

Relationship between Government and Transnational Corporation: Paradoxical Approach

Kerem Özyağcılar¹

Abstract

There is a common misconception about government's and corporations' missions are in conflict. Although it is not so but more important is what government races with which corporation. The governments that are passive about this economic change demonstrates how it's unprofitable to stay not act upon dynamics of economics thus transitioning into puppet government phase. It is harder to see true intention hidden unless an existence of rebel towards system. In order to profit from new global world without borders, appropriate thing is to join ongoing race and have courage instead of forfeiting. In the scene of history, the governments had never lost their dominance even facing very hard times, but only their plans had been changed. Thinking about the future might be more important than joining ongoing race but it is more lucrative to do both. It requires strong foresight to understand whole picture, analysis along with their past, infiltrating inside instead of responding from outside, most importantly not to get lost and not belong there while in the process of integration. The Trojan Horse goes changing of its name while taking advantage of the struggle in between the governments and their opponents on field of qualified information processing; The transnational corporations.

Key Words: Government, Puppet Government, Origin Government, Transnational Corporation, Paradox

Devlet - Ulusötesi Şirket İlişkisi: Paradoksal Yaklaşım

Öz

Devletler ve ulusötesi şirketlerin birbirleriyle rekabet halinde olduğu yanı sıra çıkarlarının çatıştığı inancı yaygındır. Durumun her zaman böyle olmaması ayrıca nasıl bir devletin hangi kulvarda ulusötesi şirketlerle mücadele ettiği dikkate değer bir konudur. Bu mücadele ortamına yön vermeye çalışmak ve zararlarından kaçınmanın önemini, sürece seyirci kalan devletlerin kukla devletlere dönüşme evresi gösteriyor. Sistemlere karşı çıkmak kolaydır. Zor olan arka planı da görmektir. Bazen karşı koymak yerine dahil olmak bazen ise geri çekilmek yerine çaba göstermek gerekebiliyor. Tarih sahnesinde devletlerin tahtları diğer aktörler tarafından sarsılsa da yıkılmamıştır, değişikliğe uğramıştır. Rekabet ve çatışma hâli, zayıflatan yıkıcı bir durumdan ziyade güçlendiren ve bütünleştiren bir hâl alabiliyor. İlerisini düşünmek, sisteme entegre olmaktan daha önemli olabilir fakat ikisini bir uygulamak ilkinden daha önemlidir. Hamlelerin sonrası ile birlikte ötesini de görebilmek, dışarıdan karşılık vermek yerine içeriye sızmak ve en önemlisi entegrasyon sürecinde kaybolup oraya tümünden ait olmamak güçlü bir öngörü gerektirir. Bilginin nitelikli işlenmesinin ev sahipliği yaptığı alanda menşei devletlerin kendi aralarındaki ve dışarıya karşı verdiği taht kavgasında Truva atı isim değişikliğine gidiyor; ulusötesi şirketler.

Anahtar Kelimeler: Devlet, Kukla Devlet, Menşei Devlet, Ulusötesi Şirket, Paradoks

¹ Master's Student: Istanbul Aydın University, Florya, Institute of Social Sciences, E-mail: keremozyagcilar@stu.aydin.edu.tr

1. Introduction

The governments' mission of economics have been widely affected by the complexity of the relationships of transnational corporations'. The globalization even brought more inventions and ideas than ever including both their loss, damage, benefits and profit. In the past these events were sharper and their effects was huge. Now these transitions get smooth and steady. Researches made are presented as the results that we wish to see with statistical data fit to the personal agenda. Ideas are battling against their counterparts and all this struggle opens possibility for twisted intentions. Only those who acknowledges the truth as with its all polarities and dimensions including the paradoxical side-effects shall benefit. The crisis and losses may be the best opportunity.

The movement centred on economics may serve those who have twisted intentions. First-world countries' laws limits and permissions might act like an defensive shield nonetheless it is not so for the second or third order world countries. The situation gets even worse and harder. Instead, there are events where keeping an steady-balancing manner benefits more than this. After observing the problems and crisis, governments who defends the free-economy movement faced indigenization politics along with their increasing pressure on indigenous economics. This only shows that the process is not getting any improvement. Instead the existence of the crisis will only benefit a privilege for those governments that in search of a holistic solution.

Advanced governments who colonized the world use economic and politics to their advantage. The colonized country provides the medium/atmosphere, so that the role of proprietor country on their economics increases more. If governments did not have Military and Political missions and principles, the transnational corporations' expansion in these countries would be much easier in the colonized country. The laws and rules that are protected by the governments are especially designed in a way to prevent these things arise. Export laws, customs duties discount are also invented by governments. The line curved up by governments has also led to a new search. The transnational corporation are the new weapon of such governments that uses new systems and powers over the world. To whom shall use such weapon will have a right to say over the global World of Economics.

2. Conceptual Frame

2.1. Government

The term government has different meanings hence creates many conflicts upon practice of law. The never ending debates around governments are arisen from this fact of confusion. In addition to that the Mankind had many meaning around the term throughout the history. The agriculture has great emphasis on the government as an institution. The great philosophers who defined government had many different meanings such as "The hardship of living together" by Platon; it was the difficulties of language and communication of societies for Ancillon; agreement of society by Locke, Hobbes and Rousseau. For Fichte it was just a tool of a man's greater purpose. Autocracy for Schelling. Jurisprudentially and Morality for Hegel. Lastly the Aftermath of Law for Cicero (Oppenheimer, 2005:29). The definition of Government is the political direction and control exercised over the actions of the members, citizens, or inhabitants of communities, societies, and states; direction of the affairs of a state, community, political administration, etc. The government has specific elements which are given below.

The Human: It can also be transferred in the form of the people or the popular element. It is a community of people who spends time together in a bounded area and are in an effort to live together with different bonds. While there is no limit to the quantity of the state union, it can be assumed that there is a convincing lower limit on the nature of the state. Nowadays, spiritual bonding is sufficient in the context of the creation of the human element but it is seen necessary to have a desire to live together with this meaning.

The Sovereignty: Sovereignty can be expressed as dominating others, influencing the behavior of others through directives and orders. The sovereign power of the state is a supreme power that dominates all individuals and groups within the borders of the country, but it is the valid and actual force inherent in it. This concept is defined as independence beyond the boundaries of the country while describing the starting point of the force in the land part in a different way from the authority.

The Country: This element refers to a certain size of land, although it is understood as part of the state's territorial power. It is not possible to establish a state without having a country. It is sufficient for the country to be able to use authority in a sustainable and sovereign way. The actual power of jurisdiction of a state on a piece of land contains only one word on international law and domestic law.

2.2. Puppet State

It is a so-called independent state structure connected to one or more external forces. It has features such as other countries, but it is actually external sources that constitute or support power. They are not actually governments, but foreign forces that keep these states in power.

In the Middle Ages, there were feudal lords controlled by the nobles authorized by kings. After the Treaty of Westphalia in 1648, the concept of a nation based on independence was integrated into the society that lived on the land other than the proprietors of the property. The concept is used metaphorically, inspired by the movement of puppets with ropes; A state is to be governed by another state. The term "puppet state" was first expressed in 1884 for the Egyptian Khedivate.

The strong governments consider directing the relatively weak states about their current problems as means for the security of their country and plan to meet the threats or external interests that may be directed to them by the orientations of the puppet states, which in turn the strong governments provide a variety of opportunities, particularly security and economic. These states, which hold the ropes in their hands, prevent the confrontation with other states for the sake of their interests and provide for the conflict with the puppet states.

2.3. Transnational Corporations

Transnational corporations are profit-oriented establishments, which, in definition, have a certain amount of capital and commercial output, operate in a number of countries. In a given country, manages accretion values with the departments and branches located in these countries, and control the assets of the respective countries to a certain extent (Dura, Kılıçarslan, 2011). Not only transnational corporations that overreach national borders are referred to as transnational corporations but also those, which also go beyond borders, are called transnational corporations.

The increase in the importance of trade has led to the integration of financial sectors and transnational corporations to operate as economies on their own and the geographical flexibility contributed to making use of the advantages of production innovations and global marketing strategies.

The early example of transnational corporations that founded in 1600 was the East India Corporation which has emerged as one of the most prominent examples. It made progress in

the expansion of European expansionism. The period after 1945 was witnessed by the world that these formations grew very rapidly in terms of quality, quantity and global reach. Transnational corporations improved after the Industrial Revolution in the West as strong industrial corporations with an international impact towards the end of the 19th century. Especially from the 1920s onwards, they showed a tendency towards monopolization and more on world markets. They achieved superiority over their rivals with the driving force of the profits they transferred from many different countries to their own countries. Together with the acquisition and integration, they created the giant corporations of the web.

Transnational corporations have become comparable in terms of powers with the governments themselves. Some authors assert that governments are the sole unit of power because of economic, national sovereignty-like characteristics and political power, as the relevant corporations do not have the military monopoly which is the monopoly of the government. Some authors also argue that transnational corporations considerably reduce the power of governments, as their tendency to expand in the international arena, their economic yields and their ability to influence the decision-making mechanisms of governments. In this article, two views will be compared on the mutual relation, the confusion of supremacy and the activities of transnational corporations in the background.

2.4. Paradox Concept

The word paradox comes from the Latin word "paradoxus". This word has the meaning "opposite" in Latin. Its definition is the way of rebellion that is declared contrary to the established beliefs (Atalay, Tüzün, 2017: 296). There are many definitions about the paradox concept which we encounter as opposites and contradictions. In addition, a contradictory or contradictory result, which is true, but which seems to be meaningless or contradictory, is also called a paradox.

2.5. Origin Concept

Country origin is defined as the place, region or country where a brand belongs to by its customers. This place causes the product to be considered by the consumers with a positive or negative image in accordance with their previous perceptions about the place. The aim of the corporations operating globally is to take advantage of the positive image of the country or to reverse the negative image of the country (Ueltschy, 1998: 12). Country origin information is

an external indicator that can be used in product evaluation as well as internal indicators such as product quality, functionality, design and social acceptability (Johansson, 1989: 49).

3. Relationship Between Government and Transnational Corporation

3.1. Location of Governments

The efficiency of transnational corporations depends on both the central states and the states in which it operates. This dependence increases the power of the country to foreign countries. These corporations, which lack military power and sovereignty, strengthen the role of the origin country in influencing the international economy. The more the state is withdrawn from the market and plays according to the rules of the game, the more it grows, spreads and develops. The ownership of the resources that are in need is a sign of considerable power. The power of any actor depends on the power required by others to manage those resources.

Causes of instability, unemployment, borrowing, lending, terror events, crisis, civil wars as well as increasing waves of violence along with acts of violence, injustices such as the injustice experienced by the public and corporations, help to the governments where the international order is weak or difficult. Issues such as bond of citizenship, taxation and legal powers also strengthen the governments. While undertaking these duties, it not only does remain a political actor in a particular country, but it further broadens its role as intervening and influencing international capital through its transnational corporations. This issue also includes violations of legality in the case of the survival of the state and the unity of their people (Kutlu, Koç, 2017: 352). So the government is the leading actor not assisting the international arena. Transnational corporations require the trust and support of their origin countries to take advantage of the opportunities offered by the market. On the other hand, Governments do not provide support and trust if their interests do not match (Yılmaz, Akbulut 2016: 73).

International capital has spread through free movement in the world market. For this, those governments who are in corporate with transnational corporations impose a new economic system on all the other governments, as their interests require, since they also hold financial capital. As a result, an unstable situation arises while getting inside the system is difficult, but meanwhile is standing outside the system is more difficult. This mutual relation has compelled the weak states' governments to enter into this economic system by forcing the governments' sovereignty rights (Castells, 2008: 178-79).

Instead of challenging foreign countries all out, the idea of breaking these countries' economic branches and ties will show up easier option compared to former one. Using transnational corporations instead of placing an embargo on foreign country of course provide convenience to origin country. When the attention is paid to this direction, it can be seen what protecting minorities around the world and determining their own destiny mean.

These interferences in foreign states and increasing their cracks can become actions that helps weaken foreign states by means of transnational corporations and transform into puppet states. Commercializing of information is infiltrating to foreign states causing industrial spying or copying technique by transnational corporations' origin countries and in negotiations it can cause technology transfer. With economic liberalization brought by international fund almost every country took its share from the financial crisis. Mostly strong states and transnational corporations had the shares of the fruits of liberal market. The increase in relative perspective of Rich and Poor among countries and people is one of the most important indications of the situation. Even financial institutions playing role in liberal industrial economy meets most of their support and funds form states. These firms' representation rate in their structures is direct proportionate to aid amount.

While the states which can effect financial systems in international market provide the control of economical with transnational corporations, states in the contrary situation have to play host the branches far from the centre in their system, being in the position of interfered side. Foreign countries with high percentage of potential sources will always be on the target list of foreign economically reigning countries to be transformed into puppet states.

3.2. Transnational Corporation Effect

Transnational corporations are interested in sources with economic power. Rarity of the sources that these corporations have or manage enables these corporations to effect the countries that they carry on business. Therefore, states also need transnational corporations' source management to reach their goals. According to calculations transnational corporations have manoeuvre capability which can easily effect foreign central banks and that cannot be ignored by foreign countries. A lot of countries has been pushed to debt spiral but the honour tribune belongs to malevolent origin states.

Foreign countries holding most of the world trade volume has reached an economic position that can buy states. Foreign countries are economically more powerful and rich than the most

of the states. Confronted indication does not wholly support the fact that liberal market economy and world market remove the international trading obstacles and thus users find more selection opportunities and making life more liveable and wealthier, as foresaid. Because of the opposite politics injustice in the world may rise, labouring may be exploited by making workforce worthless. (Steger 2004: 61-78)

Transnational corporations' effort to have competitive power inevitably required economy to be liberal and to separate the fund outcomes from the foreign countries' outcomes. The countries on transnational corporations' activity field and their economic fields are wanted to be separated with certain lines to increase the effect. (Gorz,2001:24)

Transnational corporations tried to break the organized workforce effect to intervene into state power. With the desired politics, supremacy was handled by transnational corporations in the fields of state powers, restricting employees' personal rights, suspending social security services, privatization of some services like health and education, unemployment insurance, retiring condition, accommodation and housing opportunities and substructure preparations.

Because of not using state sources efficiently, facilities within the government's body making loss and being insufficient to competitor on the market the decision of state services done by the hand of public power was averted and most of these services were transferred to transnational corporations. Besides, state helps and exhortation to increase the manoeuvre capability and fund liberality were provided. Many techniques like tax sale being at the top, lowering the real wages and abolishing social security were also applied. (Kazgan, 2002:161).

Transnational corporations may restrict the country's economic domination in its economy to increase their power on country's inner dynamics. These restrictions may also spread into political and social fields because of the economic direction. The power loss effect in states that foreign branches are active varies depending on that country's power. Information and advances in logistic technologies has allowed these countries to be everywhere. Therefore, transnational corporations can easily change the place of their sources. If the hosting state does not want to fall behind advantages and benefits of transnational corporation the effect is inevitable. Foreign states may not prohibit these corporations' speculative initiatives. These initiatives can be understood from the decisions states make. Various interventions aiming at neutralizing foreign states integrate international economy by isolating its economic qualifications at first and then drag it to its impact zone. It can be understood that foreign states' adaptation to international

economy in time may get involved in the process of power centre transnational corporations which can be compatible with this structure to defend market profits.

It is either unique or unforeseeable to overcome the condition in international economy. Current restrictions and compulsions on unprepared states are not also strong as thought. Most of the states try to protect their effect level on international economy as much as possible to protect their own society. For this reason, current states can also actually effect the international economy's going with regulatory and legal activities they apply to take their constitutional and to lower the communal expenditure in world trading market.

Origin states can conduct intelligence activities, manage financial crisis, fuel stranger opposition and reactions against current condition, fuel opposition or admiration to foreign countries, fuel indigenisation or globalization in production, fuel freedom-security conflicts, ill-tempered privatization and fund income, effect from eating-drinking habits to cultural degeneration thus, leading worse conditions. These corporations benefitting from cheap workforce ease the movement capability in limitless fields, increase the rates of their powers with lots of techniques and pose a great problem for foreign states as to closing their branches, ending their activities without communicating with concerning society and taking all the their funds back from those states. (Farazmand, 2014:257). Thus, they can intervene in national wealth, governing, social structure and lands. When the wealth they got from origin countries' products and services reach high levels they do not want to share it and stonewall or block the ways reaching it or stonewall. In brief, they garnish the way with thorns so that lots of intentions that used to be applied by guns can be applied by transnational corporations now.

4. Evaluation

Increasing role of production internationally in world market integrated power balance to world market from monopole market. Current integration bring about the opinion of transfer of power on society from states to internationally not bounded transnational corporations. But while the transnational corporations' value has increased that does not mean the right to speak has totally transferred to them. Seeing transnational corporations as an assistant force rather than main force would be more suitable. Transnational corporations are also into rivalry, they are in constant change and rivalry; they are becoming integrated with each other, buying each other to digest and increasing their branch number. As a result, profit and crisis problems occur. But

in this course, centralization by time and integration of power are inevitable thanks to the globalisation of transnational corporations.

States were seen as an obstacle while going after their goal. States were required to back down from their decisions to allow fund to get movement capability, provide cheap labouring and workforce with flexible production, go into free market easily and to invest in it. Likewise, privatization of business, downing the tax fees, restricting the control over financial flow but as the most important one, foreign states have restrictive role on bringing the integrated labouring and workforce under the control. Overcoming these restrictions will change according to missions to be given to transnational corporations on international market.

Foreign states need to transform into power and structure that can regulate transnational corporations rather than responding them. International economic field and transnational corporations are dynamic and developing procedures. It is very hard to protect possible losses with stable defensive precautions. This protection can be provided by active innovation, planning and flexible decisions which fit the market needs.

Transnational corporations whose powers are in direct proportion to origin countries to direct new world order are wrestling with the fields of increasing cross-corporations rivalry, investment and raw material management and so on. If an agreement is made in the presence of conflicts centre is integrated; if not subjective steps are taken. Within the scope of economy, although free marketing economy improving fast, fund services cycle, abolishing custom and quota and efforts like privatization seem to break the state monopoly, these corporations and markets cannot actually survive in international arena without a state power protecting them. Transnational corporations are states' oxygen and the foreign states are transnational corporations' nutrition source.

No strong state has come to this day in a way that they show foreign states and history has not seen any state that willingly make another state a big boss. The worst scenarios do not take the stages ideologically but with the continuity of the state. Those who withdraw from rivalry with transnational corporations may also encounter the risk of withdrawing from this state.

States carried their products abroad under the brands of "made in X", "made in Y", "made in Z". Although there has never been a unaccredited transnational corporation which is not bound to a country and they are active in more than one country, it does not change the fact that their centres are in X, Y and Z country. No transnational corporation has become a wholly

autonomous position and taken its self-determination from the centre. Although they have the land full of oil, poor states drill and process the oil by means of private corporations. Managing information which is the new world oil, is related to drilling expenditures, abundance of sources and pipe lines' routes and processing it efficiently and protecting it. While big states' effort technique shift into this way they can use transnational corporations as "bow" and their consumer mass as "arrow". The one who has strong bow and a lot of arrows will leave the war as a winner.

5. CONCLUSION

Transnational corporations are assistant elements rather than the main parameter. But these assistant elements are at the level of intervening into political responsibilities and rights and at the power of effecting society. Within the popularity that the power bring about they made their own mark in an extend that they were compared with self-organized state. Where there is a successful transnational corporation there is a fingerprint of a strong state. Transnational corporations try to put the foreign states into a model that fits their own activity in place where resources are ample. This area of international economic rivalry has developed covertly. In this rivalry environment, power lessens when shared. Origin countries that know how to manage power efficiently are after growing their shares in economy. These objectives and applications being differential from state to state imply the importance of economic resources management. International rivalry is formed in different levels. Sometimes it is rivalry, sometimes intervention and sometimes it is exploitation. The processes of world market's and local market's integration can pass painful. As most of the time there will not be equal distribution. Various instruments need to be used for involving transnational corporations into foreign states, to pass the mechanisms of permission, authorization and inspection. These are very hard to be used alone and at this point origin states step in and organize the environment like they do shape the economic system.

The government does not only use the protective and inspective responsibility for winnings like corporations do but also to watch for society's stability, security and wealth. Cooperation or agreements that are constituent of international economy are also formed by the hand of states. The operation of decision mechanism and its' relation are also measured with the help and effect of the states. When transnational states have problem with foreign states, they cannot be isolated from economical setting environment and cannot be thought to be isolated from economic policy. Degree of unable to manage this environment should be discussed in this way. Bad

intentions that origin countries provide through transnational corporations are to develop their corporations, limit the states and intervene into their domestic affairs, incentivize their liberal market; in brief, gaining advantage of economy and politics. In order for transnational corporations to activate in a state, they need to be liable to state or have a say in right in that state. Being deprived of using force these corporations need to be liable to states that are strong. But in foreign states, the process may continue in opposite direction. In puppet states, a right to have a say in state policy may be requested.

There stands no friendship among states and among transnational corporations. There may be hardly a mutual relationship. But between states and transnational corporations both are possible. Generally, there are friendships between states and transnational corporations and mutual relationships among foreign states and among transnational countries. States used to wave their flags in battlefields of foreign states but now they wave their flags by means of transnational corporations. The point is to bring peace and wealth or chaos or destruction under that flag like it used to be. These states having vote right can act secretly. Having a potential to overcome this situation in which they enter states will successfully be able to manage the situation they meet by making required renewal.

Instead of just opposing or criticising the international economic system and its tools, aiming to be more active in creating solutions would be better option. Creative solutions ought to be formed to decrease the damage of process as much as possible. States should tackle with the system thoroughly with good intentions primarily, after that developing in the fields of source management, forming added value, research-development may be a starting point for solution with spurting in fields such as bettering the conditions and mutually making profits.

The higher step of our subject, state and transnational corporation, which we are scrutinising meets us with the question of who is/are managing international relations. The approach of this article shed light on this subject.

“Behind each successful corporation there stands a strong state.”

REFERENCES

- Atalay, M. & Tüzün, A. (2017). Görsel Sanatlarda Paradoks. *Uluslararası Sosyal Bilimler Dergisi*. Cilt: 5, Sayı: 10, Sayfa: 295 - 314, Çanakkale
- Başgil, A. (2011). Devlet Nedir?: Realist Bir Tarif Denemesi. *İstanbul Üniversitesi Hukuk Fakültesi Mecmuası*, İstanbul
- Castells, M. (2008). Ağ Toplumunun Yükselişi. Çev: Ebru Kılıç, İstanbul Bilgi Üniversitesi, İstanbul
- Dura, C. & Kılıçarslan, Z. (2011). Ulusötesi Şirketler ve Ulus Devlet: Güç Kayması Üzerine Bir Araştırma. *Erciyes Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, Kayseri
- Farazmand, A. (2014). Küreselleşme ve Kamu Yönetimi. *Mülkiye Dergisi*, Ankara
- Gorz, A. (2001). Yaşadığımız Sefalet. Çev: Nilgün Tural, İstanbul: Ayrıntı Basımevi
- Johansson, J. (1989). Determinants and Effects of the Use of Made in Labels, *International Marketing Review*.
- Kazgan, G. (2002). Küreselleşme ve Ulus-Devlet. İstanbul: İstanbul Bilgi Üniversitesi.
- Kutlu, A. & Koç, F. (2017). Devlet Akli Kavramında "Devlet Adamı" Figürü, *Üniversitesi SBF Dergisi*, Ankara
- Oppenheimer, F. (2005). *Devlet*, Çev: Alaettin Şenel ve Yavuz Sabuncu. Ankara: Phoenix.
- Steger, M. (2004). Küreselleşme. Çev: Abdullah Ersoy. Ankara: Dost.
- Ueltschy, L. (1998). Brand Perceptions as Influenced by Consumer Ethnocentrism and COO Effects. *The Journal of Marketing Management*, Cilt: 8 Sayı: 1, Sayfa: 12 - 23.
- Yılmaz, E. & Akbulut, A. (2016). Küreselleşme Sürecinde Ulus-Devletin Rolü Ulus-Devletler Güçleniyor Mu? *Mehmet Akif Ersoy Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*. Burdur.