



# **Globalization in reality**

by

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# Forward

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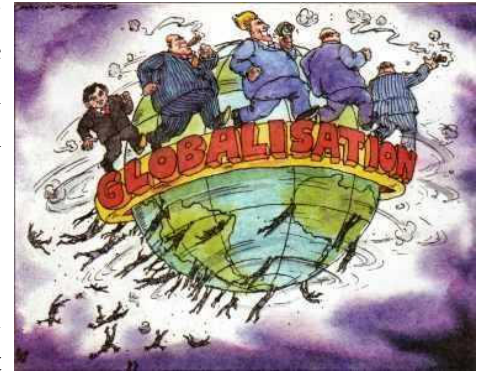
Following articles are included in this release of the booklet (Version 1.0).

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# Globalization in reality

Globalisation is not a recent phenomenon. It started way back in the fifteenth century. The day Vasco de Gama went round Africa the modern globalisation began. As a phenomenon it has passed through several stages and today we are experiencing a stage, which has been named globalisation.



## Globalisation akin to neo-colonialism

Globalisation is a western phenomenon or rather it is a European phenomenon. In fact it could be called a British phenomenon. The west is nothing but an extended Europe with the Europeans physically occupying the lands in America and Australia. The colonisation was the beginning of globalisation. The British took with them their culture, politics and economics to these countries and were able to establish themselves after almost annihilating the indigenous populations.

From the very beginning Britain more than any other colonial power had understood the phenomenon of globalisation. It was a case of implanting their political institutions, their economy and their culture in the colonial countries. In other words they had tried to bring the whole world into one system with a common economy, common political institutions and a common culture.

It was the British model of colonisation, which triumphed eventually, with the United States of America playing a bigger role after the so-called Second World War.

## Globalisation as world imperialism

The present stage of colonisation can be categorized as world imperialism, with strong cultural and the economic components, where the power is distributed over the whole world. It is very difficult to pin point the centres



of power. The power is everywhere and not concentrated at a point. In a sense power in the present phase of imperialism is more like a quantum "particle" that seems to be everywhere, than a Newtonian particle that can be tracked down. Globalisation is a characteristic of world imperialism, which attempts to enforce a common culture and a common economy to the entire world.

## 'Globalisation'- Official definition by West

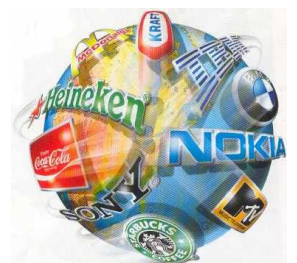


Globalization describes an ongoing process by which regional economies, societies, and cultures have become integrated through a globe-spanning network of communication and trade.

The term is sometimes used to refer specifically to economic globalization: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology.

## 'Globalisation' - the real definition

The term "globalization" has been appropriated by the powerful to refer to a specific form of international economic integration, one based on investor rights, with the interests of people incidental. That is why the business press, in its more honest moments, refers to the "free trade agreements" as "free investment agreements"



## The key players

Globalization, since World War II, is largely the result of planning by politicians to break down borders hampering trade. The International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund played key role in globalization and we all know USA and Western Europe is the main driving force behind these institutions.



## Corporations Vs Citizens

Corporations exercise privileges that human citizens cannot:

1. Moving freely across borders,
2. Extracting desired natural resources, and
3. Utilizing a diversity of human resources.

They are able to move on after doing permanent damage to the natural capital and biodiversity of a nation, in a manner impossible for that nation's citizens. Multinational Companies and corporations which were previously restricted to commercial activities are increasingly influencing political decisions.

## Widening of social inequality

The benefits of globalization are not universal. The rich are getting richer and the poor are becoming poorer.

## Cultural invasion

Globalisation is not merely having a world trade organisation and a world economy. It is also a matter of bringing the whole world under one culture. Bad aspects of foreign cultures are affecting the local cultures through TV and the Internet. The so called developed (predominantly West) countries aggressively promote or rather invade their culture into (so called) developing nations in order to market their brands like McDonald, Coca Cola which are more easily promoted under dominant western culture.

It is the cultural component that is the strongest as can be seen in Serbia and East Timor. The western powers are not interested in the market of East Timor. They are more interested in the culture of the East Timor.

## The shift to outsourcing

Globalization has led to exploitation of labor. The low cost of offshore workers have enticed corporations to buy goods and services from foreign countries. The white collar slavery is the tragedy of



modern era where millions of youth in developing countries are exploited in service fields like software development.

## Job insecurity

Earlier people had stable, permanent jobs. Now people live in constant dread of losing their jobs to competition. Increased job competition has led to reduction in wages and consequently lower standards of living of common (working) people in both developed and developing countries.

## Health concerns

Fast food chains like McDonalds and KFC are spreading in the developing world. People are consuming more junk food from these joints which has an adverse impact on their health.

## Marxism-Just another form of Globalisation

Globalisation and related world imperialism cannot be defeated based on western theories including Marxism. Marxism is part of globalisation in the sense that it recommends and justifies a common culture whether it is called the proletariat or not, to the whole world. The so-called proletarian culture is nothing but a western culture. Globalisation, which stems from generalisation that is found in the western culture, cannot be defeated by using theories that are based on generalisation.

## **Jathikathvaya – The viable solution to Globalisation**

With or without Foucault there is only one way to defeat globalisation and that is to evolve programmes based on the jathikathvas of the different countries. The jathikathva like Hinduthva cannot be translated into English. It is neither nationalism nor nationality. If we do not have a programme based on the jathikathva it is very likely that all of us in this part of the world will continue to suffer under world imperialism which is only the present phase of a process that was started five hundred years ago.



# Coca Cola - The flavor of capitalism

The multi-national giant Coca Cola Company, its brands, manufacturing and marketing strategies mirror the reality of capitalism. This post is an attempt of fact finding mission of Coca Cola and its background with some insight on its sister brand Fanta.

It is not just another brand and company but a multi-national giant that influence politics and culture of people all over the world.



## Origin of *Coca Cola*

Originally intended as a patent medicine when it was invented in the late 19th century by John Pemberton, Coca-Cola was bought out by businessman Asa Griggs Candler, whose marketing tactics led Coke to its dominance of the world soft-drink market throughout the 20th century.

## Use of stimulants in formula

When launched Coca-Cola's two key ingredients were cocaine (benzoylmethyl ecgonine) and caffeine. The cocaine was derived from the coca leaf and the caffeine from kola nut, leading to the name Coca-Cola (the "K" in Kola was replaced with a "C" for marketing purposes).

## Coca — Cocaine

In the United States, Stepan Company is the only manufacturing plant authorized by the Federal Government to import and process the coca plant, which it obtains mainly from Peru and, to a lesser extent, Bolivia. Besides producing the coca flavoring agent for Coca-Cola, Stepan Company extracts cocaine from the coca leaves.

## Kola nuts — caffeine

Kola nuts act as a flavoring and the source of caffeine in Coca-Cola. In Britain, for example, the ingredient label states "Flavourings (Including caffeine)."

Kola nuts contain about 2 percent to 3.5 percent caffeine, are of bitter flavor and are commonly used in cola soft drinks. In 1911, the U.S. government initiated *United States v. Forty Barrels and Twenty Kegs of Coca-Cola*, hoping to force Coca-Cola to remove caffeine from its formula. The case was decided in favor of Coca-Cola. Subsequently, in 1912 the U.S. Pure Food and

Drug Act was amended, adding caffeine to the list of "habit-forming" and "deleterious" substances which must be listed on a product's label.



## The Production model

The actual production and distribution of Coca-Cola follows a franchising model. The Coca Cola Company produces concentrate, which is then sold to licensed Coca-Cola bottlers throughout the world. The bottlers, who hold territorially exclusive contracts with the company, produce finished product in cans and bottles from the concentrate in combination with water and sweeteners.

## The killer-cola

Panamerican Beverages (Panamco), Coca-Cola's main bottler in Latin America, has been criticized for its relationship with unions. In Colombia, it has been alleged that the bottling company hired paramilitary mercenaries to assassinate union leaders. These charges have resulted in several court cases and boycott actions against The Coca-Cola Company.

Coca-Cola's operations in India have come under intense scrutiny as many communities are experiencing severe water shortages as well as contaminated groundwater and soil that some assert are a result of Coca-Cola's bottling operations. A massive movement has emerged across India to hold the Coca-Cola Company accountable for its actions. The state of Kerala imposed a ban of colas from the state only to be quashed by Coca Cola.

## The failed shareholder resolution attempt

In 2002, Christian Brothers Investment Services, Inc. submitted, along with other co-filers, a shareholder resolution that called for Coca-Cola to adopt a code of conduct on bottling practices and employee relations. Problems in Colombia were cited, but the proposal called for "clear standards for its suppliers, vendors and bottlers." The resolution received support from Coca-Cola unions in Colombia, Guatemala, Zimbabwe, the Philippines, and the United States. However, Coca Cola's board of directors recommended rejecting the proposal, noting in the proxy: "We believe that the Company's existing policies address substantially all of the concerns raised in this proposal and that the proposal is therefore unnecessary."



# Facts behind Fanta

## Origin of Fanta

Fanta has its origins in Germany, when a trading ban was placed on that nation by the Allies during World War II. The Coca-Cola company therefore was not able to import the syrup needed to produce Coca-Cola in Germany. As a result, Max Keith, the man in charge of Coca-Cola's operations in Germany during the second World War, decided to create a new product for the German market created using only ingredients available in Germany at the time, including whey and pomace – the "leftovers of leftovers", as Keith later recalled

## Ingredients of Fanta

The composition of Fanta, for the same flavor, varies from country to country. For example, the European Fanta Orange contains orange juice (in varying percentages but typically 6%), whereas the US formulation does not. The Australian version is 2.1% fruit juice. These differences mean the taste and quality of Fanta differs greatly from country to country, more so than Coca Cola.

## Fanta 'Orange' formulation for United States

Carbonated water, high fructose corn syrup, citric acid, sodium benzoate, modified food starch, natural and artificial flavors, sucrose acetate isobutyrate, sodium polyphosphates, coconut oil, yellow 6, brominated vegetable oil, red 40, dioctyl sodium sulfosuccinate. (Reference: Wikipedia)

## Fanta advertising strategy in the West

Fanta is known for its upbeat advertising; in the United States, it showcases The Fantanas, a casted group of female spokesmodels each of which promotes an individual Fanta flavour.



# McDonald's – The tale of the fast food factory

McDonald's has become the best-known fast food brand in the world. It has 31,000 restaurants in 120 countries around the world and serves nearly 47 million customers each day, and for many has come to symbolise the hopes and the fears of the Americanization of global culture.

The golden arches of the red and yellow restaurants now bestride the globe, or "McWorld", and excite both enmity and admiration from the foes and friends of capitalism.

"One World: One Taste". This McDonald's slogan emerges from an ambitious corporate vision of dominating the global fast food market."



## The History of McDonald's

The first McDonald's opened in Des Plaines, Illinois in June 1955. In five years there were 200 restaurants. By 1995 there were over 18,000 restaurants worldwide.

## Cows into Burgers

After Coca-Cola, the hamburger is the best-known

American food invention to spread around the world. It

takes a lot of cows to provide the world's hamburgers, and turning so many cattle into so much beef meat needs an industrial process. Cattle eat grass at pasture or on the range, but in the USA many are specially fattened up for their last three months before slaughter.

In giant feedlots up to 100,000 cattle eat grain from concrete troughs, along with a cocktail of anabolic steroids and growth hormones. According to a recent study by the US Department of Agriculture, these crowded conditions are a breeding ground for infectious diseases.



## The factory of livestock

The McDonalds applied automation to food, just as Henry Ford had to car-manufacture. Contrary to conventional farm house, each worker is required to stand in the same spot and do the same movements for an eight-hour shift. Automated Meat Recovery Systems can get every scrap of meat off a bone. The bones, hooves, blood and scraps can also be rendered into pet-food.

*"The animals keep strolling up, oblivious to what comes next, and he stands over them and shoots. For eight-and-a-half hours, he just shoots. As I stand there, he misses a few times and shoots the same animal twice. As soon as the steer falls, a worker grabs one of its hind legs, shackles it to a chain, and the chain lifts the huge animal into the air. I watch the knocker knock cattle for a couple of minutes. The animals are powerful and imposing one moment and then gone in an instant, suspended from a rail, ready for carving. A steer slips from its chain, falls to the ground, and gets its head caught in one end of a conveyor belt. The production line stops as workers struggle to free the steer, stunned but alive, from the machinery. I've seen enough." - Eric Schlosser, Fast Food Nation, p. 171, Penguin Books, 2002*

Giant grinders are installed for making hamburgers. Modern plants can process 800,000 pounds of hamburger meat a day, from many thousands of different cattle. The meat in a single fast food hamburger could come from dozens, or even hundreds of cows.

### Chicken into Nuggets

In 1979, when poultry was becoming more fashionable to eat and sales of beef were wilting, Fred Turner, the Chairman of McDonald's had an idea for a new meal. "I want a chicken finger-food without bones, about the size of your thumb. Can you do it?" he asked.

After six months of research, the food technicians and scientists managed to reconstitute shreds of white chicken meat into small portions which could be breaded, fried, frozen then reheated. They used chemical stabilizers but also beef fat to enhance their taste. Test-marketing the new product was positive, and in 1983 they were launched in the USA under the name Chicken McNuggets.

### Attracting the Customers

The logo for McDonald's is the golden arches of the letter 'M' on a red background. The 'M' stands for McDonald's, but the rounded 'm' represents mummy's mammaries, according the design consultant and psychologist Louis Cheskin. In the 1960's McDonald's was prepared to abandon this logo, but Cheskin successfully urged the company to maintain this branding with its Freudian symbolism of a pair of nourishing breasts.

*"McDonald's operates more playgrounds – designed to attract children and their parents to its restaurants – than any other private entity in the US."*

"Give Mom a night off" was an early advertising slogan, so the meal out meant no cooking, serving and washing-up for her.

### Walt Disney's hidden marketing campaign

In 1996, McDonalds signed a ten year global marketing agreement with the Walt Disney Company to promote and help each other. Psychologists confirm a theory that Ray Kroc and Walt Disney traded upon, that "brand loyalty" can be established by the age of two.

It has replaced Coca Cola as the world's most famous brand, but serves Coca Cola in its establishments.

One way McDonald's ensured the visibility of its brand, and in the process revolutionized fast food, was by making its restaurants easily accessible on the US highway system.

Church steeples were often his guide, because Kroc wanted to attract church-going families to his temples of efficiency and nourishment, which always had clean toilets.

In fact, in the USA more people now eat in McDonald's than go to church or synagogue. Surveys have shown that the golden arches are better known than the Christian cross.

### Manufacturing Fast Food Addiction

Flavor is the key to the attractiveness of fast food. It is not just the blend of salt, sugar and fat, but the combination of taste and smell which is now micro-engineered by the big food corporations' chemists. Nearly 90 per-cent of what we think of as taste is actually smell.

Fast food companies happily capitalize on this. Fast food is industrially processed before it is served. It requires colour additives to make it look good, and chemical flavor compounds to make it taste right.

Food scientists also study "mouthfeel" – and can adjust crunchiness and chewiness, density and dryness, by using a range of fats, gums, starches, emulsifiers, and stabilisers. The scientists have been almost too successful, and their chemistry for some has become addictive.



## The silent killer

Nearly two thirds of Americans are now overweight, and the US Surgeon General says 300,000 Americans die each year of obesity.

As fast food chains spread through Europe and Asia on a rising tide of affluence, people got fatter in those countries. It is called “globesity” by the World Health Organisation (WHO). By 2000 the number of obese adults had risen to 300 million.



## Exploitation of Labour

There must be a serious problem: even though 80% of McDonald's workers are part-time, the annual staff turnover is 60% (in the USA its 300 %). It's not unusual for their restaurant-workers to quit after just four or five weeks. The reasons are not hard to find.

*“One out of every eight workers in the US has, at some point worked at a McDonald's restaurant.”*

It's obvious that all large chain-stores and junk-food giants depend for their fat profits on the labour of young people. McDonald's is no exception: three-quarters of its workers are under 21. The production-line system deskills the work itself: anybody can grill a hamburger, and cleaning toilets or smiling at customers needs no training. So there is no need to employ chefs or qualified staff - just anybody prepared to work for low wages.

## Corporation Under Attack

Its defenders, usually on the right, point to the arrival of McDonald's in a country as a marker of middle-class affluence and aspiration, a sign of economic efficiency and improved infrastructure, and an index of social progress with orderly queues, clean washrooms and happy children.

However in reality, entry of McDonald's to a country is widely identified as American authoritarian, abusive of animals, exploitative of workers, unhealthy, unecological, and ruthlessly profiteering. In recent years branches of McDonald's have been attacked in America , Australia, Belgium, Canada, China, Finland, France, Holland, India, Indonesia, Lebanon, Poland, Russia, Saudi Arabia, Sweden, and UK. Protests against McDonald's have captured the public imagination.



# Business Process Outsourcing – The Other side of the white-collar

Business Process Outsourcing (BPO) was born with capitalism as a consequence of the uncontrolled competition between capitalists, something inherent to this system. It is a means of increasing the exploitation of the whole working class both in the West and East with sole ambition of increasing profits for capitalist entrepreneurs!

## The two headed beast

Outsourcing has caused the destruction of thousands of jobs in the Western countries. In a few decades entire industrial branches have been almost entirely transferred to countries with much lower manpower costs. Corporations view it as an opportunity to lower costs while widening markets.



The effects of outsourcing don't only hit those who lose their jobs in the western countries. It is the whole of the world waged people which is subjected to the pressure of the insane, competitive race between capitalist nations and to the blackmail of outsourcing, both in the country of departure and in the relocated industry. In reality, this has resulted in exploitation of developing nations and reducing labor standards on a global scale. What illustrates the reality of outsourcing is the ruthless competition that is forced on different parts of the working class at the international level.

## The BPO industry - Shift from blue collar to white collar

It all started few decades ago in labour intensive low tech manufacturing fields like apparel industry. Now outsourcing is spreading to new categories of workers, white collar and skilled labour. Business process outsourcing (BPO) is a form of outsourcing that involves the contracting of the operations and responsibilities of specific business functions (or processes) to a third-party service provider.

BPO is typically categorized into back office outsourcing - which includes internal business functions such IT, finance and accounting, and front office outsourcing - which includes customer-related services such as contact center services.

## The high-tech BPO industry – the tear drop of Sri Lankan youth

These multinational so called Advanced Technology Centers (ATCs) promise a challenging environment at work due to strict delivery deadlines demanded by US, Europe and Middle-East clients. These companies bill anything above USD 150 per man day for a basic resource for IT services to US Clients, though only 10-15% is passed to the employees. The balance of expenses before earnings per share is incurred on maintaining a state-of-the-art Technology infrastructure and remunerating higher management at US Standard - Salary, Benefits and Perks.

The operational model demands at least 48 working hours (on the paper) per week, where project managers have strict guidelines to ensure employee productivity.

However, in reality most of the young employees (Mostly age between 22 to 30) are frequently FORCED to work even more than TWENTY FOUR



CONTINUOUS HOURS OF WORK without proper break or rest.

The attitude towards employees has been disastrous in some cases; where in the past, hundreds of employees have been laid off within few weeks. Directly or indirectly forcing a permanent employee to resign at short notice from work has been a specialty area of these so called prestigious BPO companies for the last 5 years.

In most of the cases the employees who attend the work in the morning are given their termination letter and asked to go home saying that the company has not met the expected profit margin for the financial quarter. However it is generally seen that the same company continue to recruit new employees from the very next day!

They continue to apply various techniques to hire-at-will, and fire-at-will. Although the recruitment advertisements appearing Newspapers and web sites look very enticing, scant regard has been paid to the statutory requirements of employing persons in Sri Lanka.

Some of the violations in these so called ATCs include manager-employee harassment and humiliation at work, getting signatures on official documents under force and duress, promotions and career success based on favoritism and acquaintance, and host of other violation of mandatory local statutory requirements.

### **Fascinating recruitment drives**

The 10000+ IT and engineering related workforce in Sri Lanka of which 80% are below project manager level, is hired from Universities in Sri Lanka. These multinational giants conduct well organized recruitment drive and allocate a significant budget for this purpose.

Sponsoring at Career Fairs, Career Days etc. are some of the techniques proven to be effective in attracting fresh graduates into the workforce. Most of them join with promises given by the recruitment division which ranges from working abroad, branded career start, corporate image, market leading remuneration etc.

### **Role stretching – More strain for employee and higher profit for company**

Role Stretching is a practice of some of the US based companies where an employee is encouraged to play the role of a senior person. The employee does not get any additional compensation or other benefits for this exercise, but they are expected to work even harder and billed at a higher rate to the customers. The employee is given the expectation that, after playing the 'stretched' role, they would be subject to an early promotion. But this is hardly the truth, but only an enticement to work harder. There are several other deceptive and crafty techniques to obtain higher productivity from an employee.

### **Exploiting the youth**

The workforce predominantly consists of workers between ages 22-38 years with an average age of 30. Most of the workforce is from middle class families who



have limited influence in society to expose or take legal action against violations committed by the more affluent comprador Management of these blue chip companies. Hence most of them silently suffer until they are tactfully drained out of their soul and spirit. Besides, any legal action against a multinational giant could deprive an employee of a respectable career, subsequently, due to possible retaliation by the Management.

### **Brain strokes – The silent killer**

There have been a number of deaths reported within last few years, though there have been past reports of casualties who have survived strokes also known as 'brain attacks'. High tech IT work itself involves considerable stress due to immaturity of technologies used and high expectation levels of customers

When the management put extra pressure by cutting down the effort estimates and resources, the youth has no option but to work day and night continuously for prolonged periods. Some of unfortunate pay the ultimate price of their lives while most of others loose their social and family lives.

Most companies operate like sweatshops. They don't value people, and yes, they definitely don't value the sentiments of people. True – This is a cut-throat competition world, but does it require people to behave as if they are the megalomaniacal dictators?

### **Government must take actions**

Out sourcing is one of the few aspects that may be befitted to developing countries. Since BPO companies are on the increase in Sri Lanka, it would be prudent for the statutory

authorities of Sri Lanka to investigate and monitor the operation of BPO companies particularly the level of compliance to Shops and Offices Act and the Industrial Disputes Act.

It would also be useful for International Human Rights Organizations to monitor the level of treatment meted out to this white collar workers and devise a channel to listen to any stories and experiences that are worthy for investigation.

### **Enlightening the employees – the way to win over slavery**

This article has been written in order to educate the plight of white collar workers in a typical BPO organization, so as to influence maintaining of checks and balances to ensure adherence to stringent statutory and Human Rights principles in treating Sri Lankan intellectual segment when selling knowledge services overseas.

It is up to the 'workers' (regardless of blue collar or white collar) of the whole world to understand themselves as comrades in struggle and hold out their hands across the limits of sectors and frontiers. They need to make their disparate movements into a single struggle against capitalism and develop the consciousness that this struggle can come to fruition through the destruction of the capitalist system. This means the abolition of wage labour and of labour power as a commodity, which is the root of the proletariat's slavery.

### **References:**

This article has been based on E-mails and wide spectrum of blog-posts of youth working in the high-tech BPO companies in Sri Lanka.

