

Chapter 1 : Corporations secretly lobbying UN to allow tax avoidance in its anti-poverty agenda

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International commodity markets , labor markets , and capital markets make up the economy and define economic globalization. In Sumer , an early civilization in Mesopotamia , a token system was one of the first forms of commodity money. Labor markets consist of workers, employers, wages, income, supply and demand. Labor markets have been around as long as commodity markets. The first labor markets provided workers to grow crops and tend livestock for later sale in local markets. Capital markets emerged in industries that require resources beyond those of an individual farmer. Most of the global economic powers constructed protectionist economic policies and introduced trade barriers that slowed trade growth to the point of stagnation. Globalization did not fully resume until the s, when governments began to emphasize the benefits of trade. Governments shifted their economies from central planning to markets. These internal reforms allowed enterprises to adapt more quickly and exploit opportunities created by technology shifts. Labor-intensive production migrated to areas with lower labor costs, later followed by other functions as skill levels increased. Networks raised the level of wealth consumption and geographical mobility. This highly dynamic worldwide system and powerful ramifications. This event came to be known as the Big Bang. Global actors[edit] International governmental organizations[edit] An intergovernmental organization or international governmental organization IGO refers to an entity created by treaty, involving two or more nations, to work in good faith, on issues of common interest. International non-governmental organizations NGOs [edit] For more information, reference non-governmental organization NGO Despite its activity within one nation, NGOs work towards solutions that can benefit undeveloped countries that face the backlash of economic globalization. NGOs perform various services and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. In business , outsourcing involves the contracting out of a business process e. ECLAC states that in order to create better economic relations globally, international lending agencies must work with developing countries to change how and where credit is concentrated as well as work towards accelerating financial development in developing countries. Key factors in achieving universal competition is the spread of knowledge at the State level through education, training and technological advancements. The fair trade movement works towards improving trade, development and production for disadvantaged producers. The fair trade movement has reached 1. Fair trade works under the motto of "trade, not aid", to improve the quality of life for farmers and merchants by participating in direct sales, providing better prices and supporting the community. Some global brands were found to do that before but they took some methods to support the labors soon after. The movement is taken to decrease the wrongdoing and gain the profits for labors. Race to the bottom Globalization is sometimes perceived as a cause of a phenomenon called the "race to the bottom" that implies that multinational companies are constantly attempting to maintain or increase their influence in countries that are already reliant on foreign investment alone. Multinationals tend to target export dependent countries. Due to a rise in competition, underdeveloped countries are undercutting their competitors through lowering their labor standards thus lowering the labor costs for the multinational companies investing into them. Companies will deliberately move into countries with the most relaxed laws and regulations for labor standards allowing them to do whatever they want. This results in factories with harsh labor conditions, low wages, and job insecurity. With the growing demands of science and technology, Gao states that with world markets take on an "increasing cross-border division of labor". Rappa agrees that economic globalization is reversible and cites International Studies professor Peter J. Per capita GDP growth in the post globalizers accelerated from 1. This acceleration in growth is even more remarkable given that the rich countries saw steady declines in growth from a high of 4. This rapid growth among the globalizers is not simply due to the strong performances of China and India in the s and sâ€™18 out of the 24 globalizers experienced increases in

growth, many of them quite substantial. While several globalizers have seen an increase in inequality, most notably China, this increase in inequality is a result of domestic liberalization, restrictions on internal migration, and agricultural policies, rather than a result of international trade. Even in China, where inequality continues to be a problem, the poorest fifth of the population saw a 3. In several countries, those living below the dollar-per-day poverty threshold declined. In China, the rate declined from 20 to 15 percent and in Bangladesh the rate dropped from 43 to 36 percent. China, India, and Bangladesh, once among the poorest countries in the world, have greatly narrowed inequality due to their economic expansion. Global Value Chain

The global supply chain consists of complex interconnected networks that allow companies to produce, handle and distribute various goods and services to the public worldwide. Corporations manage their supply chain to take advantage of cheaper costs of production. A supply chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer. Supply chains link value chains. Trade union

Labor unions were established during industrialization as a solution to poor and unregulated working conditions. Unregulated businesses allowed for low wages, job insecurity and poor working conditions. Trade unions responded by implementing a technique called collective bargaining, where the workers could legally negotiate wages as well as working conditions. As a direct result, labor rights increased as policy and regulation were enforced. Alongside globalization, outsourcing developed which increased corporate power. As a solution, Labor Unions continue to fight for global labor rights standards through trans-national organizations.

Chapter 2 : Conference on Multinational Corporations and World Politics

The geography of multinationals: studies in the spatial development and economic consequences of multinational corporations / edited by Michael Taylor and Nigel Thrift. HD G46 Les multinationales / Michel Ghertman.

Related Issues Corporate interests and actions can harm the environment In the developing world, many development projects have come under criticism for damaging the environment , even when they are presented as helping it. Concerns have increased in line with the rising investment in the developing world. In the late s attention was drawn to a United Nations U. However it fell under a lot of criticism for involving corporations that are known to have contributed or caused some of the more severe human rights and environment problems, allowing these companies to attempt to repair their tarnished image, while not actually tackling the problems. In May , the United Nations Environment Program UNEP released an extensive report saying that, there was a growing gap between the efforts to reduce the impact of business and industry on nature and the worsening state of the planet and that this gap is due to the fact that only a small number of companies in each industry are actively integrating social and environmental factors into business decisions. The actual quote is from a U. News Centre article , 15 May that introduces the report. One sharp example of environmental problems caused by multinational corporations, is the drive to extract oil from Nigeria. Some local groups have become extreme themselves, kidnapping foreigners for example. The interests of the various big polluters, such as the auto, mining, oil and chemical corporations influenced the Kyoto Global Climate Change Conference outcome. And with biotechnology and genetically engineered food production, companies are accused of following a profit motive even as they promote the technology as a means to address world hunger. Environmental concerns also feature quite strongly on this issue. With increased consumerism, there has been a rise in the number of environmental groups campaigning on various issues such as environmentally friendly products. To varying extents then, environmental concerns are issues that sometimes make the mainstream news. However, a cover story , of Down To Earth magazine from Delhi-based Centre for Science and Environment as an example, warns that the latest craze in green and ethical consumerism may just be another way for corporations to exploit people and make money by misrepresenting the facts. There are countless examples where corporate involvement in various issues could contribute to environmental problems as a result. Corporations are major entities in the world and thus have an enormous impact negative and positive on all our lives. And concerns of overly corporate-led globalization contributing to environmental problems are increasing, as reported and documented by countless environmental and social justice groups around the world. But corporations are also locked into a destructive mode that is hard to break out of It is not that managers of corporations are necessarily evil and want to degrade the environment especially their own, where they live. This is summarized well by the opening paragraphs of an on-line book: I was driving through Maine one late summer day when I stopped to admire a river running through a pretty wooded area. I noticed big, slick bubbles of industrial discharge corroding the vegetation along the riverbank, and I wondered: Who wants this to happen? Not the owners of the company, the shareholders. Not the managers or employees, who want to live in a healthy environment. Not the board of directors, not the community, not the government. I could not think of anyone connected with the company emitting the effluent who wanted the result I saw. This was an unintended consequence of the corporate structure. I picked up the proxy for the company that produced the industrial sludge I had seen, and I realized that if I voted for management, I was endorsing this activity. Those of us who managed money on behalf of others had the opportunity, and the responsibility, to tell management that this activity was unacceptable. But none of us was doing it. Monks and Nell Minow, Power and Accountability , an on-line book, originally written In some respects, many corporations are also victims of the ideologies that are prevalent in current mainstream economics that treat the environment in certain regards. Some corporations might wish to be more environmentally friendly but are unable to do so due to fears that their competitors will get away with it sort of seen in the fiasco of the politics behind global warming issues. As the Simultaneous Policy highlights, Over competition or the drive by larger players to reduce the threat of competition and head towards unaccountable monopolies and oligopolies may be

detrimental in this regards too. It is hard for an individual corporation or even group of corporations to effectively break out of this cycle due to fear of competitors being able to take the advantage. Hence this becomes a political as well as economic and environmental issues. Back to top Politics and corporate interests often intertwined On the political side of things, there have been countless measures pushed and lobbied for that favors corporations directly or indirectly getting out of some of their responsibilities on environmental issues by passing on the costs to others. Various environmental groups constantly campaign on such issues, so this comes as no surprise to state this. But political frameworks can often cause enormous problems from the onset. He wrote in an internal memo:

Chapter 3 : The Growing Power of Multinational Corporations

The growth of Multinational Corporations is an ultra-modern method of neo-colonialism (colonialism practiced in a new form) under which the U.S.A. and other Western European countries dominate politics and economies of the developing countries. Multi-national corporations are those corporations.

Role of Multinational Corporations in international politics Prachi Advertisements: The growth of Multinational Corporations is an ultra-modern method of neo-colonialism colonialism practiced in a new form under which the U. Multi-national corporations are those corporations which originate from a common centre in the imperialist country but operate in different developing countries by merging in themselves certain firms of the, countries of operation also which are engaged in the same field. In this way, capital in the developing countries is also getting concentrated in those multinational corporations which have their centre of origin in the imperialist countries. Report on Multinational Corporations. According to a report prepared by the U. Centre on Multinational Corporations, about 11, Multinationals have over 82, foreign subsidiaries and affiliates, of which 21, are located in developing countries. Of the affiliates in developing countries, 36 per cent are of parent U. In eleven developing countries, of which six are in Latin America, there are more than ; affiliates per country, while in more than 40 countries the number exceeds per country. The developing countries in the western hemisphere have 47 per cent of the affiliates, with 28 per cent in South and East Asia, 21 per cent in Africa and 5 per cent in West Asia. Functioning of Multinationals Detrimental to Developing Countries. The functioning of these Multinational Corporations is detrimental to the interest of the Third World countries in a number of ways- 1 Economies Exploitation: These multinational corporations are establishing monopolies by exploiting the resources of the developing countries. According to estimates of foreign experts, almost 40 per cent of the exports of the developing countries are made up of the products that are manufactured by these very firms. As noted in the widely known reports by the U. These multinationals are in this way playing role in the developing countries that goes against their economic life and in the final analysis political independence of the country concerned. They dominate economic life of the developing countries through investment of huge capital and manufacture of important goods. They get raw materials from the developing country, where they operate at cheaper rates but sell the goods manufactured from that very raw-material at a very high rate. In this way, they exploit the developing countries under the excuse of developing different manufacturing units in the developing State itself. Their assets are growing at a fast rate. Taking the case of India, the total assets of subsidiaries of multinational corporations that operated in India in stood at nearly Rs. In addition, it has been found that these multinational corporations spend major portion of their foreign exchange in importing raw materials from their parent concerns abroad at exceptionally high prices. A study conducted by the Indian Institute of Public Administration revealed that the multi-national firms operating in India utilise almost Rs. Moreover, a major portion of the shares of these multi nationals is in the country of their origin. So, a large portion of the profit earned is remitted to the parent country. It leads to virtual draining of the resources of the developing countries. Moreover, instances have come to light where certain multi-nationals have shown their headquarters located in countries with liberal tax laws. These multinationals pay fat salaries to their employees. And, they are paid out of the huge profits earned by them from the developing country itself. The rare rate of payment made to the labour helps in the development of what is called labour aristocracy. In simple words, the workers in these firms get very big salaries as compared to the workers in other indigenous firms. This naturally makes them aristocrat. The aristocratic labour go against the interests of the workers in general. They become elite among the labour. They become bourgeois capitalist among the labour. These workers in this way, help in spreading bourgeois mentality among other workers. In this way, they destroy labour consciousness and labour movement. Externally, these multinational enterprises have maintained and expanded the economic dependence of the underdeveloped nations. Internally they have led to the emergence of a new privileged group of people in these countries. On the land so released from food, the Multinationals themselves set up frontal vegetable growing business, earning big profits by exporting these items back to the West. Mexico, which once grow a variety of local food grains, has been

converted into an. Multinationals have been exploiting the Third World countries in the field of pharmaceuticals. This is particularly the in case of India. Such Multinationals have been propagating the use of non-essential drugs and making large profits through over-pricing. An expert committee insists that of the 43, drugs registered and sold in India, three-fourths are non-essential. A survey conducted by the Indian Council of Medical Research points out that seven out of every ten purchases of antibiotics made in India are uncalled for. Recently, there was a controversy over the multinationals marketing and selling non-essential baby foods in India. The products of multinationals are also mainly aimed at catering to the needs of a large section of the urban upper income-groups of society. Their products include consumer goods which form a major part of the budget of an upper class Indian family. In this way, their utility to the common man is also questioned. Their activities do not remain confined to the economic sphere alone. They indulge in political activities and manipulations also. On the basis of the economic powers wielded by them, they try to influence the decision-making process of the country in which they operate. These corporations have given rise to a big question mark whether political freedom will continue to exist when economic power is getting more and more concentrated in fewer and fewer hands. They lobby for a particular interest. These days, funds play a major role in elections. Any party that can manipulate funds, has better chances of victory. Naturally, they get political control of the developing countries also. In this context we can quote the Lockheed scandal in which the top Government and political officials in Western European countries and Japan were involved in bribery. On coming facts to light, the Japanese Prime Minister had to resign on account of the bribe he accepted for manipulating the purchases of aero planes. Gauri Shanker in his research thesis entitled "Taming the Giants: Transnational Corporation which he wrote under the sacrifices of Jawaharlal Nehru University, makes startling disclosures. He writes on the authority of LT. Investigating Agencies as to how Multinationals operating in India and Indonesia set apart secret funds for bribing officials and making political contributions. Sometimes, the Multinationals acting as fronts, for their governments, have interfered in the internal affairs of the host countries and caused political destabilization. The role played by the American International Telephone and Telegraph in the ouster of Leftwing Alienated government in Chile is a notorious example. The Multinational Corporations activities pertain to such dangerous industries as chemicals, fertilizers, petroleum, metals and heavy engineering. In addition to the availability of raw materials, cheap labour and markets, the Multinationals find it easier to operate because of lax standards of safety and pollution control. The Multinationals continue to push pesticides into the Third World in spite of persistent reports of poisoning. According to the World Health Organisation, over five lack people became victims of pesticide poisoning every year in countries like India, Pakistan, Sri Lanka, Indonesia and the Philippines. Oxfam, a British Charity Organisation asserts that in nearly ten thousand people died in Sri Lanka alone. In February, a pipeline fire killed nearly persons at Cubatao in Brazil. In November, an inferno in a gas depot claimed about lines out side the skirts of Mexico city. In December of the same year Bhopal witnessed the worst industrial disaster poisoning over 2, persons to death. Warren Anderson Chairman of the Union Carbide. Corporation on his return to U. It shows that neither the parent nor the Indian management of Union Carbide at Bhopal wanted to interrupt production and lose profits. Further, the Multinationals continue to make in India drugs which are banned in western countries. There are 50 other drugs worth base available in the Indian Market. Utility of Multinationals to Developing Countries. Still the Multinationals have a positive role to play in the development of new nations. Hidayatullah, the Vice-President of India, has stressed the importance of Multinationals in a developing country on various reasons. And we cannot deny that they provide the technical know-how badly needed by the developing countries. India still needs know-how in many fields where foreign collaboration would be welcome. The technology for the chain of gas based fertilizer plants being planned on the basis of supplies from Bombay High is coming from Multinationals. Desai, the former Prime Minister of India, declared that he was not against Multinationals or giants, but was against those giants which wanted to make other dwarfs. Independence should be mutual and to the benefit of giver and the recipient. In addition to providing know-how, they provide investment capital also. They provide investment which would otherwise be impossible to raise within the country. For a poor country like India, it is beneficial to allow multinationals to operate so that they bring foreign investments subject, however, to the conditions laid down in the Foreign

Exchange Regulation Act. India is preparing a list of industries that are banned and open to the Multinationals to operate. Thirdly, they offer competition. Referring to this aspect, the Vice-President of India remarked that Indian made cars do not compete with their foreign counterparts because there is no competition. The multinationals are not allowed to manufacture cars. This is what has led to complacency on the part of our indigenous car manufacturers that has resulted in poor quality. It is with the introduction of Maruti Car prepared in collaboration with Suzuki, a Multinational, that has compelled other car manufacturers in India to improve their models considerably. Our politicians befool the people on the question of multinationals by telling that they are against the national interests but at the same time allowing them to operate. Sanyal, the Managing Director of BASF, the Gertpan Multinational, said, "This is not a new experience, multinationals have got used to platform speeches by politicians. We also realise that many observations of politicians are meant for the gallery, because they also know what is good for the country.

Chapter 4 : Corporations and the Environment – Global Issues

A respected expert in political economy directs his attention to the effort being made in the United Nations to draw up a code of conduct for multinational corporations.

Brian Champion, Political Science and World Politics Librarian One of the most important issues states face is the growing power of the multinational corporation. Multinational corporations MNC have an immense influence in the international system, participating in the majority of economic activity and growth. It is therefore important to understand the effect that multinational corporations have on international relations in order to correctly identify why particular events happen. If policy is made without an accurate understanding of the international system then chances are that it will cause more harm than good. This short essay serves an inquiry into the nature of MNCs in an attempt to briefly explain how MNCs affect the international system, and are, in turn, affected by the international system. The aim of this essay is to point out that while states still have power *de jure* in the international system, as well as in their own country, MNCs have power *de facto* both in the international system and within individual states. This short essay seeks to show how MNCs are eroding state power by looking at different theories on the nature of the firm – all of which seek to explain why MNCs are so efficient in allocating scarce resources in the name of maximizing profits or returns to shareholders. Profit maximization is necessary for any firm to be successful in a competitive market. Firms exist, then, because they are able to efficiently allocate scarce resources in a way that is profit maximizing. Multinational corporations, therefore, must exist because they can efficiently allocate scarce resources on a global scale. Operating flexibility adds value to a firm because it allows a firm to exercise a variety of different options due to three conditions: Multinational corporations capitalize on uncertainties, such as volatile exchange rates, take advantage of time dependence by investing in two plants in different geographical locations, and create managerial discretion by instituting beneficial managerial practices. As Kogut and Kulatilaka asserted, one of the options that arises from operating flexibility is managerial discretion. In order to fully utilize managerial discretion firms must have some kind of know-how that allows them to operate efficiently. Know-how, though, is not produced in a market because of the inability of the market to put a price on know-how, along with the problem of free-riding. Firms, then, produce and internalize know-how that is not easily transferred to or replicated by other firms in order to gain a competitive edge over other competing firms. By creating new knowledge, and coding it in a way that is easily replicated within the firm, firms are able to expand their market. Clearly, multinational corporations gain much of their power from their ability to efficiently operate, coordinate, and manage transactions between states. In the name of efficiency MNCs can and will shift production from states with high costs to states with low costs. States, then, should be concerned with the power that MNCs have because of their ability to determine employment and, ultimately, the prosperity of the state. After all, the only thing more alarming to a state than the presence of a MNC is its absence. Political action by MNCs also allows MNCs to minimize the extent to which governments can regulate MNCs by taking advantage of legislative processes that are often easily manipulated. Individuals and groups including foreign and domestic firms constantly vie for more protection and freer access to resources. It is not surprising, then, that states feel unable to formulate effective economic strategies or to plan for the future. Despite the erosion of state power by multinational corporations, and the fact that they can act independently of states, states still seem to be dominant over MNCs. After all, states still have the right to give legitimacy and to take it away. It is therefore necessary that states remind corporations of this power, forcing MNCs to constantly stand on hostile ground. States that try to resist free trade and complete integration into the world economy will encounter economic stagnation, leading to a decline in development. States must, then, develop the necessary institutions and legislation to control the influence of MNCs while still encouraging foreign direct investment. References Kogut, Bruce and Nalin Kulatilaka. Hodder and Stoughton, An Overview and Observations.

Chapter 5 : Multinational corporation - Wikipedia

*Multinational Corporations and U.N. Politics: The Quest for Codes of Conduct (PERGAMON POLICY STUDIES ON U.S. AND INTERNATIONAL BUSINESS) [Werner J. Feld] on calendrierdelascience.com *FREE* shipping on qualifying offers.*

A multinational corporation MNC is usually a large corporation incorporated in one country which produces or sells goods or services in various countries. Coined at least as early as in Business Week , the conception was theoretically clarified in This intersection is known as logistics management , and it describes the importance of rapidly increasing global mobility of resources. In a long history of analysis of multinational corporations we are some quarter century into an era of stateless corporations - corporations which meet the realities of the needs of source materials on a worldwide basis and to produce and customize products for individual countries. Theoretical background[edit] The actions of multinational corporations are strongly supported by economic liberalism and free market system in a globalized international society. According to the economic realist view, individuals act in rational ways to maximize their self-interest and therefore, when individuals act rationally, markets are created and they function best in free market system where there is little government interference. As a result, international wealth is maximized with free exchange of goods and services. They have taken the integration of national economies beyond trade and money to the internationalization of production. For the first time in history, production, marketing, and investment are being organized on a global scale rather than in terms of isolated national economies. Economic theories of the multinational corporation include internalization theory and the eclectic paradigm. The latter is also known as the OLI framework. The other theoretical dimension of the role of multinational corporations concerns the relationship between the globalization of economic engagement and the culture of national and local responses. This has a history of self-conscious cultural management going back at least to the s. He observed that companies with "foresight to capitalize on international opportunities" must recognize that " cultural anthropology will be an important tool for competitive marketing". However, the projected outcome of this was not the assimilation of international firms into national cultures, but the creation of a "world customer". It involved not a denial of the naturalness of national attachments, but an internationalization of the way a nation defines itself. The Company also had important operations elsewhere. A transnational corporation differs from a traditional multinational corporation in that it does not identify itself with one national home. While traditional multinational corporations are national companies with foreign subsidiaries, [34] transnational corporations spread out their operations in many countries to sustain high levels of local responsiveness. Charter company and Neocolonialism The history of multinational corporations is closely intertwined with the history of colonialism , the first multinational corporations being founded to undertake colonial expeditions at the behest of their European monarchical patrons. During the 19th century, formal corporate rule over colonial holdings largely gave way to state-controlled colonies, [47] [48] however corporate control over colonial economic affairs persisted in a majority of colonies. However the economic impact of corporate colonial exploitation has proved to be lasting and far reaching, [49] with some commentators asserting that this impact is among the chief causes of contemporary global income inequality. Some of these critics argue that the operations of multinational corporations in the developing world take place within the broader context of neocolonialism. Anti-globalization movement and Anti-corporate activism Anti-corporate advocates criticize multinational corporations for being without a basis in a national ethos , being ultimately without a specific nationhood, and that this lack of an ethos appears in their ways of operating as they enter into contracts with countries that have low human rights or environmental standards. In other words, increased mobility of multinational corporations benefit capital while workers and communities lose. Some negative outcomes generated by multinational corporations include increased inequality , unemployment , and wage stagnation.

Chapter 6 : Multinational corporations as political players – University of Illinois at Urbana-Champaign

"Multinational Corporations and World Order," in Ball, George W., ed., Global Companies (Englewood Cliffs, N.J.: Prentice-Hall,). 2 For whatever reasons, the seminal works on politics in developing countries during the s made no reference to the influences of foreign corporations.

Many experts cite tax avoidance by corporations and wealthy individuals as a major driver of inequality and poverty worldwide. Now, say advocates of transparency and global tax reforms, it appears that many large corporations, with the backing of the International Monetary Fund, are pushing the U. Legal tax avoidance is cited by many as a major global problem that especially impacts developing countries. Corporations, such as Microsoft , often use legal means to shift profits out of countries and into tax havens or other countries to reduce their tax burden. Corporations successfully lobbied in the past to prevent attempts to reign in tax avoidance. The SDGs are a series of targets meant to reduce poverty and inequity by Goals include increasing access to clean water, universal secondary education and eliminating extreme poverty. Goal number 16 calls for the reduction of illicit financial flows worldwide. Reports prepared in the run-up to the finalization of the SDGs in listed tax avoidance as an illicit flow, but it was not named specifically in the final targets. Corporations are taking advantage of the language. The issue of tax avoidance gained some popular attention when a series of documents revealed how wealthy individuals kept money in Panama to avoid paying taxes. Tax reform advocates say the system is rigged in favor of corporations. The average citizen in a country subjected to forms of tax avoidance is hurt because the money could be used to pay for schools, roads and hospitals. Office on Drugs and Crime is in charge of determining the definition for the illicit flows target. They say that the body does not work on taxes and appears to be vulnerable to lobby efforts by companies trying to change the rules. The group of advocates say they have a strong case for including tax avoidance in the definition for illicit financial flows. Two major documents that informed the formation of the SDGs specifically mention the issue of tax avoidance. It names tax avoidance as an issue that must be addressed in order to realize a world free of extreme poverty. A second report concerning illicit financial flows was used as the basis for establishing SDG Launage listing specific lobbying groups involved in this issue has been removed due to the fact that the exact players involved are not known.

Chapter 7 : The Politics of Multinational Corporations by Sujin Hong on Prezi

title = "Multinational corporations as political players", abstract = "This introductory article to the special issue insists on the need to examine the specific processes and means by which transnational corporations are currently establishing and increasing their power in society.

When the going gets tough, the tough get going elsewhere. A meeting in Oslo suggests that the current model of the Markets and Globalization may not be the way to go. One reason that this situation arises is because of the flawed structural adjustment programs which force developing nations to continuously cut back in order to export more at a cheaper rate and race to the bottom. Take the following as examples by no means exhaustive! Coca Cola in Zambia. They have closed their operations there due to disagreements about tax exemptions. Another example is how the tobacco industry is now moving on to Asia as sales in USA and Europe decline and the US settlements do nothing to prevent this. India is one example where there is tremendous increase in smoking, and smoking related illnesses and death. This link also provides some information and statistics about this issue. Nike, as mentioned above, as well as many other retail companies, use cheap labor in South East Asia, where they can get away from the tighter enforcement and regulations of USA and Europe. Phillips-Van-Huesen have been criticized for closing a factory in Guatemala because the workers tried to form a union to protect their basic rights. A report by three human rights organizations revealed the details. It reveals how the company closed a factory in order to destroy the union and profit from lower wages by sweatshop contractors in Guatemala. You can see the full report at the Americas. In April, as Alternet. Levis tried to introduce a code of standards, but it seems that Levis too has been feeling the competition pressure and in order to maximize profits and reduce costs, now also feels compelled to join the herd, so to speak, and go for cheaper labor costs. Even baby foods have an impact on poorer countries. Multinational companies, such as Nestle, that create breast milk substitutes promote their use very heavily in many developing countries, as a replacement for breast feeding altogether. This is shown to have negative health effects on babies. UNICEF, the World Health Organisation and others came up with a code of conduct to ensure responsible advertising and promotion of substitute products. However, John Madeley described the reaction that Nestle and others had, as a result: Nestle and other babyfoods companies have put pressure on governments not to introduce strong codes. In Zimbabwe, Nestle reportedly threatened to disinvest from the country if strong measures were introduced, alleged Baby Milk Action. Even in Germany, United States etc, the government is at the whim of the larger more powerful corporations as this quote provides an example of: If the investment position is no longer attractive, we will examine every possibility of switching our investments abroad. Daimler-Benz proposed relocating to the US; other companies threatened to stop buying government bonds and investing in the German economy. In view of the power these corporations wield their threats were taken seriously. Within a few months Germany was planning corporate tax cuts which would reduce tax on German companies below US rates. And it is difficult for whichever political party may be in power, to try and make a change, due to this very threat of moving on. Hence, whether it is industrialized countries, or developing countries, a convergence to similar policies is apparent. This adds a false but compelling air of legitimacy to the case put by the corporations. With governments fearing a loss of votes, unions fearing a loss of membership and employees fearing for their continued employment it all amounts to a neat trick that governments of whatever party can ill afford to question for fear of the corporation concerned moving production elsewhere. Their willingness to acquiesce in this game is understandable, for with other nations only too ready to welcome any corporation ready to set up a new factory, not to play would be self-defeating and would lay governments open to the charge of not acting in the national interest. Now subject to pseudo-democracy, the simple conclusion we must reach is that it no longer matters much for which party we vote. This predicament and resulting voter ambivalence consequently presents our political parties with a distinct problem: How can they maintain to the electorate the illusion that they have the power to improve society, or preserve what is best in society, when the markets preclude such value judgements? In a vain and desperate attempt, they are forced to employ increasingly elaborate rhetorical tricks and stunts

commonly known as spin. Hence the rise to prominence of Spin Doctors. For centre-left governments, attempting to reconcile their traditional social democratic values with free-market realities is resulting in the most pathetic exercises in rhetorical hair-splitting in an attempt to distract traditional left-of-centre supporters from the reality of having to submit to the liberal dictates of world markets. Buzl New European Publications, , pp. No individual nation can stand up to the project of Corporate Globalisation on its own. Time and again we have seen that when it comes to the neo-liberal project, the heroes of our times are suddenly diminished. Extraordinary, charismatic men, giants in Opposition, when they seize power and become Heads of State, they become powerless on the global stage. Lula was the hero of the World Social Forum last year. Within two years of taking office in , his government genuflected with hardly a caveat to the Market God. It instituted a massive programme of privatisation and structural adjustment, which has left millions of people homeless, jobless and without water and electricity. Why does this happen? Lula and Mandela are, by any reckoning, magnificent men. But the moment they cross the floor from the Opposition into Government they become hostage to a spectrum of threats - most malevolent among them the threat of capital flight, which can destroy any government overnight. Arundhati Roy, Do turkeys enjoy thanksgiving? Problems of paying fair wages The Seattle WTO Ministerial Conference in , most remembered for the enormous protest, raised another interesting perspective. Seattle saw President Clinton and others suggest that the WTO include core labor rights and sanctions and so forth if these were violated. At first glance, this seemed like a remarkably enlightened suggestion, especially for all those activists who have been campaigning on these things for years. However, a question of why the US would want to do such a thing is natural, given that past records on economics and trade do not suggest that there are many humanitarian concerns! In fact, many in the developing countries saw this as reeking of protectionism and that it would be too costly for the poorer nations to be able to afford such dramatic changes given the poverty and dependency they are in. It would also make it look as though the poor countries are the culprits and not hold any accountability to the foreign multinationals who demand these conditions before investing in that nation. As we see in the structural adjustment section on this site, the conditions are such that capital can pick up and go elsewhere if there are such conditions. What about labor rights and support for U. Are such laws really protectionism in disguise? Such laws, as well as provisions about labor and environmental standards in WTO treaties given how the WTO operates, can become new vehicles for protectionism and imperial manipulation. Suppose only violations of labor or environmental standards are recognized grounds for trade sanctions under new WTO rules. Effectively, only third world countries would be subject to complaints. Worse, third world countries would have waived their rights to retaliation when subjected to protectionist measures disguised as protections of labor or environmental standards. It is important that first world labor unions and environmental organizations recognize that our third world counterparts have good reason to worry that such provisions can easily become the new rationale for protectionism at their expense and for punishing regimes resistant to U. The AFL-CIO was oblivious to this legitimate concern going into Seattle and angered third world allies in the anti-globalization coalition as a result. While they did not abandon their call for labor standards in trade treaties, fortunately the AFL-CIO rethought the issue and passed some important resolutions reaching out to third world workers at its Executive Council Meeting February , in New Orleans. Of course it would be a good thing if labor rights were made more secure and labor standards were improved anywhere in the world. The issue, however, is whether progressives in the U. I believe there are more effective and less dangerous ways to achieve this goal and to protect American workers from competition with third world workers who are even more exploited. Many third world unions and grassroots organizations appreciate help from first world progressives in their campaigns for labor rights and standards. They would like us to help publicize abusesâ€”particularly when our multinational corporations are the perpetrators. They like any financial or organizational aid we can provideâ€”with no strings attached. Sometimes they like us to organize consumer boycottsâ€”when they ask for them. But there is a difference between responding to requests for international solidarity and promoting measures many of our third world allies oppose. Moreover, precisely because third world workers are terribly exploited, their employers will pass on much of the cost of improvements in labor standards achieved through international trade treaties to their employees in the form of lower wages. Since

the primary concern of the AFL-CIO is to arrest the race to the bottom effect of trade liberalization, they can more effectively protect their interests by supporting programs that improve the bargaining power of third world workers more than international labor standards do. For example, campaigns supporting land reform and cessation of U. The crucial question is not whether the initiative for standards or sanctions comes from capitalist politicians or from the U. The crucial question is whether the initiative comes as a request from those we want to help in third world countries. If so, we should be as responsive as possible. Indeed, under wholly plausible circumstances, this approach could be seriously counterproductive and reduce standards overall. What is more, any cut-back in developing country exports due to sanctions will not provide protection to labour and industry in the advanced countries for long if that were the objective. This is because the most severe competition for advanced countries comes from the small number of newly industrializing countries NICs whose productivity growth rate is much faster than that of advanced countries. They question why a country like the US, which has not ratified many of the core ILO conventions and whose own degree of unionization is barely above the average for developing countries, should push so hard for using trade measures as a weapon to enforce labour standards including the right to unionize. Ajit Singh and Ann Zammit, The global labor standards controversy: In an Economist article, Globalisation and its critics , September 27 , the following is offered in discussion of the issue of quest for profits, regulation, fair wages, etc: For example, suppose that in the remorseless search for profit, multinationals pay sweatshop wages to their workers in developing countries. Regulation forcing them to pay higher wages is demanded. The biggest western firms concede there might be merit in the idea. But justice and efficiency require a level playing-field. The NGOs, the reformed multinationals and enlightened rich-country governments propose tough rules on third-world factory wages, backed up by trade barriers to keep out imports from countries that do not comply. Shoppers in the West pay moreâ€”but willingly, because they know it is in a good cause. The NGOs declare another victory. The companies, having shafted [British slang for something like betrayed] their third-world competition and protected their domestic markets, count their bigger profits higher wage costs notwithstanding. What is wrong with this? The answer depends on how you look at it. From one perspective, the economist is right; if we do manage to get fair wages for the exploited, then we risk affecting everyone due to passing on these extra costs to consumers. But, does that suggest we should therefore resign ourselves to continue this exploitation? After all, it does pay those people, even if it is a small amount.

Chapter 8 : Role of Multinational Corporations in international politics

Multinational Corporation Defined. Connor is the chief-executive officer of BigCorp International, a large multinational company. A multinational corporation (MNC) is a business that operates and.

Chapter 9 : Corporations and Workerâ€™s Rights â€™ Global Issues

Robert Scoble via Flickr Last night there was a huge party at the New York Stock Exchange honoring the top 25 multinational corporations (where 40% of a company's workforce is stationed outside.