Chapter 19: Technological Advances and Economics in the Global Age: 19-4f Transnational Technologies and Corporations
Book Title: The Earth and Its Peoples: A Global History 7th Edition Update, AP® Edition
Printed By: James Harper (carter_mcquaid@roundrockisd.org)

19-4f Transnational Technologies and Corporations

Computers have dramatically altered manufacturing. Small dedicated computers now control and monitor machinery in most modern industries. In the developed world, as well as in China and other fast-growing developing economies, factories forced by global competition to improve efficiency and product quality increasingly depend on robots. Japan's early lead in robotics in the 1990s has been reduced as Europe, the United States, and, in recent years, China have all raced to introduce robotics across their economies. While nationalist critics of economic integration and globalization tend to blame unrestricted trade as a threat to local industries and domestic employment, the effect of robotics on factory employment has progressed with little regulation. Take, for example, the American steel industry. Between 1962 and 2005 the industry lost 400,000 workers, but shipments of steel did not decline at all due to enhanced productivity through automation. These technologies are now being employed in white-collar sectors with similar results.

The transnational corporation is the primary agent for these technological changes as well as for the globalization of industrial production. By the twentieth century the growing economic power of corporations in industrialized nations allowed them to invest directly in the mines, plantations, and public utilities of less developed regions. In the post–World War II years many of these companies became truly transnational, having multinational ownership and management. International trade agreements and open markets furthered the process. Ford, Nissan, BMW, Toyota, and other car companies not only produced and sold cars internationally, but their shareholders, workers, and managers also came from numerous nations.

AP® Exam Tip

Understand the role of transnational corporations in spreading free market principles throughout the world.

The location of manufacturing plants overseas and the acquisition of corporate operations by foreign buyers rendered such global firms as transnational as the products they sold. In the 1970s and 1980s American brand names like Levi's, Coca-Cola, Marlboro, Gillette, McDonald's, and Kentucky Fried Chicken were global phenomena. But in time Asian corporate names—Honda, Hitachi, Sony, Sanyo, and Mitsubishi—were blazoned in neon and on giant video screens on the sides of skyscrapers, along with European brands

AP® Exam Tip

Consider the effects of a globalized consumer society.

such as Nestlé, Mercedes, Pirelli, and Benetton. Since 1979, China's emergence as a global industrial power has accelerated this process of integration and diffusion. In recent decades major Japanese, American, and European manufacturing giants have located factories that produce automobiles, pharmaceuticals, smartphones, aircraft, and common consumer goods in China to gain access to the Chinese domestic market as well as to lower the price of finished products sold in home markets by utilizing cheaper Chinese labor. One study found that globalization, especially deepening trade with China, had led to the loss of at least 2 million jobs in the United States between 2000 and today.

As transnational manufacturers, agricultural conglomerates, and financial giants became wealthier and more powerful, they increasingly escaped the controls imposed by national governments. If labor costs were too high in Japan, antipollution measures too intrusive in the United States, or taxes too high in Great Britain, transnational companies relocated—or threatened to do so. In 1945, for example, the U.S. textile industry was largely located in low-wage southern right-to-work states (states that inhibit unionization) and dominated the American market while at the same time exporting successfully to foreign markets. As wages in the American South rose and global competition increased, these producers began relocating plants to Puerto Rico in the 1980s and to Mexico after NAFTA went into effect in 1994. Now China is the primary manufacturer of textiles sold in the United States and other developed economies.

Section Review

- After three decades of rapid economic growth, Japan entered a deep recession in the 1990s.
- The four Asian Tigers experienced rapid economic growth.
- After Deng Xiaoping reformed and modernized China's economy in 1979, China has experienced three decades of rapid growth.
- Improvements in existing technology and new technologies such as the computer have improved manufacturing efficiency and transformed leisure.
- Globalization created a more integrated world economy, connecting producers and consumers from different regions and nations and reducing the ability of a single nation to escape the effects of distant events.

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