# **Question 1: SOLUTION**

Ireland tries to attract these large MNC’s to locate here for the following reasons:

1. FDI: When a large new manufacturing firm is developed in the country it brings an inflow of foreign direct investment into the economy. This creates jobs for the local construction industry, for the employees in the plant and in all the services provided to the manufacturing facility. *Example - Bausch & Lomb invested €10million in the extension in Waterford recently.*
2. Exports Increase: The level of exports will be increased greatly. The MNC’s almost certainly sell all their products into overseas markets. In fact they may be selling a lot of their products to other firms owned by them in other countries, this creates an inflow of foreign money into the Irish economy.
3. Taxation: The Government will be able to collect more taxes to pay for social services and further economic development. More taxes means more investment in schools, education, hospitals, health, policing, security, transport, roads, motorways, airports, shipping ports etc.

The RISKS attaching to transnational companies locating in a country are:

1. JOB Losses: MNC’s may close down the business without much notice. Cheaper labour costs in foreign markets may attract the manufacturing operations to migrate abroad.
2. Too Much Influence: The size and importance of the MNC to the country might make it TOO powerful and lead to threats of withdrawal if it does not get its own way, e.g. industrial relations, taxation policy, etc. The host country gov’t may have little control over important areas and lose control altogether. Company decisions are made solely with a view to maximising profits. *Example – who has more power and influence in Ireland and how our economy operates??..... the Irish Gov’t or Facebook, Apple, Google, Pfizer, Johnson & Johnson, Microsof.t*