

Model answers to Section 6 end-of-chapter review questions

The review examination questions at the end of each chapter in *Geography for the IB Diploma: Global Interactions* are based on the style of question found in Paper 3. Model answers to selected questions are given here.

Questions in Paper 3 are in two parts: part **a** carries 10 marks and part **b** carries 15 marks. The markbands for Paper 3 are found on pages 58 and 59 of the IB Geography Guide. For part **a** the level descriptors range from A (0 marks) to E (9–10 marks). For part **b** the level descriptors range from A (0 marks) to E (13–15 marks).

15 Loss of sovereignty, page 197, question 2

- a** Although the role of TNCs in developing countries in particular is sometimes very controversial, most countries are very keen to attract increasing FDI from TNCs. The main reasons include:
- FDI is a catalyst for further industrial and commercial development, providing opportunities to develop industrial linkages.
 - FDI creates new employment opportunities – TNCs are often major employers in terms of the size of their workforce.
 - TNC wage rates are often significantly above the local average, thus attracting high application rates.
 - Technological and entrepreneurial skills are transferred to the receiving countries – skills developed when working for a TNC may later enable employees to start their own businesses.
 - There are multiplier effects on the economy of the receiving countries as more people are in work and earning higher wages.
 - Government income from taxes and royalties on TNC plants and companies can become a major source of national finance.
 - The exports of TNCs help a country's balance of payments situation.
- b** Discussion relating to the disadvantages that TNCs bring to developing countries is likely to focus on the following:
- There is a danger of economic dependency on foreign TNCs, which can switch investment to other countries quickly in order to reduce costs.
 - The investment required to provide sufficient incentives to TNCs (financial incentives, infrastructure spending etc.) may take funding away from other sectors of the economy.
 - TNC factories often have no more than superficial links with the local economy.
 - The economic power of TNCs may influence the politics of a host developing country. A major criticism of TNCs is that in their desire for political stability they may undermine the push for democracy in dictatorial nations.
 - It is claimed that some TNCs are exploitative in terms of labour (long hours, poor working conditions etc.).
 - The products and values of some TNCs may undermine national culture.



- There may be environmental damage as some TNCs site in developing countries to avoid the more stringent environmental regulations in developed countries.

Better candidates will make some reference to the fact that there are alternative views on a number of these points and that the situation has changed over time. Action by various pressure groups (global civil society) has embarrassed many TNCs into improving the way they operate.