

FACULTY OF JURIDICAL SCIENCES

Lecture-35



Impact and influence of TNCs

Transnational corporations are among the world's biggest economic institutions. Some experts suggest that the 300 largest TNCs own or control at least one-quarter of the entire world's productive assets. This is worth about US \$5 trillion.

This demonstrates the sheer scale and influence of TNCs in world trade.

Some TNCs are able to exert influence over developing countries directly:

- employing government officials involved in economic policy making
- making financial contributions to political parties
- bribery

Some TNCs enlist the help of developed governments to further or protect their interests in developing countries. Sometimes this has involved military force.

In 1954, the USA launched an invasion of Guatemala to prevent the Guatemalan government from taking unused land from the United Fruit Company for redistribution to peasants.

TNCs are collectively the world's most powerful economic force, but no intergovernmental organization is charged with regulating their behavior. This naturally favors the developed world and inhibits developing countries' development.

International trade could be a powerful tool to end poverty. However, in reality, inequalities still exist in the international trading system.