

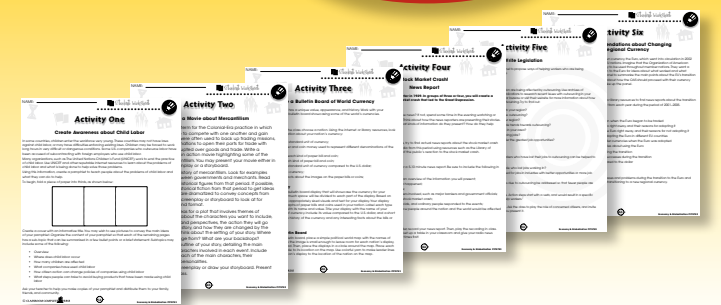
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Multinational Corporations

1. a) Use a dictionary to look up the word MULTINATIONAL. Write the definition on the spaces provided.

The definition of **multinational** is:

- b) Use a dictionary to look up the word CORPORATION. Write the definition on the spaces provided.

The definition of **corporation** is:

- c) Based on the above definitions, what do you think a multinational corporation is? Write your ideas on the spaces provided.

2. Match the term on the left to its definition on the right. You may use a dictionary to help you.

1	democratic	a period of one hundred years	A
2	prosperity	a medium for trade; money	B
3	currency	having a representative leadership elected by the population	C
4	century	a living thing's surroundings, including air, water, land, and other living things	D
5	environment	wealth	E



Multinational Corporations

Companies that have production facilities, investments, or offer services in more than one nation are called **multinational corporations** or transnational corporations. Multinational corporations existed as far back as the Colonial Empire. The Dutch East India Company (VOC), established in 1602, is regarded as the first multinational corporation. It was the first company to issue **stocks**, or ownership shares. In some ways, the company acted as its own government, negotiating treaties and even minting its own currency.

As globalization increased over the last century, large, powerful multinational corporations became much more common. Most multinational corporations are from the United States, Japan, and European Union countries. Many of the largest corporations have economies that are larger than those of developing nations. In fact, some estimates show that of the top 100 economies in the world, about half are corporations and half are governments.



Recognizable logos from multinational corporations



What is a multinational corporation?

Debate About Multinational Corporations

As multinational corporations have gained greater power in an increasingly globalized world, so has the debate about these institutions. On one hand, multinational corporations provide employment and create **infrastructure**, such as roads and buildings, in developing or underdeveloped nations. Some people believe that the free trade of goods and services by commercial interests leads to greater prosperity for ordinary people. On the other hand, multinational corporations have the economic power equal to that of many nations, yet they are not governed by democratically elected governments. Large corporations often hire **lobbyists** whose job it is to interact with national and international governing bodies to promote the best interests of the corporation. Products made by the corporations may outcompete locally produced products. There may be a large difference between the salaries of executives and that of ordinary workers. Some people believe that laws must closely regulate the activities of multinational organizations to protect the rights of workers, the economies of developing nations, and the health of the environment.



Multinational Corporations

1. Answer each question with a term from the list below.

stocks **lobbyists** **infrastructure**
Dutch East India Company **multinational corporation**

- a) What is a company that has facilities, investments, or offers services in more than one nation?
- b) What are ownership shares in a company?
- c) What was the first multinational company?
- d) What is a word for roads and buildings in a country?
- e) What are people whose job is to interact with national and international governing bodies to promote the best interests of a corporation?

2. Put a check mark (✓) next to the answer that is most correct.

- a) About what percent of the world's largest economies are corporations?
- A 10%
- B 25%
- C 50%
- D 75%
- b) Most of the world's largest corporations come from all of the following, **except**
- A Australia
- B European Union
- C Japan
- D United States



Activity Two

Economic Globalization Debate

Set up a class debate about whether or not trends towards economic globalization since the end of World War II have been good for ordinary people around the world.

The debate should cover the following key issues:

- privatization
- the role of multinational corporations
- outsourcing
- migration for economic reasons
- regional free trade agreements
- the role of international trade organizations
- supranational organizations, such as the OAS and the EU

Before You Begin

Divide the class in two. One group will be the "pro" group and one will be the "con" group. In each of these two large groups, assign 1-3 students to debate one of the issues in the list above. Students in the "pro" group will take the position that the issue has an overall positive effect on ordinary people. Students in the "con" group will take the position that the issue has an overall negative effect on ordinary people.

Do Your Research

Research all of the advantages and disadvantages of your issue.

Write a list of 5 main points that your group would like to make in the debate. After you write your list, try to think of what the other group might say in response to your points. Think about how you will respond to arguments about the points you are making.

Conduct the Debate

In the debate, each side will have 2 minutes to make each of their points. Teams will take turns. The "pro" group will make their first point, then the "con" group will have 2 minutes to make an argument against that point. Finally, the "pro" group has one additional minute to respond to the "con" group's argument. Then, the "con" group has 2 minutes to make their first point. The "pro" group will have 2 minutes to make an argument against that point. Then, the "con" group has one additional minute to respond to the "pro" group's argument. This process continues until all of the points have been made.



Crossword Puzzle!

Across

- 3. multinational _____ offer goods or services in more than one nation
- 8. laws protect _____ property such as art and inventions
- 9. an international agreement
- 10. the movement of people across national borders to live and work
- 12. a medium of trade
- 14. shells were the longest-used currency

Down

- 1. the selling of nationally owned assets to a corporation
- 2. the identifying image of a corporation
- 4. a person who migrates to escape war or natural disaster
- 5. protects a logo
- 6. shares in a corporation
- 7. protects an invention
- 11. things from nature needed in order to survive
- 13. trade

Word List

commerce	immigration	refugee
copyright	intellectual	resources
corporations	logo	stocks
cowrie	patent	treaty
currency	privatization	



Word Search

Find all of the words in the Word Search. Words are written horizontally, vertically, diagonally, and some are even written backwards.

- | | | | | |
|--------------|---------------|-------------|---------|----------------|
| assets | barter | benefits | coins | commerce |
| copyright | currency | domestic | economy | European Union |
| GATT | globalization | immigration | labor | logo |
| mercantilism | migrate | outsourcing | patent | refugee |
| resource | segmented | stocks | trade | trademark |
| transaction | treaties | WTO | | |



Comprehension Quiz

Part C

Answer each question in complete sentences.

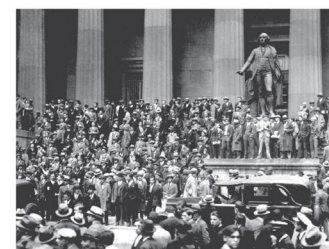
1. Explain the goals of the Bretton Woods Conference in 1944. 1

2. Describe what Foreign Direct Investment (FDI) measures. 1

3. Describe two main reasons why people migrate across national borders to find work. 2

4. Explain what outsourcing is and why companies sometimes choose to outsource. 2

The Great Depression (1929-1939)



The Stock Market Crash of 1929 catapulted America into an economic downturn



The dust bowl era destroyed crops, forcing farmers to abandon their farms to look for other work



Families were forced to live in migrant camps



Unemployment rates skyrocketed during the Great Depression



Soup lines and bread lines were common and necessary for hungry Americans



More than 10 million young American men enlisted in World War II, bringing an end to the Great Depression



Multinational Corporations

3. Around the world, many people debate whether multinational corporations have a positive or negative effect on ordinary people's lives.

a) Explain the positive effects of multinational corporations.

b) Explain the negative effects of multinational corporations.

Research

Make a Poster

4. Find out more about a major multinational corporation. Choose a familiar multinational corporation whose products you use or know about. Visit the company's website or write to the company to find out about:

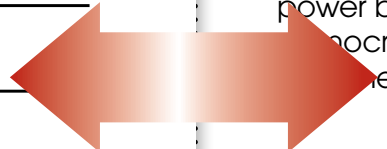
- annual profits
- the locations of production facilities
- the nations where their products are sold
- the number of people they employ
- the salaries of various positions in the company

Then, using the internet or library resources, find out if there is any debate about the effects of the company on ordinary people in developed or developing nations. Finally, create a poster with information about the company, and a brief summary of its positive and negative effects.

3.

a) Multinational corporations build infrastructure and employ people in developing nations.

b) Multinational corporations have a lot of power but are not democratically run.



EASY MARKING ANSWER KEY

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