

Reality of  
Globalization

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# Virtualization

and it's effects



*how  
it affects  
our rights,  
our economy,  
our democracy.*



Dr Aribandi Prasad Rao

PRAJASAKTHI BOOK HOUSE

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Virtualization and its Effects

Aribandi Prasad Rao

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# Index

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Just a moment .....	7
In lieu of Preface .....	9
<b>Part I : CONCEPTS AND PHILOSOPHY .....</b>	<b>15</b>
<b>1. Introduction .....</b>	<b>16</b>
Globalization and Capitalism .....	19
What is Globalization? .....	20
Concept of Globalization: .....	23
Present Globalization, its Philosophy and Practices are Resting on .	24
Reality of Globalization .....	26
Marxism and Present Globalization .....	29
<b>2. Globalization, Virtuality and Virtual World .....</b>	<b>31</b>
Virtual and Virtuality .....	35
Reality / Actuality and Virtualization .....	38
Virtual World .....	39
Psycho-Analytical Reflections in Virtual World .....	41
Why Individuals Seek Virtual Life ? .....	44
Why Nations Seek Virtual Economy? .....	45
<b>Part II : PROCESSES OF VIRTUALIZATION AIDING GLOBALIZATION .....</b>	<b>47</b>
<b>3. Flexible Mode of Production .....</b>	<b>49</b>
Flexible Work and Employment .....	51
Outsourcing .....	53
Financing and Debt .....	55
Digitization, Computer Use and Internet .....	56
Monetary and Exchange Policy .....	57
Stock Exchange Operations .....	59
Mass Media and Information Supply .....	61
Indoctrination through Virtual Knowledge .....	62
Culture .....	63
<b>Part III : Real Life Problems in Virtual World .....</b>	<b>65</b>
<b>4. Virtual Transformations of Reality .....</b>	<b>66</b>
Language Virtualization .....	67
State and its Sovereignty .....	72
<b>5. Virtualization of Economy and its Management .....</b>	<b>77</b>
Capitalism .....	77
National Economies .....	79
Commodity Proction .....	79
Market .....	80
Currency .....	81
Increase of Risk Burden .....	81
Ownership Rights .....	82

Accumulation through Dispossession .....	85
Fictious Capital, Stock Market Bubbles and Accumulation through Dispossession ..	86
Speculation and Parasiticism .....	88
Virtualization of Commodities and Pricing .....	90
Recombinant Commodity .....	92
Working Class Movement .....	93
Virtual Class .....	94
<b>Part IV : Virtual Democracy, Development and Citizen Rights .....</b>	<b>95</b>
<b>6. Development i) Birth of Welfare State .....</b>	<b>102</b>
Welfare State On Withdrawl Path .....	104
Philosophy of Welfare Based Development .....	105
Gross Domestic Product (GDP) as Measurement of Country's Development .....	107
Per Capita GDP / Income Based Development Interpretation .....	109
Human Development Index (HDI) Based Development; Interpretation ...	111
Citizenship Based Rights .....	111
Functioning of Mass Media .....	115
Knowledge .....	117
Religion and Culture .....	121
<b>Part V : Reality – Virtuality Relations .....</b>	<b>125</b>
<b>7. Manifestations of Reality - Virtuality Interactions .....</b>	<b>126</b>
Nature of Interaction .....	127
Diversion from Real Problems .....	128
Fear Psychosis and Mysticism .....	129
Creative Destruction of Real Economy .....	130
Some more Specific Examples of Reality –	
Virtuality Internationals and their Manifestations .....	132
<b>Part VI: Manifestations of Reality Under Virtual Environment .....</b>	<b>135</b>
<b>8. Recognition of Reality .....</b>	<b>136</b>
Distress and Reality .....	143
Reality Manifestations at the Macro Level .....	143
Reality Manifestation Under Virtual Knowledge .....	146
Debt Burden – Reality of National Economies .....	148
Politics .....	148
Social Life .....	150
<b>9. Reality manifestations of Virtual Economy in USA .....</b>	<b>155</b>
Glitter and Glamour .....	155
Economy .....	156
Reality Manifestations at the Micro Level under Virtual Environment .	159
Financial Distress .....	160
Increasing Debt Burden and Bankruptcies .....	162
Emergence of Propertyless, Wage Dependent Class .....	165
Increasing barrier for entry to business .....	165
<b>Part VII: 10. Facing Present Globalization .....</b>	<b>167</b>
<b>End Notes .....</b>	<b>175</b>
<b>Special Note at the time of Printing .....</b>	<b>185</b>

# JUST A MOMENT

We are in globalization without knowing precisely in all its detail what it is. Only specialists and those deeply involved in its pursuit know its full implications. Globalization word is so familiar to us that we feel understanding it, giving one's own meaning, depending up on his/ her position in the socio-economic and political system. By not precisely defining what it is, the very meaning of the word globalization is virtualized. Super rich, rich, and the virtual class – comprising well-qualified technical personnel, managerial class, speculators and manipulators with the backing / involvement of political forces, are the main beneficiaries of the system. The rest are bearing the burden of the system. Among these, the working class and the rural masses are the worst affected. Many have died due to unbearable living conditions. Many more are on the margin.

Glitter and glamour of virtual life of developed countries, especially that of USA, depicted by the mass media, is an important force behind present globalization. The reality, however, is different. Data based analysis of USA has brought to light stark realities of virtual living. Rapid rise and expansion of job dependent propertyless class, with heavy debt servicing burden, has become the hallmark of virtual living. This is the crux of real problems everyone has to face and is facing, except the super rich and the rich under virtual environment. When once things precipitate, those living under virtual environment, are forced to recognize the reality of life problems. When once reality is recognized, it would be very difficult to recover unless massive outside help comes. Market forces, which are more overbearing than the state under globalization, are never known to be benevolent, as has become evident from Katrina hurricane disaster in USA in September 2005. In this natural calamity, thousands of propertyless or having properties with only virtual ownership, have left the place (New Orlando) in search of livelihood and life, as modern

nomads. This is only one aspect of harsh realities of glamour and glitter of virtual life in USA.

In India, entire rural life is beset with real life problems. Under globalization policies, many farmers, handloom workers, and rural artisans have committed suicides and the process is continuing. Same is the case with the poor and the middle class in urban areas. The life of domestic migrating workers, forced by market dynamics, is miserable. Migrating workers from developing to developed countries are exposed to all kinds of discrimination, including in job selection, wage payment, racial segregation. These are facing social indignities in several forms.

India is just at the beginning of globalization compared to many other developing countries. People, adversely affected are agitating in several forms. Hence, adverse impact of globalization on its' people is not yet fully reflected. Knowing reality of present globalization, vis-à-vis the real life problems, will enable them to be prepared to face them better than being under darkness about them. The book is all about these things.

Material in this publication is based on extensive research based on secondary information, available on Internet in disjointed form. Hence, no claim is made for the originality of basic concepts underlying them. But much has been added by way of explanation and reasoning. Ideas on captive core market conditions under virtualized environment, surfacing of reality from mass of virtuosity under stress or distress conditions, making it identifiable or recognizable, however, are mine. Content has been presented in more popular form rather than conforming to rigidities of a research publication, with an eye to make it available for larger sections, who need not be specialists. Few things have been added, by way of endnotes and appendix to give a reasonable background to fully understand globalization processes and their impact.

In India, we are more preoccupied with dealing emerging urgent problems of globalization on masses and very little attention has been paid to understand its core and mechanics of operation. This publication is seeking to fill up this gap.

- *Author*

PART I

**CONCEPTS AND  
PHILOSOPHY**

# INTRODUCTION

We are in the midst of globalization, a more aggressive capitalist system seeking to reverse what all modernity has conferred on us during its competitive phase with socialism. Its advocates describe it as an inevitable process (there is no alternative to it – TINA factor), as if they are the forces of nature, thus depriving any intellectual exercise about it. These policies are being implemented in India in manifest form from the beginning of 1990s. We are in a democratic system but the pros and cons of introducing its policies were not discussed and approved, as such, by Indian parliament. Now, it is claimed that the ‘*reform policies*’ (for globalizing Indian economy) were under implementation from mid 1980s itself in a stealthy manner to overcome resistance from the then overbearing (Nehruvian) left policies (of self reliance) followed by late Indira Gandhi and Rajiv Gandhi. New economic, industrial, education and seed policies of Rajiv Gandhi, formulated in the mid-1980s, are in the direction of globalizing Indian economy (Arvind Panagariya. EPW June 19, 2004). However, Sachs (2005) former Economic Advisor to Prime Minister Vajpayee Government of National Democratic Alliance, expressly states that India became part of global wave of market reforms from 1991 (see End notes 3). Thus, it can be stated that there is both covert and overt period of liberalization policies in Indian economic history beginning from mid-1980s, and early 1990, respectively.

It is not an exaggeration to say that there is no single sphere of human activity, which is not influenced by the process of

globalization. We are being constantly told that it would be better to accept the 'reality' and adapt to it instead of trying to resist these changes unsuccessfully. Yet, globalization, its processes and consequences for the people of the country, are not being discussed in any meaningful manner, even in academic circles in our universities, leave alone by the common people. Success of these policies is being depicted by reeling out data on growth of the economy (in terms of GDP as %) and share / stock (market) prices. From these, followed the 'India shining campaign' by the National Democratic Alliance Government, with disastrous consequences for the parties in power as they have to loose their power during subsequent elections. Thus, the people have rejected the claim of so called success to these policies. The successor UPA Government, under the leadership of Congress continued these policies, albiet with a redesigned schedule of action and taking more care in virtualising their policies through schemes like Rural Employment guarentee Act, Free and compulsory School Education for all children, Health programmes etc, during UPA1 regime and enhanced Food Security allocations. Despite substantial allocations to planning with the slogan of "Inclusive growth", UPA2 Gvovernment lost heavily due to implementation of so called reform policies (neoliberal policies) reducing itself to a minority party. .in the 2014 Loksabha elections.

Policies being implemented to align or realogn varios facets of Indian economy with the global economy have disastrous consequences for the dependent population thogh a small section having link with Internet services, outsourcing and those dealing directly with speculative finance capital and their dependent families got benefits. A new superrich class, which is corneering biggest share in development and which is also accumulating through dispossession of vast masses, has emerged. Loot of natural resources of the country worth lakhs of crores of ruppees, unseen in the past, has come to the fore during UPA2 regime. People simply got fed up with such larrgse scale loot of public properties

and exceptionally high corruption in public life. Crony capital, that part of capital accumulated simply by using "State power" has occupied centre stage in the socio-political life of the country.

Agrarian sector, on which more than 60 percent of the working population are dependent even during 2011 census, are facing gravest crisis ever since known to human history in India. While on one hand total production and productivity of crops have been raising during the so-called reform period farmer's debt also has been increasing leading to continuing distress and suicides. These suicides are being described as "unnatural farmers' death" in the official crime records of the country. So far (end of 2013), about three lakh farmers have committed suicides. Small and marginal farmers, especially those having assigned lands, are being disposed from their lands in a big way. 2011 census data are clearly showing that while the number of land owning cultivators has been decreasing very sharply the number of wage earning landless agricultural workers has been increasing simultaneously almost in the same proportion as there are no alternate avenues of employment accessible to them except the one provided through "Rural Employment Guarantee Act". While the rulers want corporatization of agriculture, as part of its globalization, farmers are not agreeable to it. In the backdrop of farmers waging armed struggles for land, rulers are foisting this crisis through debt and market. The working class movement also got very weakened during this period due to increasing contract and casualisation of employment. This has reduced the worker's wage earnings and organized working class movements. Identity movements, in the name of caste, region and religion through NGOs and other social organizations, are making the exploited, oppressed and dispossessed difficult to identifying the real causes for the problems. Finance capital and outsourcing have important role in these.

Vast amount of literature is available on this subject but most of it is confined to Internet, a scan of which is like searching a needle in hay stack. Limited publications, though avworkerailable, are out of reach to the common man. Hence, this publication is designed to fill up these gaps as felt need.

## Globalization and Capitalism

Present globalization represents a particular stage in the process of evolving complex capitalism (end note 1). Earlier, 19<sup>th</sup> Century capitalism was extensively studied by Marx. Among others, he developed the concept of socialism. References to the present mutating and complex form of capitalism are made in the literature as '*Pan-capitalism*' i.e. capitalism where there is no competition. Pan-capitalism is a virtualized capitalism with predominance of virtual processes.

Pan - capitalism or present globalizing capitalism, in reality, is strongly rooted in modernism (see end notes 4), which itself is the outcome of industrial revolution. Thought processes of post-modernism, especially virtualization, is one of the key dominating processes in present globalization. Without modernism, there is no post-modernism and the present globalization. This reality should always be kept in mind while understanding the present globalization, its contradictions and the arguments put forward by its' supporters.

Pan capitalism is epitomed by corporate capitalism. While all the critical ingredients of capitalism are present in Pan-capitalism, its' contradictions are more pronounced and camouflaged in the latter. Capital ownership has become more public with only nominal stake for the private management with no or nominal public control. Corporate managements are not accountable, in practice, to anyone else, including individual shareholders, contrary to various provisions and enactments. Competition is very much

stifled or restricted under globalization compared to capitalism of the 19<sup>th</sup> century. The corporate managements of the diffusedly owned public capital have no credibility or have only rudiments of credibility, where some of them appear to have some (credibility). Hence, people are not voluntarily coming forward to invest their real savings in capital through the share market route. As a result, state is forced to intervene with enactments to divert savings of the masses (pension and insurance funds) directly into the stock exchanges for capital accumulation. Its managements are stripping the capital accumulated through mergers, demergers (reliance is classic example), corporate frauds, bankruptcies etc. from the real owners.. The losers (i.e share holders) are not compensated in any meaningful manner. The really guilty, more often, do not get punished. Even when they are punished under compelling situation, it is far disproportionate to the gravity of the crime. Corporate managements have gained substantial control over the state power, in the process of which, democratic state itself gets marginalized, raising questions of its credibility and sustenance. Forces of opposition have to organize and develop in enough strength, within the system, to check the unbridled sway of virtual capital, if the democratic state has to regain its sovereignty.

## What is Globalization ?

Use of the term 'globalization' is relatively new. The word 'globalize' was coined only in 1944. The phenomenon of globalization, *per se*, is not new. To 'globalize' – meaning "to make global; especially to make changes worldwide in scope or application -- entails action and interaction, across boundaries of nations and across continents - the spread of cultural, economic, and political ideas (particularly by way of trade, industry, technology, the arts, letters, music and religion) throughout the world. Thus, earliest genuinely worldwide wave of globalization is not, as some claim, marked by series of economic, social, and political changes following

**End of Preview.**

**Rest of the book can be read @**

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