INFLUENCE OF TNCS ON THE ECONOMY OF DEVELOPING COUNTRIES

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Currently, there is no single approach to the division of countries into underdeveloped countries, developing and developed ones. There are more common approaches of the UN, World Bank, WTO to ranking countries and territories. Although the current stages of development of TNCs are chaacterised by globalisation, and the flow of capital from one area to another, (which in theory should level the gap between countries) and the development of national economies is still uneven. For many reasons, because of the policy of protectionism, many because of the different levels of natural resources (as the main factor of economic growth).

At present, countries are graded by level of development mainly on economic grounds: level of consumption, level of per capita income, potential and real GDP. However, there are no clear boundaries between one and another level. It is largely because the level of development of the country is something more than just its economy. For example, the presence of a large number of natural resources, but the concentration of them in the hands of a narrow stratum of the population does not make the country truly developed.

However, the indicators of economic activity will be at a high level. It shows the imperfection of using only economic values, especially averages. In this regard, social and environmental factors are of special importance. That is why currently popular indicators such as the human capital development index, the quality of life index, happiness index, characterising the non-financial aspects of life in the country. [1]

In general, this classification dates back to the era of colonialism, according to which the dominions belonging to the developed countries, the co lonial countries count as the developing countries, and the countries not involved in either of these classes — belongs to underdeveloped countries. However, we believe that a correct classification in current conditions should be based on the degree of raw material processing in the ascending and descending flows of the global value chain. In this regard, we can say with confidence that economies in underdeveloped countries are based on the use of agriculture (agricultural countries), developing countries of the lowest type, for example — on the use of natural resources, developing countries of the highest type — on the processing of the natural resources, the most developed countries are based on the use of IT technologies. [2]

The division of countries, according to the level of development, is carried out in different international organisations on a territorial basis as well. It is due, firstly, to the historical features of the activities of these organisations, secondly, the influence degree of the countries in an international organisation and thirdly, the line of activities of international organisations (whether it is more focused on Asia, Europe or America). However, regardless of the classification, the level of development as a whole is determined by economic factors: the classification of countries into a group usually affects their investment and credit rating (countries also have credit ratings as companies). The level of development of the country is also determined by the presence of TNCs, by the level of foreign direct investment in the economy, and by the degree of trans-nationalisation of national economies compared to competitors as well as. The main criteria based on which countries belong to a particular group include the following: [3]

Economic: the level of taxation, administrative barriers, the indicator characterising the system of national accounts (GDP per capita, GNP, IRR, national saving etc.), the level of national investment (including direct), the consumer purchasing power, the inflation rate, the availability and accessibility of natural resources, a developed system of the service industry, the unemployment rate and labour market regulation, the level of development of the banking sector and the accessibility of credit resources, the degree of liberalisation — protectionism.

Infrastructural: the level of availability of electricity (water), fuel energy, transport accessibility, access to the Internet, logistics and material support.

Social: the education system development, the level of democratic freedoms and the degree of openness of the market, health level, level of education, the degree of mandatory execution of the contract (including social), protection of the ecological environment, the development of social institutions (judiciary), the level of business protection. To characterise the level of doing business in the country and therefore classify it as one of the selected groups, we will use the methodology of the World Bank based on which we will conduct an inter-price study using the selected parameters: GDP (current US dollars), GNI per capita, Atlas method (current US dollars). [4]

References:

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3. UNCTAD Transnational Corporations (Journal) (Volume 27, Number 1); United Nations, New York and Geneva, 2019. 99 pages

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