# TRANSNATIONAL CORPORATIONS AND THE ECONOMIES OF SOUTHEAST ASIA AND SUB-SAHARAN AFRICA: A COMPARATIVE VIEW

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**Abstract**

Arguably, the role of transnational corporations especially in the developing world has been a controversial, and to a large extent, a sharply contested issue. In many economies in the developing world transnational business giants are seen as conduits of economic exploitation, neo-imperialism and underdevelopment; yet, there are economies there-in that see their fate of emerging economic power and development anchored on the linkages brought with transnational conglomerates. Using the 'neo-liberalism' and 'dependency' approaches as the most appropriate but contending theoretical basis of analysis, a careful attempt is made to show, 'the contrast' on how the transnational monopolies impact on two different sub-regions in the third world—South East Asia and sub-Saharan Africa. The paper maintains that there is nothing inherently wrong in hosting the transnational corporations in the developing nations, and concludes that the 'successes' or failures' brought with international monopolistic business giants are more dependent on the capacity of the host state to use requisite public policy instruments to contain and indigenize their operations. Hence the present trend of globalization demands that every state re-adjust and reposition itself to reap the benefits of the deepening global integration rather than being a victim of it.

**Keywords:** transnational corporation, neo-imperialism, underdevelopment, development, dependency, globalization.

## Introduction

The burgeoning growth of oversea investment of capital has become an enduring significant feature of international economic relations in modern times. The 'international monopolies' that emerge from this internationalization of investment capital have remained significantly crucial and largely pervasive in the life of their host economies. There are no signs of decline in their dominance of global business and politico-economic overstretch. Gordon (1977) notes that, international business monopolies are surging up en masse. Thus transnational corporations are growing rapidly in influence and size to direct global economy. Nevertheless, their emergences are not a new phenomenon.

The dawn of 'oversea trade' after the 'discovery' of the new World (Americas) and the sea route to East Indies in the fifteen and sixteen centuries spurred up the export and expansion of investment capital to over sea territories. Different trading company were floated by group of European sea merchants to appropriate wealth in foreign lands and most of them were later chattered as international monopolies. Whitney Hall (2005) contends that:

> The establishment of trading posts by European nations in the Americas and the Pacific lands in search for trade in the 'East Indies' led to conquest and material aggrandizement. There was the Dutch, British, and French East Indian Company and a host of Iberian (Portugal and Spain) trading posts in the Americas.

The era of merchantilism encouraged oversea investment of capital and the emergence of trading companies as international business monopolies. Rodriguez (1989) argues that the beginning of oversea trade enterprise marked the advent of 'capitalist expansion'. In other words, expropriation of oversea cheap labour and unrestricted accumulation of profits by transnational corporations are the key distinguishing parameters of modern international trade.

In Africa the real and robust oversea capital investment trading did not take place until the advent of 'legitimate trade' in the nineteenth century, induced by the demands of industrial revolution in Europe. Although, there had been contacts between Europe and Africa since the 1440 A.D but the arrival of foreign trading monopolies, what most people call 'European imperialism', began in the nineteenth century. As Anene and Brown (1978) observe:

> In the Niger areas and most part of British West Africa, George Taubman Goldie brought in the United Africa Company (UAC) later Royal Niger Company; in Southern Africa, Cecil Rhodes was fervent with his trading monopolies; Henry Stanley took the areas around Lake Victoria, Uganda-East African territories; Fredreich du Brazza began amassing wealth from the minerals and natural resources around the Congo areas with his trading affiliates. No doubt, in French and Portuguese Africa, 'concessionaire companies' were granted charters by French and Portuguese home governments…

Thus, from the colonial period to the era of independent Africa, transnational corporations have continued to spread their linkage tentacles to Africa and elsewhere in the face of worldwide expansion of capital.

In the present capitalist-shaped global economy with neo-liberal ethos of 'free market economy', the unfettered flow of capital and preponderance of transnational corporations constitute inevitable reality that the world had to live with. They operate both in developed and developing countries. Nonetheless, the issue is not therefore whether transnational corporations, as linkages, exist or not, but the nature of these linkages and their consequences on the economies of their host nations, with particular reference to 'developing nations'.

**Conceptual Clarification**

The term 'transnational corporation', in many a literature, is used interchangeably with the term 'multinational corporation' by some scholars. According to Radice (1981), 'this seemingly unconscious tradition is almost blurring their point of separateness'. Nonetheless, this indiscriminate usage is somewhat erroneous. Multinational corporation (MNC) implies that the corporate enterprise is owned by many nations; the corporation does not enjoy the nationality of one country as its parent nation. Bust this is largely not the case with most of the global corporate monopolies. 'Transnational corporation' means a global private enterprise with subsidiaries in many nations but its top decisions and control are arrived at and exercised respectively from the headquarters in its parent nation. However, it is far from being our contention that no corporate international monopoly in modern times is 'multinational'. Our argument centers on the fact that most of the corporate monopolies are transnational. Hence, the internationalization of enterprise is more noticeable in their activities than their ownership; and the term 'transnational' is more relevant and appropriate in describing international corporations today than 'multinational' can do.

Nevertheless, many writers have attempted definitions of 'transnational corporation' from different angles ranging from organization, ownership and control, size and extent of international spread, to level of technology and capital outlay. Jhingan (2007) sees transnational corporation as:

> A company, firm, or enterprise with its headquarters in a developed country such as the Unites States, Britain, Germany, Japan, etc; and also operates in other countries both developed and developing.

No doubt, most of the corporations have their nationality of origin from the advanced countries of the West. However, the present economic relations are showing signs of transnational corporations emerging from developing nations like China, Brazil, India, South Africa, Taiwan, and Korea in the areas of electronics, communication, automobiles, mining, pharmaceuticals, and so on. Girvan (1976) posits that TNCs are international monopolies with operation in both the 'home' and external 'host' economies, and see the whole world as a potential market for appropriation of resources and huge profits. Thus, what is primary concern to TNCs is 'expropriation of wealth and capital expansion'. No wonder, Onimode et al (1986) refer TNCs to as 'predatory octopuses' in their host economy.

The United Nations Code of Conduct of Transnational Corporations cited in Eze (2005) comprehensively states:

> The term transnational corporation is an enterprise comprising entities in two or more countries; regardless of the legal form or fields of activity of these entities, which operate under a system of decision making (through one or more decision making centres) in which the entities are so linked, by ownership or otherwise that one or more of them may be able to exercise a significant influence over the activities of others, and in particular to share the knowledge, resources, and responsibilities with others.

It is crystal clear that TNC is a unified and integrated international corporate entity that is centrally directed and controlled. In a general term Lal and Streeten (2000) define transnational corporation as:

> …a very large firm with widespread operations which are clearly international in character and has many subsidiaries in foreign countries or more than 15 percent of its total sales produced abroad, and acting in a cohesive manner to achieve maximum profits or growth.

In other words, 'transnational corporations' are corporate monopolies that have many operational units outside their home countries with primary aim of appropriating profits, resources, and efficient global production through their mature technology.

**Theoretical Issues**

There has always been a controversial but intriguing debate over the very nature of transnational corporations, especially for the past 'four decades' with the unprecedented rise in the tide of bourgeoning expansion of global capital and oversea investments. Unarguably, no less critical questions roam around this phenomenon. Most questions centre on what do transnational corporations portend? What is the actual role of TNCs in their host economies? Is the transnational enterprise of any relevance to her host economy and, are there bases for its continued existence in its present character? In an attempt to probe this subject matter, two relevant but contending theoretical orientations are called to work: neo-liberalism with emphasis on 'positive development model' and dependency school with emphasis on 'development of underdevelopment thesis.'

***Neo-liberalism***

This orientation is largely resonant in the West and draws bourgeois thinkers like W.W Rostow, David Richardo, Meynard Keynes, Roy Harrod, among others. It contends that deepening global economic linkages is the key to mutual and equitable development and, that one of these linkages is the global operation of transnational and multinational corporations. The argument is that liberalization and greater opening of economies will encourage free flow of capital, technology, and labour necessary for mutual development and prosperity for all. Thus, the foreign direct investments (FDIs) which the TNCs duly represent are symbolically imperative. Writing from this neo-liberal perspective, Weimer (2000) posits that:

> The global capital investments and trade ensure distribution of wealth, progress and homogenous technology at less cost. The expansion of capital has raised the standard of living of peoples around the world and new opportunities, previously unimagined, are at the doorsteps of every individual to put to use his private initiatives.

That is to say, the spread of capital and investments across the globe is transforming the relations between the rich and poor countries, and blurring the chasm between them. Rostow (1998) opines, "the technology investment in developing countries will encourage them at later stage to fashion out their enduring hybrid of technology". The neoliberals, from this angle, see the role of TNCs as positive one, and consider them major purveyors of mature technology and development across the world. There is the contention that the global inequality is fast disappearing as a result of global expansion of capital, technology, and investments. For Wolfowitz (2006), "…when international private conglomerates arrive new jobs are created, income is increased, local initiatives developed in a third world economy". Thus, TNCs create jobs and increase income level of locals in their host nations. To this end, the neoliberal apostles advocate total breakdown of all 'barriers' and 'restrictions' to free trade, to ensure free flow of capital capable of fostering development. Budsman (2004) argues that:

> The explosion of global private capital in many places outside their home is inevitable for integrated growth and progress in modern times. It is necessarily needed to replace the inhibiting powers of the state, hence global corporate governance will be instituted where choice and freedom are the bases for world prosperity.

Thus, the dependency believes in 'the private sector as the driver of development' and advocates minimal role for the state. In this context, the role of TNCs is appreciated. In essence, 'the positive development model' of neo-liberalism vehemently rejects the interpretation of TNCs as 'predatory octopuses', rather, global development and progress are less assured without the operations of transnational corporations. However this orientation is not without its inadequacies, and does not lack strong challengers.

***Dependency Theory***

This orientation is largely dominant in the developing world, and has scholars like Andre Gunder Frank, Theotonio Dos Santos, Immanuel Wallerstein, Daniel Offiong, Okwudiba Nnoli, Claude Ake. The dependency apologists attacked and dismissed the contentions of the neoliberal school as vile and groundless. They claim that the 'global expansion of bourgeois private capital has marginalized and exploited the less developed countries', contrary to the liberal contention of the modernists. Offiong (1980) posits that:

> The rich industrialized states use their 'foreign monopolies' and surplus capital in form of 'investment' goods' to expropriate the capital base and resources of the poor states. In this intricate asymmetry, the local development drive of the host economies is stifled and the auto-centric indigenous development stagnated.

Thus, the international capital represented by transnational monopolies are seen by the dependency preachers from the prism of "development of under-development", Ake (1981). Transnational corporations are visibly seen as one of the major agents of economic pauperization and domination use by the advanced industrialized nations in the third world. According to Enuka (2007) "the assertion of 'dependency' is that 'the equal development for all preached by the liberals is suspect". Hence, Dos Santos (1971) contains that a certain group of countries have their economy conditioned by the development and expansion of another economy to which the former is the subject. In other words, the global economic relationships operate in such manner that the poor states are kept impoverished and are highly dependent on the rich states. The apologists admits 'interdependency of nations' but maintains that in the web, the less developed nations are more dependent than the developed nations. Nnoli (1981) stresses:

…foreign capital is, therefore, permitted, even encouraged, to engage in local production that bears no relation to the basic needs of the vast majority of the population… its technology is developed and its market organized to the neglect of the local needs and habitual consumption habits. Production activity bears no relation to real human needs. Everyone exploits greed to satisfy greed.

To this end, the neo-Marxists and dependency apologists contend that the transnational corporations especially in the developing nations are 'predatory octopuses' and, must be disengaged as unemployment, stifling of local initiatives, repatriation of capital and profits, and environmental degradations are what they largely brought with. Hence, there is the advocacy of 'a viable state capacity' to rise above the exploitative tendencies of TNCs. To Stiglitz (2002), the claim that free market policies represent a strategy for ending world poverty is an extraordinary inversion of reality. Thus, 'dependency' faults the neoliberal assumptions. However, it has its flaws.

**Characteristics of Transnational Corporations**

Like we, earlier, stated, transnational corporations, multinational corporations as somewhat called by many, are not a new phenomenon in the trajectory development of international trade and oversea capital accumulation. They largely define the operational structure of global trade, finance, and investments of this time. Goldin and Reinert (2007:33) note that:

> Trade that take place within transnational enterprises account for approximately one-third of world trade. Up to 70 percent of global trade is controlled by the power brokers of corporations. And, as developing countries integrate into the world economy, they typically become increasingly involved with global patterns of intra-firm trade of global monopolies, which is projected by foreign direct investments…

Thus, the TNCs dominate modern global economic transactions. They stand as the major medium through which large part of global trade and investments are carried out in this globalization era.

Transnational Corporations are too large enough that their 'FDI holdings' and 'capital base' are a stark concentration of political and economic power. Stein (2002) observes that about 76 percent of all transnational own over 50 percent of the total stock of all foreign direct investment globally. According to Share the World Resources (2007) Report:

> Global corporations have been so productive in recent years that of the 100 largest economies in the world, 52 are transnational corporations and only 48 are countries… many of these unaccountable corporations now have a greater turnover than the GDP of most countries… they have sales figures of between $51 billion and $247 billion. The top 200 corporations, out of the 500 largest global corporations, have a combined sales equivalent to 25% of World GDP. However, these 200 global giants only employ 0.8% of the global workforce.

That is to say that TNCs are global giants richer and powerful than most of countries where they operate. In recent years, corporations have realized that it is possible to dramatically increase profits by shifting their operations to developing countries where wages, production costs, and taxes are much lower and, regulations almost non-existent in most cases. “As these corporations grow”, says Hymer (1972), “they find it economically profitable to operate in multiple countries seeking out favourable conditions and investment climate… through their foreign direct investments”. It, then, suffice that TNCs expand and sustain their global overstretch through FDI in key relevant sectors in many countries. Hence, many of these giants can now be described as transnational’, as they have globalized their operation and retain no particular affiliation to any country. This allows them greater flexibility in operative structure and leverage over governments who compete for their business.

Transnational enterprises are largely privately owned and run. There is the utmost belief in private sector as ‘the main driver of the development’. But this does not mean that there are no transnational business giants that are public (government) owned. The crux of the matter is that TNCs can be privately or publicly owned and run; and their range of activities encompasses all sectors in the global economy. Idaho (2001) posits, “the business concerns of multinational conglomerates span from oil prospecting and mining activities, banking, telecommunications, water resources, engineering, constructions, merchandising, shipping, automobile assemblage, energy, agribusiness, etc, to steel production…” Thus, TNCs are involved in many sectoral activities in terms of production and services across national borders as they relate to their business interest; they are multifaceted.

Gordon (1990) states *inter alia* that TNCs often maintain a unified and standardized global production pattern in their output of goods and services. Therefore, the technology and resource input behind a corporation’s production in one centre are almost the same in other centres (by ‘centre’ we mean ‘country’ or ‘region’). This internationalization of production and technology use encourage ‘vertical integration’ of firms or intra firm trade. This has become one distinguishing feature of global corporate monopolies, as their production patterns become that of large scale economies and capital intensive. Melvin (2003) notes that:

> The economies of scale and capital intensive methods used by corporate production units across borders are a direct function of mature technology and up-dated researches available to them.

Put differently, the undertaking of research and development (R and D) by TNCs, as a result of advanced technology base, engenders economies of scale and capital intensive method of global production. In overall, this increases global output and profits. To achieve this point of efficient production and profit expansion, the business giants spend billions of dollars on R and D projects worldwide. Newsweek (October, 2007) observes that trans-national corporations are purveyors of mature technology. They originate new technologies and modify existing ones which they transmit to different ‘investment climates’ globally.

Since, ‘the transnational giants’ invest primarily for the purpose of making profits: they go with ‘market penetration and segmentation’. Development of oversea markets and exclusive maintenance of stronghold thereof will definitely accord a global corporation the right of monopoly. The international financial and trade institutions (IFIs) like World Bank, IMF, W.T.O, and so on, have expressed their tenacious faith in foreign direct investments (FDI), privatization and commercialization of public utilities. In doing this, they have relentlessly partnered and supported the 'transnational corporations' in their characteristic penetration of economies and markets that form the basis of strong defense of their continued existence. Thus, the IFIs encourage the globalisation of transnational corporations as potential means of development and expansion of global investments, especially in less developed countries (LDCs).

Finally, but not the least, 'transnational' operate a 'centralized decision making and global control mechanism'. Abia (2006) puts it:

> Although, multinational corporations (MNCs) are dispersed, dispensed and decentralized, the most important decisions are made at global corporate headquarters by a small group of senior officers.

That is to say, business conglomerates run their subsidiaries in different countries and regions from their parent or corporate headquarter. This creates unification and integration of their global outfits. Hence, the subsidiaries of transnational company are interlinked. As a result, one global standard, operational techniques, and control mechanisms are ensured. To this end, it is understandable that despite the immeasurable geographical spread of affiliates, global corporations are indivisible one entity.

**Impact of Transnational Corporations on the Developing Economies**

The impact of global corporations in the developing economies is arguably multifaceted, and cut across economic, socio-cultural, political and psychological dimension. The impact are largely pervasive and somewhat, ambiguous. The thinking that largely dominates the South is rooted in its firm belief that corporate international monopolies create underdevelopment and rob the requisite indigenous technology base capable of engendering auto-centric national development. Admittedly, many a country in the South has experienced, and is still experiencing, development retardation in the hands of bourgeoning global corporate entities; yet the material evidence on ground shows that the scenario is quite different in some countries (the emerging economies) in the South.

***South East Asia's Experience***

However, the operations and role of TNCs in some of the countries in the South East Asia are quite different from what are obtainable in the sub-Saharan Africa. From the development experience of countries like Thailand, China, India, South Korea, Taiwan, Malaysia, Vietnam, and so on, 'the role of transnational corporations as agents of national underdevelopment does not arise' , unlike in the sub-Saharan Africa. Ngoc Ca (2006) observes that:

> The arrival of multinational companies from the United States and Japan in East Asia created the pedestal for the emerging indigenous technology base to thrive on. Ancillary backward linkages emerged and generated growing employment opportunities for people.

Thus, the governments in this region created the enabling environment for such foreign capital to thrive locally and benefit their economies. In China alone, the electronics and automobile giants were able to be regulated by the state power to adapt to local technology and needs of the people. "India and China, between 1990 and 2004, recorded trillions of US dollars in terms of capital inflows from foreign enterprises and added to the improvement of the population", Gallan (2003).

World Bank Report (2007) indicates that Malaysia, Vietnam, South Korea, and Taiwan recorded impressive results on poverty alleviation in their countries because of good investment climate; and their economies were at the growth rate of 5 to 6 percent annually between 2000 to 2006. Income disparity was minimal and social tensions drastically reduced. The transfer of technology by Western transnational corporations and the ones from Japan encouraged major industrial developments in the region. Today, countries like China, India, South Korea and Taiwan operate global corporations across the globe in areas of computer, electronics, telecommunications, pharmaceuticals, mining giants, and energy. Bahjari (2007) confirms that India's domestic capital formation owes largely to increased income and capital inflow from foreign investors. The capital base transformed India into a manufacturing giant in the world today. In this context, TNCs are seen as agents of development and transfer of advanced technology in developing economies.

Nevertheless, it does not mean there were no social costs, environmental and political problems in the short run with these transnational corporations in the South East Asia. But that the countries in the region doggedly managed them and harnessed their potentials and became what we refer as Asian Tigers today calls the condemning voices in Africa to question.

***Transnational Corporations in the sub-Saharan Africa***

In the Sub-Saharan Africa, the impact of corporate global entities has always been associated with curse rather than blessing. Bantaye (2002) observes that:

> With few exceptions, Africa's fabulous riches from Nigeria, Angola, Chad, DR Congo to Southern Sudan have become a 'resource curse'. Of Africa's less than 3% share of world's foreign direct investment, almost all goes to extractive industries… oil, minerals (gold, diamond, cotton, platinum), and timber. Two thirds of American capital entering Africa goes into mining and petroleum. But to label this 'investment' badly distorts the concept.

That is to say, transnational enterprises exploit Africa's resource base with minimal or without meaningful development drives that might encourage 'backward linkages'. The UNDP Report (2010) confirms that between 2001 and 2007 multinational corporations in Congo mines and Nigeria's oil fields repatriated excess profits in the range of over US $200 – US $286 trillion, and created ecological hazards that endangered the lives of about 28-32 million people. In other words, the foreign monopolies create decapitalisation and environmental degradation in Africa.

It is observed that the role of transnational corporations in Africa help to worsen the 'foreign exchange crisis' and balance of payment problems. According to Trade Justice Movement Report (2008):

> ….while world trade has increased ten-fold since 1970, the developing world's share of international trade has halved since 1980, as 70% of

> world trade is controlled by multinational corporations, depriving them of trade worth US$700billion every year.

Thus, it suffices to say that developing countries, especially those in the sub-Saharan Africa, lose in the trade relations between them and the major global corporations in their shores. Much is taken away from Africa by TNCs through huge profit repatriation and non reinvestment. Africa has always been the victim. Stiglitz (2002) observes "…in the majority cases, foreign companies pay little or no taxes, increase corruption by bribing their way to their objectives, build no lasting infrastructure, pay starvation wages, and destabilize communities".

In the aspect of technology transfer, the transnational corporations have not transferred a meaningful technology to African economies. Rather, they strategically stifle the development of local technology base in curbing whatever may be emerging local competitors. In this context, African development seems very far off to realize. Eze (2005) puts it that:

> Despite the appearance of industrialization, the activities of TNCs in Nigeria have tended to displace and destroy local technologies… and have robbed them of their own dynamics of further development… The TNCs have no interest in creating competitors by developing the local technological capability… the Nigerian experience shows that they are only prepared to transfer limited and certain types of technology with the aim of controlling the pattern and rate of growth and ensuring continued dependence.

Thus, the TNCs create the culture of continued dependence on foreign technology and products in Africa. As a result of this ugly trend, the domestic industrial units are severely suppressed; the locally produced products with indigenous technology become inefficient and costly in the face of foreign products with efficient technology and cheap price. This creates the culture of foreign consumption habit at the neglect of local consumption pattern in Africa.

In the socio-cultural, the transnational conglomerates worsen unemployment phenomenon as they increase the proportion of urban poor and rural poverty. "Transnational giant", according to Budsman (2007), "heightens the level of social inequality in less resilient economies". In most of the economies south of Sahara, the selective areas of investments by foreign giants, in terms of sectors and geography, brought with it a very big chasm in income disparity between workers in those selected areas and workers outside them. The social cost of migration from non investment to investment centres has brought about urban congestion, poverty, mass retrenchment and unemployment, neglect of the agricultural base, and environmental degradation. For Ake (1981), "foreign capital created 'disarticulation' and endives in African economies".

The TNCs encourage only the infrastructures and employment opportunities that facilitate their business interests and ensure their profits flight abroad, and not for the development needs of African peoples.

In another related chain of events, the TNCs in Africa encourage social divide among different groups. They often become involved in local conflicts by playing one mineral rich community against another or the national government. Clarkson (2004) argues that multinational corporations harp on the local jealousies and exploit the heterogeneous ethnic and religious divides to ensure unregulated exploitations. For instance, from Sierra Leone, Uganda, Congo, Nigeria, Sudan, to Angola, transnational companies have recorded huge but 'blood' profits in the face of debilitating crises. In October 2004 an Australian Mining Company in Congo employed Congolese soldiers, transported in company vehicles, who killed and raped locals, leaving many dead to protect its silver and copper mines from the impoverished locals, New African (January, 2007). Since 1998, what seemed to be local wars have taken the centre stage in the Niger Delta in Nigeria. This is because of the 'oil injustice' and environmental damage created by top oil conglomerates like Shell BP, Chevron, and others in that region. This has created culture of militancy and the use of local armed groups by the different oil giants to outweigh each other. In this process lives are lost, property is damaged, and capacity of the Nigerian State is weakened. Ojiakor (2008) puts it that:

> The Nigerian state has promoted and defended the interests of the global oil and gas companies involved in oil and gas activities in Nigeria over and above those of Nigerian people, the environment, and the local communities who own the land on which oil and gas are located and exploited.

Thus, in most cases, African's ruling classes collaborate with transnational giants against the development and protection of their states and less resilient populations.

In the political garb, the transnational enterprises undermine governments in Africa. Some of these corporations are not only gaining increasing influence on African governments, but enjoying larger annual incomes than the countries they exploit. Nwankwo (1996) contends that TNCs undermines their host states regulations and fashion out internal collaborators to subvert government that stands on their way in Africa. In this regard, the TNCs have continued to pauperize African states by rendering their governments impotent through covert and overt subversive activities. However, the question lies on why it is so and what should be done?

**Conclusion**

The expansion and continued operation of transnational corporations in Africa is an inevitable reality in an age of globalization. One thing is clear here: developing countries need capital investment to 'leap frog' into the theatre of 'actual economic players' in the global economy. Goldin and Reinert (2007) note, thus:

> Considering the interdependent nature of the present day world, the linkages that fashion and sustain the spirit of globalization are quite inevitable and cannot be easily wished away. Rather, those who are endangered by its trends should re-adjust themselves and become actual players in the process, in order to mitigate its adverse effects.

That the operation of TNCs in most African states is predatory does not change the reality that they will continue to invest in their economies as a result of the inevitable forces of globalization. That is to say, there are no signs of TNCs declining, in terms of number and influence. Rather, they are fast on the increase globally. States in Africa needs to accept this reality and put up proactive and fundamental re-adjustments in their economies and society at large to stand a better chance to reap the benefits from, instead of being the victim of, the global flow of capital. The question of delinking from the current trend of world economy, in this context, is a mere contemplation of economic suicide. African countries can only do wonderful changes and respond adequately to the demands of foreign flow of capital, which the TNCs duly represent, through proactive and spirited state policy instruments. The argument is that there are more to gain if the states duly regulate and domesticate the activities of the TNCs instead of delinking from the connections. Hence, the numerous problems suffered by sub-Saharan African countries, as outlined in the preceding section, are not inherent in the transnational business giants themselves, but rather could be explained in terms of the weakness of the states to use the right public policy instruments to effectively guide their operations to conform to the local needs of their host economies. In other words, there is "lack of political will", corruption of the political class, and weak legislations in many African states.

The question now borders on what will African countries do to benefit from transnational corporations and global flow of capital in this age of globalization.

- Considering the level of FDI in Africa is minimally low, states there-in should create the 'investment climate' to encourage and attract more FDIs. However, in as much as Africa needs more investments to grow and fight poverty, governments in Africa should decide the priorities and areas where the investments are critical.
- African states need to strengthen their public policy instruments. As Nigeria is trying to do, the use of 'local content initiative', 'sub-contracting and counterpart expertise', and 'host community employment quota' should be encouraged and utilized.
- The states in Africa must strive to provide the indigenous technological base which they will encourage the 'transnational corporations' to operate on, and effectively utilize. In this aspect, 'licensing agreements' and 'subcontracting deals' should be initiated to develop the domestic technology and the human resource skills. This will help to catch up with the global standards and engage the population meaningfully.
- Countries in Africa must endeavor to ensure that transnational giants which they host must employ clean energy and sustainable technologies to ensure environmental friendly production and services. In the case of oil, mining, and energy giants in Africa, this will help mitigate the ecological hazards they may create in the first place.

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