

On and their citizens  
and for essay



**ASSIGN  
BUSTER**

In today's society it is hard to imagine going to work for very little wages, or even sending a child out to work. Imagine having to work in really poor conditions and every day is a health and safety hazard. Well, unfortunately these are daily routines for those who work in some transnational corporations (TNCs). The transnational corporations are ' firms which [have] the power to co-ordinate and control operations in more than one country, even if it does not own them' (Dickens, 1998: 177, as cited in Macionis ; Plummer, 2000: 367). These corporations, mainly the major ones are owned by a multitude of people, including stockholders and even other corporations.

And one of the main reasons they wish to locate abroad is cheap labour. But can we say the transnational corporations benefit nations and their citizens? Well, one first area to consider is why do the TNCs want to locate abroad? The transnational corporations would probably answer they ' have to be where the goods are either grown or the oil extracted', (Cohen ; Kennedy, 2000: 119). However another reason is the potential to have cheap, unskilled workers? And unfortunately many workers tend to live in poverty and so find themselves exploited by the transnational corporations. The women and children who do work for the TNCs find themselves among poor working conditions. For example, children living in or around Sialkot (Indian town) make hand-stitched footballs for the top names, Nike, Adidas, Reebok and Mitre.

These children are unable to go to school due to family circumstances and therefore must work. The children earn just 10p per hour and work very hard for little pay. The towns population of children stands around 1, 500 and two-

thirds of the children go out and work for one of the factories owned by a TNC, (Sunday Times as cited in Fulcher ; Scott, 1999: 481). And for the women who work for TNCs are more likely to be employed as textile workers. Many of these women would have moved away and re-settled to where a TNC has based itself.

And ‘ for many women around the world, Globalisation is a concrete process of exploitation’ (Macionis ; Plummer, 2000: 362). However, from the creation of the Export Processing Zones, came the exploitation and as cited in Fulcher ; Scott (1999: 480) by Mitter (1986) ‘80 per cent of the workers in free trade zones are women’. And according to Cohen ; Kennedy (2000: 127) ‘ An export processing zone is a free trade enclave where foreign firms producing goods for export are encouraged to locate’. And within these zones is the promise to provide cheap labour, but these promises are at the expense of the workers.

One transnational corporation being targeted recently for its exploitation was Gap. And ‘ The Union of Needletrades, Industrial and Textiles Employees, the Africa Forum and a College group’ had said that in Gap factories they had documented “ abusive working conditions”. Gap defended this by saying it “ totally shares these concerns and that they would work with its factories to maintain its standards”, (Global Policy, Online: 2002). However the TNCs have been criticised for not showing any social responsibilities, for example, pollution to the local environment. And UNRISD (United Nations Research Institute for Social Development) has said that the TNCs should be held for some social responsibility, i. e.

and 'the environment, which is often damaged, to the local community and to the workforce', (opcit: 130). Another example as cited in Cohen ; Kennedy (2000) is the disaster of a poisonous gas leak that took place in December of 1984, Bhopal. It was reported that nearly 3, 000 workers, members of their families and community members died as a result. Union Carbide (US) who owned the company had repeatedly 'stalled the legal proceedings' for individuals to claim compensation. But as well as exploitation of workers and its lack of social responsibility it also 'intensifies global inequality', (Macionis ; Plummer, 2000: 369).

And the transnational corporations do this from a dependency theorist argument who claim they 'may create a few jobs in poor countries... [and] stifles the development of local industries, which are a better source of employment' (ibid: 369). What the dependency theorists are saying is that rather than actually trying to help the economy of the particular country by encouraging it to produce food and other essentials, the TNCs would rather get the workers to produce goods for exportation. Also smuggling of certain products, i.

e. cigarettes can also damage the economy. In a recent study carried out by Mark Schapiro (2001) he found that due to increased law suits against certain makers of cigarettes they had to gain more sales from abroad. And according to the World Health Organisation, found that 25 per cent of the exported cigarettes are smuggled.

Thus allowing greater sales volume and 'evading local tariffs', (ibid). This in turn damages the local economies of the countries involved. The

transnational corporations deal with varied different products and countries and due to its 'overwhelming power it can be said that they are at the centre of the world economy' (opcit: 373). And as Cohen ; Kennedy (2000) have pointed out the TNCs 'are responsible for an important chunk of world employment, production and trade', thus affecting the global economy. One example of a major player within the global economy would be the TNCs of Japan. But because of the global and corporate interests it has 'severely damaged Japans domestic industrial economy' [And this has] 'damaged the development of small firms and the profits of business'.

(Cowling ; Tomlinson, 2002). However, in terms of foreign assets (1999) Japan remains in the top ten. On the other hand transnational corporations can boost the local economy with the investments within the company and from its sales and export. Also the TNCs have other branches that form the same TNC, known as intra-firm.

For example, the production of a make of car might involve 15 or so other countries. The Ford Escort car in 1986 had its components made in Italy, Spain, Japan to mention a few, so obviously involves many workers and TNCs also boosting the local economy (Macionis ; Plummer, 2000: 353, adapted from Dickens, 1986: 304). As well as having an impact on the global and local economies it also impacts on employment, mainly in less off countries such as Indonesia. Along with employment, as mentioned earlier comes exploitation. However it provides a positive outcome for those who are unemployed until they gain employment with the TNCs. But it also proves to be beneficial for those countries as the TNCs can actually help local companies to raise their standards.

So, for example, a TNC is locating to a particular area and to local companies this provides a threat, in such a way it might lose workers. The workers may feel that the TNC provides a better standard of employment and therefore terminates themselves from the local company. But as well as providing employment it can also help with the local amenities, such as roads and in general the up-keep of its locality. It can help boost the standards of the local hospital or airport, and it manages to do this because the TNC would demand a high standard of infrastructures. But if this could not be provided before it locates it could actually build some of the infrastructures it needs and this can be beneficial to all involved. But another area, which can have strengths and weaknesses, are the codes of conduct.

These are either a ' set of principles or rules, which establish standards for company behaviour' (Christian Aid, Online). For example, ' BP's code of conduct states: we believe that wherever we operate our activities should generate economic benefits and opportunities and our conduct should be a source of positive influence; that our relationship should be honest and open, and that we should be held accountable for our actions' (ibid). But as shown in a documentary in 2001 by John Pilger, (online) found that these codes of conduct are useless to the overworked people and in factories such as Gap, it was found that the codes are more often not displayed. According to Gaps codes of conduct a worker should not work more than 60 hours per week, this was not abided to. And within the working practices of the factories are dormitories supplied off site. These are provided for the workers of the factory and many work the different rota shift patterns, one such shift is a staggering 36 hours long.

The workers, mainly women who do the long shift do not have a choice as to whether they do it or not and many find themselves unable to go back to the dormitories to take a rest. The codes of conduct surrounding the dormitories is a useless one for the workers, but Gap defend themselves by stating “Dormitory facilities meet all applicable laws and regulations related to health and safety, including fire safety, sanitation, risk protection and electrical, mechanical and structural safety”. (Opcit: online) And Pilger has found out that because the dormitories are not within the factory site, the companies as well as Gap who contract the work out, makes them not liable to uphold the codes of conduct regulation. But this does not help the families living in what Pilger has described as ‘Hobbesian Communities’.

Those that live there find themselves sometimes without any windows or any kind of air conditioning and temperatures can soar to 40 degrees centigrade, (Pilger, 2001). And according to Christian Aid (2002) the codes of conduct can actually ‘be a way of deflecting attention away from abuses already committed and helping a company evade its responsibilities...’ There are many weaknesses in the code of conduct but there are a couple of advantages! As Christian Aid has pointed out within their article ‘Transnational Corporations and the need for regulation’ (2002) codes can ‘improve company behaviour’.

They also determined that if the codes are ‘Used inclusively and transparently.. they] can be used to develop ‘best practice’ and form a template for what can later become binding regulations’. (Ibid: online).

Another strength according to Christian Aid is ' the code of conduct can help civil society groups in developing codes that can be a pragmatic way of working with business to secure improvements in their activities'. The transnational corporations within the world today have a huge amount of power. They can influence the local and the global economy and they also have tremendous power over the lives of the people it employs. But it has been shown that this is not all good, and the influence the TNCs have over people can either help them or keep them tied to its power within employment, just so they can earn enough to try and support their families. On balance, to try and determine whether transnational corporations are good or bad is a diverse question.

Although the transnational corporations appear to have many bad points against their system, it is hard not to think that if they were that bad why do so many people work for them? Within third world areas it is probably because they need to earn money to survive, so are the TNCs a doubled edged sword? The answer to this question is a vague one, but probably, the transnational corporations need people and the people need them. In question relating to the global economy the TNCs generate, on whole is a good one. It produces masses of productions as well as providing services within the world so it must surely boost the global and the local economies? On balance, it is the conclusion that the transnational corporations as a whole are ' good' for its nations and it's citizens but it must be noted that like a coin, everything, including TNCs have another side to them apart from the side it likes to show.