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## POLITICAL COMMUNICATION BETWEEN THE NATIONAL GOVERNMENTS AND TRANSNATIONAL CORPORATIONS

*On the verge of millennia the world endures the epoch of global transformation. The former world map became a history. We find ourselves in a new epoch full of new challenges and risks. Many parameters of regions and sub-regions have changed. Their geopolitical characteristics got filled with the new features. Under such conditions each national country, including Ukraine, faces the necessity to identify its place within the modern coordinates and outline its foreign political priorities.*

*Key words:* state university, globalization, transnational corporation, national interests, national government, national security.



**P**roblem definition. Scholarly and practical interest to the research of TNC in the world political processes and intrastate transits is explained by the increasing importance of Ukraine in the world economy and politics. In the early XXI century, Ukraine survived a tough legacy of 90-s of the XX century, found itself again on the top of the world economy and politics. The attention of the largest world TNC to the Ukrainian economy is explained, first of all, by the resource-related, economic and geopolitical reasons. In relation to this, the study of TNC role in modern system of international relations is quite important for the improvement of activity and importance of Ukraine at the world arena and protection of the national interests and national security.

Overview of the scholarly researches and publications. The transnational corporations are traditionally studied by the researchers from the point of view of their role and influence upon the international economic relations. In this sphere fruitful works of the following foreign researchers are well-known: Z. Brzeziński, L. Brown, F. Brodel, J. Galbraith, P. Gerst, U. Grant, R. Dahrendorf, J. Derridah, Sh. Dominic, P. Draker, M. Castells, U. Lazer, D. Rodrik, J. Stiglitz, H. Thompson, S. Hoffman, E. Epstein, M. Useem, and national scholars: O. Agarkov, E. Afonin, O. Belous, V. Burdiak, R. Votovich, S. Gavrish, A. Kruglashov, Yu. Makar, Yu. Matseiko, Yu. Miroshnichenko, Yu. Pakhomov, V. Pevets, A. Plotnikov, I. Radzievskiy, N. Rotar, V. Salo, V. Skuratovsky, Yu. Shemshuchenko.

Objective is about determination of the transnational corporation as one of the important actors of the world politics and its role in the globalization conditions. In compliance with the set objective the scholarly object was determined, namely, the determination of the mechanism of the transnational corporation influence upon the political process in the national states and internationally.

Basic material presentation. The growing role of transnational corporation in the world politics and in the international relations, their political significance in the destiny of the world community in XXI century has grown essentially as compared to the twentieth century. In the late XX – early XXI the world political processes, problems and events have dramatically aggravated due to the appearance and activeness of the new actors on the international arena.

Globalization as a key tendency of human development in the new millennium, going beyond the limits of national economy, “dissolving” the inter-state boundaries and having become the dominant of the world development, has given the way to the new actors on the world arena – transnational corporations and transnational banks. Many events on the international arena are connected with the TNC activity, and are conditioned by their politics or were initiated by them. Transnational corporations actively and naturally participate in the world policy, influence the inter-state relations. They became the structural and integral part of the transnational environment of the world politics. TNC are simultaneously non-state and transnational actors of the world policy. Their activity deepens the processes of globalization of economy and politics. Globalization in its turn reinforces the TNC positions on a “great chessboard”, forms more efficient levers of their impact upon the political regimes of this or that state, extends the political space of their activity. With the direct or indirect participation of TNC the active process of mutual influence, interwinding, and mutual penetration of the global structures take place in all aspects of the world community functioning. TNC turned into the force present practically everywhere, influencing the modern and future world image. Transnational corporations reach the sphere of the world politics through both foreign political apparatus of states where they are registered and as the independent, non-state political force. The most powerful TNC become “commercially-political” organizations, conducting their own “foreign politics” and their own “diplomacy”, influencing the governments of the states of their location. TNC is quite complex and constantly developing phenomenon in the system of global economic cooperation, needing thorough attention, studying and international control.

Transnational corporations become increasingly important factors in the destiny of this or that state, in the international system of economic and political connection. Active production, investment, commercial activity of TNC allows them performing the function of the international regulation of production and distribution of commodities, and influence the world community and separate states.

Many TNC possess greater economic power than the states of their operation. To understand how important their role is becomes possible through comparison of the joint turnover of some TNC with the GDP. It turns out that the turnover of the companies “Ford” and “General Motors” is greater than joint GDP of African states below Sahara, and the joint turnover of six leading trade companies of Japan is almost equivalent to the joint GDP of the states of South America. Generally, 51 out of 100 greatest world economic systems – are transnational corporations. WTO, World Bank and IMF, prefer reflecting the world trading in their statistical reports, as something taking place between the states, however, 70% of the world trading is in the hands of 77000 TNC and 990000 – in the hands of their foreign affiliates [1]. For over 30% of this trading is “internal” taking place between different elements of the same corporations. TNC produce, process, distribute and consume most of the world energy resources, excavate most of the world mineral resources, build most of the power plants, produce most of the cars, aircrafts, satellites, home electric appliances, chemicals, medicals, and biotechnological products. They destroy most of forests in the world and produce almost all the world paper, grow huge amount of commercial crops, produce and sell most of the world food products. Main feature of TNC is the operations globalism. Global market is of huge importance for TNC. TNC expansion is worldwide. Their common potential is quite comparable to the world economy as a whole. Key distinctive characteristic is supernational, superstate activity which influences positively all the processes taking place in the states of their location, first of all on economic and political, which creates and control over- or out-national, over- or international bounds and relations.

Transnational corporations are the “load-carrying structure” of the whole modern

world policy [2]. They actively participate in the formation of the unified political space of communication and mutual penetration of the states, peoples, national economies. By their activity they facilitate the removal of boundaries between the economy and policy, between the internal and external national policy. Under modern conditions, when the role of the non-national actors of the world policy becomes more and more expressed in the scholarly direction, also the notion of global political economy is actively introduced, underlying the necessity of studying the global economic and political processes [3]. The economization of the world policy becomes one of the key parameters of the forming system of international relations, and also transnational environment of the world politics. Relations between the states (governments) and TNC may be conflict, cooperational or neutral. There are two spheres of relations between the transnational corporations and states: one – between the parent structure of the corporation and government of its motherland, two – between the company and government of the host country.

P. Drucker in his work “Concept of the corporation” states that “one of the benefits of the large corporations is the presence of its own politics and special body of its production” [4]. In his later work dedicated to the strategy of American management, P. Drucker analyses in details the business structures as the “Political Institute”. To his point of view, “managers always strive to understand the interests of politicians and cooperate with them” [5].

In his book “The new Industrial society”, John Galbraith, considering the political role of large businesses wider, writes: “The mature large corporation becomes with its development the part of large administrative complex, connected with the state. The time will pass, and the boundary between these institutes will disappear” [6]. J. Galbraith states that “there is no “clear boundary differentiating between the state and the private company, it becomes quite dim and even conventional. Each of these organizations is important for each other, their representatives communicate on a regular basis. Each organization starts sharing the goals of the other, each one adopts them to their own goals. Consequently, the one represents the continuation of the other” [7]. J. Galbraith writes about the corporation as of the institute “having an essential power over the legislative authorities and public officials either through the direct or indirect influence” [8]. In his work he warns of the risk of the power concentration within the hands of the large organizations.

Michael Useem dedicated his work “The Inner Circle. Large Corporations and the Rise of business Political Activity in the U.S. and U.K” to the finding of intercorporate relations and to the mechanisms of their influence on the executive and legislative power” [9]. E. Epstein’s work “The corporation in American politics” is a deep and multisided research of forms and methods of the political activity of American corporations. Tracking the history of the corporate politics establishment in the late XX century, E. Epstein considers in details the factors conditioning such activity, growth of political potential of American corporations starting from the relations with the government and congress and their participation in the electoral process. His main conclusion is that considering all expenditures of political participation of the corporate capital large companies are the necessary and legitimate participants of political process rather facilitating the support of pluralistic democracy in America than supporting it” [10].

On the international arena it is impossible to find the general formula which would characterize the relations between TNC and their country of origin. In the countries where historically existed close cooperation between the government and business sphere, it usually has continuation also when the corporation extends its activity outside the national boundaries. The companies believe that “native” governments will take steps for the protection of their investments abroad, first of all through making the bilateral agreements excluding the double taxation, preventing their expropriation and

nationalization and strive for the two-sided and multisided investment warranties and protection of the intellectual property. By the end of 1994, about 1500 bilateral agreements existed between different countries as to the protection of investments under the aegis of OECD. Further liberalization of trading and investments in the sphere of highly-technological services, protection of the intellectual property, remission of claims to the business-activity, denationalization of the state purchases have become the important aspects of economic diplomacy, in the international forum of consideration of which the World Trade Organization turned. Transnational corporations sometimes recourse to the indirect forms of state support. For instance, the government of FRG developed the program called "the Asian initiative" for facilitation of the investments of their companies in the Asian countries [11].

British scholar W. Grant in his book "Business and politics in Great Britain" wrote that the influence of the Confederation of British Industry is based upon its capability to act on behalf of 100 largest corporations of the country, and "key direction of strategy and tactics of organization is formulated on the level of presidential committee" [12].

The union of TNC and government of the country of its origin may be of limited nature. Growing transnationalization tackle the issues with the parent corporations which are the subject of concern for the governments. Such structure in the course of its international activity reduces the amount of the national investments, taxation income and employment and extends its payment obligations. Some governments are concerned that such companies, having quitted their country, will damage its payment balance. Such concerns lead to the introduction of limitations, licensing system, direct prohibitions, voluntary refuse from the direct foreign investments or even cessation of the operations on purchasing the foreign securities. However, most of the transnational corporations quite rarely overcome the restrictions and prohibitions. For instance, in USA the prevention of damage to the national strategic interests from the foreign investments has become a separate problem. The American administration, in particular, proved the ability to reinforce different prohibitions to the trading and investments of the foreign TNC operating on the territory of USA, for political and strategic reasons – with the help of Law on trading with the enemy [13]. National market may be closed only for monoethnic companies. Thus, for instance, the company IBM was excluded from the market of military electronic industry in France in 60-s of XX century.

In USA the world support to American business along with the ministries of trading, finance, agriculture, energy, transport, which commonly participate in this process, for the last time is increasingly given also by such influential authorities as state department and CIA. As the former CIA director, J. Woolsey confessed, only in 1993-1994 American intelligence aided the USA corporations in concluding the foreign contracts to the amounts of over 17 bill. USD. Vivid example of such support of national monopolies is also the fact of signing the contract for construction of radars in Brazil in 1994 by American TNC "Reuteon" to the amount of 1.5 bill. USD. At the same time, this contract was fully negotiated and was prepared for signature with the French company "Thompson". The decisive factor for the loss of such a beneficial contract by the French company was only one call to Brazil from Thompson trapped by the "Echelon" system about upcoming contract conclusion [14]. For the same reasons the same year "Boeing" managed to change in its favor the agreement, which was already ready for signature, about the sale of French passenger aircrafts to Saudi Arabia to the amount of 4 bill. USD. However, these are not all means of the state support of national corporations. On an annual basis USA gives more than 10 bill. USD to the support of export programs of the national companies. In this respect the indicative is the notification sent over by the US State Department to all consulates and embassies abroad: "The assessment of activity of all officers will from now on be

based on their participation in the USA business” [15]. The activity of American Transnational corporations expands the boundaries of cultural, economic, and political US domination.

Close cooperation of TNC with the state of deployment in the world politics and economy is dialectically inseparable from deep controversies between them in these spheres. The actions of transnational corporations quite often do not correspond to the interests of the state of deployment, the priorities of its internal and external policy. Many countries, especially developed ones, understanding the significance of TNC in the modern world, try to establish control over them. As a result there appeared specific state transnational corporations. Currently there is quite a large group of TNC with the state participation. Many national TNC belong to the world's largest industrial companies. In 90-s of XX century among 500 largest industrial corporations of the world 41 companies were state TNC, dealing with the metallurgy, intelligence and extraction of commercial minerals. Generally, in the world there is a tendency of STNC reduction with the transfer of the state property to the private sector of economy. Tough relations between the host country and TNC are conditioned by the frequent conflict of interests, and the power asymmetry, as both sides try to maximize their benefits. TNC are economically stronger than most of the host countries. Generally, the host country benefits from the investments inflow. The employees and suppliers servicing the new companies along with the local authorities, receiving the taxes, benefit more than the competing local investors lose. Wide attraction of the foreign capital due to TNC facilitates the reduction of unemployment in the state, production of goods in the country which was previously imported, there is no necessity in its import anymore. The companies producing the goods competitive at the world market and oriented mainly towards export, essentially facilitate the reinforcement of the foreign trading position of the country. The benefits brought by the foreign companies are not limited to the quantitative indexes but qualitative component is even more important. The activity of TNC forces the administration of the local companies to make the corrections to the technological process, existing practices of production relations, fund more into the training and retraining of workers, give more attention to the quality of goods, its design, application properties. Foreign investments are most often followed by the introduction of the new technology, production of the new types of goods, new style of management, implementation of the best practices of foreign business.

Noteworthy that along with the positive factors of functioning of transnational corporations in the world economic system and international relations, there is also their negative impact upon the economy of the countries of their operation. Manipulating the politics of transfer prices, the TNC subsidiary companies operating in different countries, skillfully evade the national laws, concealing the income from the taxation through their siphoning from one country into other. International corporations may impose the pressure upon the government of the host country and involve it into the confrontation and bribe local politics and fund the subversions against the government. Inoculating the methods of economic and political pressure in the international relations, TNC claim the acknowledgement of their rights of international law subjects, equalizing themselves with the states. Main result of TNC activity in the developing countries is the loss of the local control over the capital available, production apparatus and technological resources. The interests of transnational corporations do not coincide with the interests of developing countries. The TNC penetrating into the foreign state aims at the profit-making. The practice of the imported goods overpricing by TNC branches is ordinary and is applied in many countries.

Conclusions and perspectives of further researches. Along with the growing use of the inter-state relations of the highly developed countries in their interest TNC widely

use their own “private diplomacy” in the international practice. They intervene into the internal affairs and inter-state relations of the countries of operation, infringe the national sovereignty, facilitate the export of weapons and placement of military production in the foreign, especially developing countries, support and fund the international regimes, in close contact with the spying and diversionary departments they organize coups, arrange the “financial embargoes”.

TNC use the recall or threat of the investment recall, creation of the artificial supply interruptions, cessation of enterprises or their turn into the ones more convenient for the country TNC, to impose the pressure upon the foreign states for the purpose of receipt of political, economic, and legal concessions in favor of their national countries. Quite often TNC produce and supply the goods, imposing an irreparable damage to the health and life of people, environment. To achieve their goals many of which belong to the so-called “vital interests” of the highly-developed countries, TNC through their protégés in the state apparatus, demand the acknowledgement of exclusive rights of legalization of the economic hegemonism methods applied by the corporations as well as the terror as the business principles of international relations. Strong democratic state is able to suppress the illegal activity of the largest TNC and call them for order, using the necessary levers of executive and judicial power.

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## ПОЛІТИЧНА ВЗАЄМОДІЯ НАЦІОНАЛЬНИХ УРЯДІВ І ТРАНСНАЦІОНАЛЬНИХ КОРПОРАЦІЙ

*На рубежі* тисячоліть світоустрій переживає епоху глобальної трансформації. Колишня картина світу стала надбанням історії. Ми опинилися в новій епосі, наповненій новими викликами і небезпеками. Змінилися багато параметрів регіонів і субрегіонів. Їх геополітичні та гео економічні характеристики наповнилися новим змістом. У цих умовах кожна національна держава, у тому числі й Україна, виявляється перед необхідністю визначити своє місце в координатах сучасності і позначити свої найважливіші зовнішньополітичні пріоритети.

**Ключові** слова: державний суверенітет, глобалізація, транснаціональна корпорація, національні інтереси, національний уряд, національна безпека.