities – shares, bonds, etc.)?
- (6) How much money was poured into the banking system in 2008/9 by US, EU and UK governments altogether in the attempt to avert the total collapse of the financial system?
- (7) In 2009/10 how many countries possessed GDPs greater than the corporate revenues of the top five TNCs?

(8) How many TNCs enjoyed corporate revenues larger than New Zealand's GDP in 2009/10?

4. Read pages 192-196 of your textbook which discuss the impact of TNCs on some countries in the Global South then answer the following questions with brief notes.

- (a) Why did the establishment of an EPZ in Northern Mexico fail to stem the mass migration of Mexicans into the USA despite the vast number of jobs that were created in the maquiladoras companies?
- (b) What are the advantages for TNCs of operating in EPZs? Outline one of these.
- (c) What role do consumers play in the process by which supermarkets in Europe set up supply routes for certain foodstuffs in distant countries such as Zambia or Burkino Faso?
- (d) Simply counting the number of workers directly employed by TNCs when they operate outside their home country and then comparing this figure with the numbers employed within it is an inadequate basis for establishing the extent to which TNCs are truly global operators. Why?
- (e) Why and how do workers and their employers in small local companies tend to lose out when they encounter competition from TNCs investing in their country? Give and explain one example.

5. Read pages 196-200 of your textbook then study the dates listed chronologically in the left-hand column and find the appropriate event or process that occurred at that time in the right-hand column.

1984	A. Over half of the Fortune 500 companies had signed up to provide regular reports concerning the actions they were taking on the exercise of greater environmental and social responsibility.
The early 1990s	B. The amount placed by individuals in Ethical Investment

	Funds reached \$1 trillion in Europe and \$2 trillion in the USA.
1995	C. A grassroots campaign was organized by the people living in the village of Plachimada in Kerala, India, to protest about a new Coca-Cola bottling plant in the locality which was draining the area of water.
1997	D. The South African government decided to issue compulsory licenses allowing the import of cheaper generic antiretroviral drugs to help cope with the spiralling incidence of HIV/AIDS. Later, 42 pharmaceutical companies instigated a law suit against the South African government for taking this action even though it was permissible under WTO rules in certain circumstances.
2001	E. A terrible disaster occurred at Bhopal in India at the US-owned Union Carbide Corporation when a poisonous leak resulted in the death of around 2,800 people and the injury of at least 20,000 more.
2003	F. A growing number of business leaders called for stronger internal strategies by corporations to introduce viable Corporate Social Responsibility programmes and this was confirmed at one of the World Economic Forum meetings at Davos, Switzerland.
2006	G. The Nigerian writer and political activist, Ken Saro-Wiwa, was executed by the Nigerian military government for his role in leading the Ogoni people's opposition to Shell's failure to limit the polluting effects of its oil production on the countryside, though the government justified their actions on other grounds.
2007	H. The TNCs gained new rights under international law enabling them to enforce patents, trademarks and copyright against other companies and countries while reducing the powers of national governments to insist that TNCs train local workers when investing in their country.
2009	I. The WTO firmed up the agreement to lift the restrictions on poorer countries importing generic drugs and which had been agreed at Doha following a world campaign in favour of this move. This included demonstrations in 30 cities across the world in 2001.

2010	J. BP's Deepwater Horizon oil rig, sited off the Louisiana coastline, exploded. This killed 11 people and resulted in the spilling of 170 million gallons of oil into the Mexican Gulf, causing extensive damage to wildlife and to the livelihoods of many local people.
------	---