

Tnc and globalisation

[Sociology](#), [Poverty](#)



In this assignment I am going to be examining the impact of economic globalization and position to play off countries or individual countries against one another. I feel this is important because it has been seen that the globalization of the economic life has already proceeded to unprecedented levels and is set to intensify. The TNCs wish to locate abroad because that is where they are involved in extractive or agriculture, the answer is obvious. They have to be where the oil is extracted, the gold is mined or the pineapple grown.

However, the principle reasons for decentralization are secure new markets or to stop their rivals getting there first. The movement of capital away from the USA and Western Europe after the 1970s was also partly to do with the difficulties of securing high profits and subordinating the labour force in the industrialized countries. Many developing countries had abundant supplies of cheap, unorganized labour. The division of labour into more minute skilled and semi-skilled tasks, that allowed untrained or newly trained workers to attain rapidly the levels of productivity in the countries where industry was long established.

The poor countries provided freedom from planning and environmental the rise of the transnational corporations on the developing world. The reason for this is because the transnational corporations are able to export jobs to parts of the world where labour costs and workplace obligations are lowest. And because they are in a better control, cheap health and safety standards, tax holidays and other incentives. TNCs act as a symbolic and practical demonstration of western affluence and 'freedom', even if that freedom is

sometimes individualistic, consumer led and often destructive of other people's opportunities.

The former communist regimes found themselves particularly vulnerable to the notion that political freedom equated to consumer choice. Dicken (1992) argues that the TNC is the single most important force in creating global shifts in economic activity. Ever since the 1950s, world trade has grown significantly faster than world production. The TNCs are responsible for an important chunk of world employment, production and trade. This is particularly true of production, where perhaps between one-fifth and one-quarter of all production is in the hands of the TNCs. The primary social criticism of the TNCs is that they exercise power without responsibility. The international agency UNRISD (1995) argues that the freedom of TNCs have been significantly enhanced in recent years especially by generous GATT patents, trademarks and copyrights, whereas indigenous governments have been unable to enforce demands that local labour be trained or put other conditions on inward investment.

UNRISD argues that this corporate power should be accompanied by some social responsibility – to the environment, which is often damaged, to the local community and to the workforce. There are many examples of even respectable, well-known TNCs being blind to their responsibilities in these respects. For example, Shell in Nigeria and RTZ in Indonesia have continued to exploit natural resources with considerable ruthlessness and indifference to the local communities which they work and whose land they have appropriated or bought for a song.

Economic globalists understand globalisation as a phenomenon concerning the growing integration of the national economies of most states in the world based on five interrelated drivers of change which are growing international trade resulting from lower trade barriers and more competition , the increasing financial flow in such forms as foreign direct investment and technology transfers, increased communications via both the internet and ' traditional' media, technological advances in electronics, transportation, bioengineering, etc, and increased labour mobility.

Positive globalists see a range of important benefits for all countries and peoples in the processes that have been taking place. According to this version of the globalist perspective particular benefits accrue to the poorer countries. It is suggested that an integrated global market accelerates the transfer of technology from richer to the poorer countries.

Moreover, the richer countries have a surplus of funds to lend and this provides a real opportunity for rapid industrialization of poorer countries. It is also argued that removing trade barriers in turn reduces the role of governments, and therefore attacks the problems of corruption, stagnation and bureaucratic barriers to growth which have beset the poorer countries in the past (DeLong, 1999, p. 5).