CHANGING THE DOMINANT PARADIGM IN ECONOMICS:
HOW TO UNDERSTAND AND CONFRONT CRITICAL ASPECTS OF ECONOMIC GLOBALIZATION

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Introduction

This article seeks to address the discussion proposed by WAAS about the need to build a new paradigm to confront the challenges of the global society (Jacobs, 2014) and to transit to a New Society (Slaus, 2014), discussing specific problems related to economic globalization and proposing changes.

In order to circumscribe the contribution of this article, it is necessary, first, to define what economic globalization means, highlighting the critical aspects to be discussed, while recognizing the benefits and challenges of globalization itself. Globalization is generally seen as a way of bringing countries and peoples closer through connecting networks. Thus, what is most readily seen are the benefits of cultural exchanges, webs of discussion and collaboration and, consequently, the gains that collective action can provide. Those are undeniably positive achievements of what is usually called globalization.

Economic globalization, however, needs to be well defined and understood in order to really grasp its consequences. In economic terms, the meaning of globalization also relates to close connections, but these connections are established **by market forces, as it is always the case in capitalism, because capitalism is a commodity type of economy,** as was stressed by Marx**.** But while for the orthodoxy free market forces are the best regulator of the economy (leading to more stability, efficiency and equality), for the heterodoxy the system of regulation by free market prices, leads to increased instability and greater inequality. This creates a role for the State, challenging the idea of 'market efficiency' and opening the space for the consideration of alternative ways of regulating the economy and building the material conditions to change the society. This is the first goal of this article.

The ways in which the orthodoxy and the heterodoxy analyze the question of sustainability of development and the problems of environment sustainability also depend on those views or theoretical arguments about the role of the market. The second goal of this article is to examine those arguments contrasting mainstream economics with Post-Keynesian and Marxist views.

The first section stresses the mainstream arguments for economic globalization. In the second and third sections, respectively, the heterodox arguments of Post-Keynesian and Marxist economists are outlined, explaining their skepticism or even negative positions concerning the market. The fourth section discusses some strategies to face up critical aspects of economic globalization and proposes heterodox alternatives. This leads to the suggestion to move to another economic paradigm, in order to increase equality and universal interest creating a more sustainable world in both human and social terms. The conclusion shows how these proposals can also contribute to a more sustainable environment.

1. The mainstream and the defense of economic globalization

Mainstream economics is characterized by the belief in the regulating role of the market. The idea is that freedom for private initiative is necessary to guarantee the equilibrium of supply and demand of both goods and factors of production, price stability and a harmonious evolution of the economy. That is why the philosophy that sustains mainstream economic theories is called neoliberalism. The idea of liberty here is not the idea of human freedom in general; instead, it relates to the freedom of the **market, or for the private behavior implicit in supply and demand**. As globalization implies the opening of different markets, deepening and spreading prices behavior, it can be seen as neoliberalism in practice.

The neoliberal idea of development is, hence, one of letting different markets express individual interests. Money, in this conception, is a pure veil, neutral, and it cannot stimulate the economy in a permanent way. From this point of view development is based on individual preferences and technologies applied into the production of different goods and services. If the government issues money trying to stimulate production and employment, the final result, in the shorter or longer run, is only inflation. Furthermore, the government can decide to invest, instead of waiting for market decisions. But in so doing it will necessarily become indebted, since the government does not produce. According to the mainstream, this path will increase the interest rate which, in turn, reduces private investment. Thus, government investment is neutralized by the decline of private investment, with no net gain. This is the crowding-out effect of private investment by public sector investment (Blanchard, 2008).

The government is viewed as being needed only to manage or address certain externalities (Laffont, 2008)**,** which means costs or benefits that affect some people, even if they do not choose to incur in them. For example, the pollution generated by a factory that affects the surrounding environment and the health of nearby residents is an example of negative externality**.**

Even though it admits these possibilities as adequate grounds for government intervention, mainstream economics prefers not to count on them, because the role of the State is viewed with suspicion or mistrust. Underlying this perspective there is the idea that if the government chooses to support some sector or economic policy it is frequently argued that it can also stimulate “rent seeking behavior”. This is associated with benefits that the government grants to specific sectors or economic agents prioritized by economic policy. Rent-seeking means spending resources on political lobbying aiming to increase one's share of existing wealth without creating new wealth, which happens if the government has the power to interfere in the economy. This expenditure of wealth is seen as harmful, because it does not involve an increase in production. According to this view the effects of rent-seeking are thus reduced economic efficiency through poor allocation of resources, reduction of wealth creation, the loss of government revenue, and general national decline (Krueger, 1974).

Once the orthodoxy, or mainstream economics, believes in the regulating role of the market, it sees instability and other economic problems as the result of factors exogenous to the market itself. In contrast, market forces can help to resolve or compensate those problems. If, for instance, there is a drought, a natural phenomenon, therefore exogenous to the market, causing the shortage of a commodity, imports can resolve the problem and this will be more efficient if the market is free than if it is regulated.

Among the exogenous factors that can cause instability there is one that is particularly important for mainstream economics and that reinforces its belief on market power: it is government intervention in the economy. As we have already discussed, the orthodox conception of neutral money, having no permanent or long-lasting effect over the real economy, makes government intervention issuing money or getting into debt an inflationary or inefficient way of doing so. When the market is free internationally, the power of national governments is reduced, leading mainstream economics to expect greater stability in a globalized economy. The government behavior, for example, issuing money with electoral objectives is seen as being neutralized by capital flight to the rest of the world, if there is free movement of capital. That is, the mere threat of capital flight can discipline governments and prevent inflationary policies.

In relation to convergence, the mainstream argues that if movements of capital are free around the world, capital tends to leave the developed countries, where there are fewer opportunities for investment and where rates of profit and interest are lower, and go to less developed countries, where more abundant opportunities of investment guarantee higher rates of profit and interest. In so doing, investment tends to increase in these developing countries, guaranteeing them a higher growth rate and, consequently, a reduction in the income gap between countries. The same reasoning is applied to justify the equalization of wages between rich and poor countries, reducing income inequality[2].

It is the belief in market efficiency that justifies the propositions of the economic mainstream to resolve the problems imposed onto the environment by economic growth. The idea is to discourage environmental damage by increasing the cost to the capitalists causing it. This leads to proposals of fines, fees and taxes to compensate the damage incurred, and the possibility of buying carbon credit, leaving to the market the decision of how much to destroy the environment.

It is important to observe, before going to other paradigms in economics, that this orthodox free market-oriented position is grounded on certain assumptions, in particular those of the absence of a lasting impact of money over the real production (neutral money) and of an inherent inefficiency of the State. These assumptions are rejected by the Post-Keynesian and Marxist paradigms, which open the space to defend a positive economic role for the State. These approaches also raise important reasons for skepticism concerning the role of the market, which explains some of their critiques of economic globalization.

2. Post-Keynesian Economics, skepticism of globalization and the need for re-regulation

Post-Keynesian economics develops its ideas following the critiques to the economic mainstream made by Keynes in the latter phase of his academic activities. For Keynes, what was absent from the elegant economic theory of the orthodoxy was uncertainty, which is different from risk[3], and that permeates economic decisions, particularly those involving a long period of time (Keynes, 1937). Uncertainty is due to the facts that the future is unknown and that decisions are made in an atomistic or decentralized way. Consequently, no one can anticipate even probabilistically what will be the net result of those types of decisions.

Under these conditions, it is both usual and rational that agents should search for a way to protect themselves against uncertainty. It becomes normal to hoard or hold money, since money is the most liquid asset, and it gives flexibility in uncertain times. In this vein people can trade money for anything, without incurring capital losses due to exchanges made in a hurry. Keynes called this behavior **liquidity preference**. The problem with this type of behavior is that it leads to the reduction of consumption or, what is worse, to the inhibition of the investment, decreasing aggregate income and employment.

For Keynes, the investment decision is the most important decision in the economy, because it can increase or reduce the level of employment and the income generation in a multiplied way. This happens because when an investment decision is concluded, it implies payments to a number of people, which once added up, constitutes an income generation higher than the value of the investment itself. In turn, the investment decision depends upon the comparison between the investment expected profitability (marginal efficiency of capital), and the rate of interest, which is a proxy for the investment cost.

According to Keynes, the two key determinants of the investment decision depend substantially on uncertainty. The gain of the investors, or marginal efficiency of capital, cannot be calculated in advance. It is the result of feelings about the current state and the future development of the economy, which are inevitably permeated by uncertainty, filtered by feelings of optimism or pessimism. In turn, the rate of interest is determined by the supply of money, which depends on the liquidity preference of the banks, and the demand for money, which derives from the liquidity preference of the economic agents. Thus, for Keynes, investment in a capitalist economy is always volatile, and both income and employment are inherently unstable.

That is why, for the Post-Keynesians, the role of the State is always important, with the government stimulating the private propensity to invest or itself investing when private decisions are not made[4]. The government can reduce the interest rates, to stimulate capitalist decisions to invest, and it can itself invest if the entrepreneurs remain reluctant to do so. This occurs because the government is not a profit-seeker, and therefore it does not need to compare the profitability of investment with the interest rate at the moment of the investment decision. The consequence of the increase in investment is an increase of income and employment, which will improve the entrepreneur's expectations about the demand for his or her own products and, consequently, raise the expected profitability of enterprise, improving their next decisions to invest. In doing this, the government can minimize domestic economic instability and stimulate growth and employment creation. As it liberalizes market forces, globalization reduces the scope for the government to act. For example, if the government reduces interest rates, domestic capital can move overseas searching for higher gains, which might neutralize the ability of the government to stimulate the economy.

If the government can lower interest rates through monetary policy, making more investment projects potentially profitable, this shows not only an economic role of the State, but also that money can stimulate the growth of production, employment and income. Money can thus affect the development of the real economy, and it is not, in this sense, neutral.

However, monetary policy cannot by itself guarantee higher levels of investment because the expected return or marginal efficiency of capital depends upon optimistic or pessimistic expectations of profitability, since uncertainty, differently from risk, is not object of calculus, as we have already seen. This means that, even with low interest rates, investment decisions may not take place if the marginal efficiency of capital is even lower. Therefore, monetary policy cannot always guarantee that investment will follow, which justifies the use of fiscal policy. The latter means that the government can spend and finance its spending through taxes and debt. The obvious reason for this possibility is that government spending does not rely on individual decisions, and it does not have profit as an goal. Thus there is space for the government to spend in consumables and to invest with the ultimate goal of stimulating the economy. In this vein, the government can create income and employment, which, in turn, leads to an increase of the optimism of the entrepreneurs, stimulating new private investment decisions. In this way fiscal policy can improve economic activity. In other words, there is crowding-in and not crowding-out of the private investment by public investment.

Even if government activity is financed by public debt, Post-Keynesians do not think that it is a problem, because the increase of income and employment can raise sufficient tax collection to repay the new loans to the state. Consequently, government spending is not always inflationary, because it can expand production capacity and production itself. Then the supply of goods and services will tend to increase and prices to decrease, instead of increasing as is expected by economic orthodoxy.

Here we see some reasons why Post-Keynesians are critical of the free market system in general and globalization specifically. For the Post-Keynesians, they create more instability and inequality among economies. The higher instability can be understood with an example of the problems posed to the role of governments. If, for example, the government has to intervene to secure an exchange rate compatible with domestic growth objectives, this can be achieved only by controlling the inflows and outflows of capital. This is very difficult because the size of these capital movements is often higher than the GNP of several countries. In the past, this was obtained by legal regulations or legal prohibitions against entry or exit, which is incompatible with a free market economy.

Regarding the greater inequality expected as a consequence of globalization, this happens because uncertainty is higher in less developed countries, as a result of their lower incomes and higher dependence on foreign trade. Hence, there tends to be a higher liquidity preference in these countries, which inhibits investment. Furthermore, in those countries the financial markets are normally not very developed, meaning that there are fewer alternatives available in terms of where to place money (Dow, 1993; Amado, 1997). Under these circumstances, money tends to escape towards developed country financial markets, meaning that resources leak from less developed to more developed countries. This inhibits once again investment in the former, and expands the development gap between the two types of countries, which is the opposite of what the mainstream would expect.

In terms of sustainable development, it is necessary to say that in the Post-Keynesian view, the stimulus to growth and development, as we have seen, must come from demand growth, which improves the environment for investment and consumption. However, this also can create incentives for perverse behaviors in terms of the environment, requiring alternative government policies to regulate and conduct the way those expenditures will be made. In conclusion, although Post-Keynesian economics supports an active regulating role of the State, more than that is necessary. It is imperative to change the logic of the market and competition, as will be discussed in the following sections.

3. Marxists, the role of the State and the critique of the market

For Marx and Marxist political economists the State has an essential economic role in capitalism. But, differently from Keynes's and the Post-Keynesian view, the State does not always resolve the problems of accumulation, because they are the consequence of the logic of capitalism. For example, the nature of money requires an economic role for the State. Money in capitalism – differently from other modes of production in history – has the role of mediating the private and, at the same time, social character of the labor processes involved in the production of commodities. In capitalism, those labor processes are private, but the objective of the production is to sell, and thus society is needed. This means that there is a social division of labor involved in the production and sale of commodities. Money has a fundamental role in that division of labor: **it socially validates private labors** because it represents abstract social labor. This means that when a commodity is sold, the private labor employed in its production turns into socially validated labor, allowing its owner to live in this type of society, because now he or she can buy whatever goods and services they need in order to live there.

This role of social validation of private labor gives money a fundamental social power. It is responsible for the social insertion of people in capitalism, where nobody can live without buying and, thus, everyone needs to sell. The capitalists sell their output in order to realize their profits, and the workers sell their labor power to receive wages and buy what they need in order to live. **In this sense, money itself is a social relation**. The power of money socially validating private labors justifies the possibility of its hoarding. The mere possibility of hoarding is sufficient to see that money can affect the economy in a lasting way, not being **neutral**. But Marx also shows this non-neutrality when he speaks about the role of credit, increasing the rhythm, potential and the scale of production. Credit can anticipate the purchase of means of production, and allow capitalists to hire the workers before they have accumulated sufficient profit to finance it. This can lead to an increase in employment, production, profits and capital accumulation.

The monetary role of the State is a result of the private as well as social character of labor in capitalism, and the social role of money in the division of labor. The monetary role of the State avoids that the social validation of the labors should be left at the mercy of private interests. This public role is, however, limited in relation to the social character of money. This means that the State can interfere with or intervene on the monetary dynamic because of its public character, which is superior to the private character of the producers in the social hierarchy. But the State can neither control society as a whole, nor the monetary dynamic, because money is a relation that involves the entire society, while the State is only part of it, despite its high hierarchic position (Brunhoff, 1982).

Furthermore, the Marxist idea of the State is the object of controversy. On the one hand, there are authors who believe that the State represents the interests of capital as a whole (Miliband, 1973) and in so doing cannot benefit workers. On the other hand, there is another group that thinks about the State as having relative autonomy in relation to the two fundamental classes, capitalists and workers, even though it is a class State in the sense of fighting for the success of capitalism (Poulantzas, 1971). This relative autonomy from classes is seen as a way of justifying economic policies that can benefit the workers, even if the ultimate goal is to protect the capitalist system. Among these types of economic policies are those aiming to increase employment and wages. This gives rise to the support of some Marxists to public policies that improve growth and distribution, guaranteeing more employment and higher wages – so a better situation for the workers in the capital-labor relation[5].

The critique of capitalism by Marx and the Marxists is well known, because of the origin of profit. Profit is based on the exploitation of the workers. The workers sell their labor power as a commodity, receive what this commodity is worth, but this is less than the entire value created by their labor (Marx, 1971). A part of the product of labor goes to the capitalists as profit, despite being produced by the workers. The profit motive, based on this type of exploitation, shapes the logic and the evolution of capitalism.

Marx's criticism to the role of money in capitalism is less well known, which allows us to continue the examination of the role of markets in capitalism. As was seen above, in a world of commodities as is the case in capitalism, everyone is necessarily both a buyer and a seller. Selling and buying are always needed. In these processes private labors are socially validated only at the moment of being converted into money and money has, in so doing, an enormous social power in our societies. It is in this way that the social division of labor takes place. Marx was a fierce critic of this, since he did not accept that something as important as people's lives, or the social insertion of everyone, could be at the mercy of a thing called money. It is this criticism to money or the role of the market that justifies the critique of the Marxists against globalization, which increases the role of money as it expands the role of the market.

This critique is reinforced by the consequences expected from globalization: more instability and greater inequality. The higher instability is justified, for instance, from a financial point of view, showing that when the credit markets of the world as a whole are linked this gives rise to the development of what Marx called fictitious capital. Its consequences are financial crises whose results we now see very clearly[6].

For Marx, some forms of capital are called fictitious because they lose the relationship with the labor that creates value. This occurs because the value of that capital is the outcome of a mere calculus of capitalization of regular revenues, instead of being evaluated by the labor cost of production. Fictitious capital develops with the development of the credit system. Two examples can help to understand this process: the public debt and the value of bonds. In the first case, the money transferred to the State through the purchase of certificates of public debt no longer exists, but the interest payments on the accumulated debt must still be made. It makes no sense to capitalize those interest payments in order to calculate the value of bonds and as capital. In the second case, the increase or decrease in stock prices loses any connection with the value of the companies that originated them. The fictitious capital has its value determined by purchases and sales of these assets in the financial markets, in a speculative way, and the money does not return to production in order to buy labor power and means of production, which is the only way to create profit. So its value is merely speculative.

The increase of value of the assets constituting fictitious capital depends on the demand and supply for them. Hence, it depends on the resources coming from production, as they are purchased through the expenditure of profits and wages. The process of globalization has linked the credit market of the entire world, giving rise to a lot of money circulating in a small number of highly concentrated financial markets in the developed countries, increasing the prices of financial assets. But real production and thus wages and the profits have either fallen or increased in a much smaller proportion. When the prices of the financial assets started falling, given the decline of demand for them, this stimulated the generalized sale of titles and the deflationary spiral that triggered the current crisis.

In what concerns inequality, it is necessary to think that when the goal is profit, as is the case in capitalism, it is essential to increase surplus value, meaning to reduce costs, particularly labor costs. To do so, it is necessary to improve the technology of production, making the workers even more productive. This is a behavior of the capitalists as a whole, but it does not lead to the success of all of them. The capitalists who innovate first can capture greater profits and improve the research and development of technology, guaranteeing lower costs and even higher profits, while the others that operate below average tend to have problems to improve their technology due to the lack of resources to pay for such investment. Their costs cannot be reduced rapidly and, again, they obtain less profit to invest in technology, what makes it increasingly difficult to win the battle of competition and remain as capitalists. The consequence is the concentration of capital in even fewer hands.

Another type of inequality associated with the same process is unemployment. Since the goal of productivity growth is to reduce wage costs, but not the effort of the workers, the consequence is the greater productivity of the workers. Consequently, employment does not grow at the same rate as the use of machinery and equipment. So, technical progress tends to be capital intensive, which creates technological unemployment.

This type of argument shows a conception of inequality inherent to capitalism, but that can be increased even more with the reinforcement of competition in a free market economy, as is the case in globalization. Profit is the goal and it is impossible to limit the desired profit, because in competition nobody knows how much the competitors will be able to invest in order to reduce costs and win the competition. Under these circumstances, it is necessary to seek to maximize profit to remain as a capitalist. Consequently, competition in globalization is amplified, which magnifies those processes.

The search for profit maximization leads to a continuous process of technological progress increasing labor productivity and producing a profusion of commodities. This means a permanent stimulus to waste. On one hand because the technological race cannot wait for equipment to physically deteriorate. It is necessary to anticipate the change of equipment in a sort of early obsolescence, which means waste. On the other hand, the profusion of commodities produced must be sold, because we are in a commodity type of production, and this requires the maximization of consumption. This is why, as Marx (1844, p. 45) stressed that, in capitalist societies, "an object is only ours when we have it – when it exists for us as capital, or when it is directly possessed, eaten, drunk, worn, inhabited, etc., – in short, when it is used by us…. In the place of all physical and mental senses there has therefore come the sheer estrangement of all these senses, the sense of having"[7].

It is exactly the importance of having in capitalism that stimulates the consumerism and all its negative consequences for the environment and for sustainable development.

4. Moving towards a different economic paradigm

What was seen so far - differently from the ideas of the economic mainstream – is that, for heterodox economists, globalization gives rise to greater inequality and macroeconomic instability. This makes the defense of competition and the free market system questionable. At the same time, the reality of more than thirty years of economic globalization, the current global crisis and the problems of unemployment, poverty, inequality and the environment provide good arguments for the critics. In this vein, among the reasons for, and the interest in changing the current economic paradigm, as was proposed by WAAS (World Academy of Arts and Sciences), we notice the perception of "low employment rates, and huge inequalities" leading to the deterioration of several socio-economic indicators (Slaus, 2014, p. 2), and the need for a "human-centered development perspective" (Slaus, Giarini and Jacobs, 2013). This section contributes to this discussion.

We have seen that the economic connections of the contemporary world are established primarily through free market relations, with all the problems that we have pointed out. The way to alleviate those problems is, as defended by the Post-Keynesians, to re-regulate the economy, as a way to guarantee investment growth and, in so doing, increase the supply of jobs. This initiative is shared by a large number of Marxists. They know that even though employment implies exploitation, the workers still need to sell their labor power in order to survive in capitalism, and that a better insertion in the capital-labor relation implies more employment and higher wages.

Marxists also know that it is possible to re-regulate the financial system to guarantee higher levels of investment and even to avoid financial crises that punish the workers severely, especially the less skilled among them, which is another reason to demand the re-regulation of the economy. However, regulation can be insufficient to address the issue of inequality if investments fail to insert unemployed people. Since the private investment decision is guided only by the goal of profit, this can lead, and it usually does, to the use of less labor-intensive technology. This offers another reason for State intervention: the guarantee of higher levels of employment. Even if the State in democratic societies is ruled by the popular vote, and although this is a form of collective representation, it only guarantees what is called the **will of all** but not the **collective or common will** or the **universal interest**. It is what will be discussed in this section.

Several authors along the history of ideas discussed the notion of common will or common interest using different denominations. Rousseau, for example, offers a well-known analysis of the collective or general will which, for him, is different from the will of all. In his own words: “the will of all is very different from the general will; the latter looks only to the common interest, while the former looks to private interest and is no more than a sum of particular wills” (Rousseau, 2010-2015, p. 14).

This means that the general or common will is not the will of people measured by vote, which is a sum of different and private wills, but the interest that is common to all citizens.

This general will was also analyzed by Hegel, and this is what Marx (1848) called the universal interest. But as analyzed by Coutinho (2010), for Rousseau, the subject is a matter of moral question or the fruit of the repression of private action by public action; for Hegel (2001, § 199, p. 164), it is something spontaneous, the outcome of the reciprocal dependence of everybody or, as he puts it, “through the dependence and co-operation involved in labor, subjective self-seeking is converted into a contribution towards the satisfaction of the wants of all others”. For Marx it is the result of the transformation of the society; it is necessary to build the collective will in order to reach a society where “the free development of each is the condition for the free development of all” (Marx, 1848, p. 27).

The collective general will or the general or universal interest of everyone is easier to build when people’s life conditions are similar, which a good reason to reduce inequalities. In this sense it is necessary to improve equality in a general way and in a general sense. This cannot be built in adverse conditions and, at the same time, it implies substantial transformations, some of which will be discussed here: a) the creation of alternative channels for listening to people, largely replacing the market channel; b) the development of common or universal interests; and c) the development of cooperation instead of competition.

a. Creating alternative channels for listening

One of the problems we have analyzed above is that the market has a questionable way of defining people’s lives. In capitalism, the market is hardly the only channel of expression of demands. If society wants more of a commodity this is seen as the growth of demand, and so supply promptly responds, regardless of environment consequences. The opposite happens if demand falls. The problem is that whoever participates in those demands must have money and the more money one has the more he or she will influence demand and stimulate supply. Unemployed and poor people, however, do not have enough money, and thus the problems of unemployment and poverty cannot be resolved by a market system[8]. This is the reason why I agree with Jacobs (2014, p. 11) who says that “in countries around the world ruled by money power, plutocracy masquerades as representative democracy”. Hence, if the idea is to change the economic domain in terms of stability (of employment, to guarantee a human centered development), reduced inequality (to improve development sustainability) and to increase awareness while using natural resources (to improve environment sustainability) the first suggestion is to create alternative channels for listening to people.

The current progress of the Internet makes this technically easier. What is difficult and has to change is the preoccupation with the creation of opportunities for people to say what they really want. It is also necessary to think together how best to achieve it, supervising and discussing measures to guarantee what is decided. Not only is this a way to temper the market channel, reducing its power, but also to qualify State intervention, making it more adequate to achieve the collective will. This is the first suggestion to build the collective will and the common or universal interest, because it is fundamental to listen to people's aspiration in order to build a consensus, including those who are outside the market because they do not have money.

b. Developing the universal interest

We know that people have different conditions of life and, consequently, different necessities, priorities and interests. To develop the collective or universal interest it is essential to guarantee a large level of common interest which requires not only a wider participation in decision-making, as was proposed above through the suggestion for alternative channels for listening to people, but also a greater scope for collective consumption.

In this respect it is interesting to follow a suggestion made by Gouverneur (2006) for a more democratic society. He points out that there are three types of goods in our societies: i) individualized goods, which are acquired with personal income; ii) goods acquired through policies of solidarity, because they are financed by social security or social policies; and iii) collective goods, which are financed by taxes but are free at the point of consumption. In his opinion, a democratic society must increase the share of collective goods. This means that not only do we have to have public education and public health, but also public transportation, public leisure and a lot of public goods and services accessible to everyone regardless of their income or wealth. Consumption by both rich and poor people is absolutely necessary because it guarantees the high quality of the goods and services, since rich people form opinion in market societies, and they have the political power to guarantee their supply. This is the most appropriate way to improve the general interest, because gets everyone involved in the struggle for a good quality of goods and services produced. It is the best way to guarantee a good quality of public goods, and also a way.

Even the environment can benefit from a larger share of collective goods. This saves natural resources, reducing the production of private goods and services and expanding the collective ones that tend to save resources because of their higher scale of production. It also engages everyone in the task of setting priorities, in the choice of what to produce and how to do it in a more conscious way.

c. Developing cooperation instead of competition

We saw that one of the problems with globalization is the fierce competition imposing or requiring the maximization of profits and giving rise to an increasing concentration of capital in the hands of those who are better placed in the competition process. Competition also tends to increase technological unemployment and the problems related with the environment, because it compels capitalists to maximize profits, regardless of the environment costs involved, provided that the pollution fines and taxes can be passed on prices[9]. Finally, the spur of competition in the current phase of globalization gives rise to the need for obtaining profits rapidly, stimulating the quest for speculative profits instead of investments in real production, which has been responsible for the financialization of the economies and the current crisis.

To avoid those adverse consequences but, especially, to achieve more equality among people as we are proposing in this article, it is essential to change the competitive logic into a cooperative one. Cooperation is needed in the decision-making process, and on the management and enjoyment of what society and its development can provide. Decision-making, planning and management must be shared to help build the universal interest and they are also a condition to a sustainable development in human, social and environmental terms.

Conclusion

We have discussed globalization from an economic point of view, and pointed out that it has some features that, instead of producing positive outcomes, as is expected by mainstream economics, generate significant economic problems. The two main features of globalization stressed here are the extension of market relations, and the spur of competition. The consequences in terms of greater inequality and instability around the world make the prescriptions of the economic mainstream questionable.

In order to support a change in the currently dominant paradigm in economics, we have also discussed some ideas associated with heterodox economic thought, showing that those adverse consequences were foreseeable in the heterodox analysis of the market regulation and of competition.

In order to confront the challenges of the global society we have proposed some measures to reduce inequality, especially through the re-regulation of the economy in order to protect jobs, listening to everyone, by way of creation of channels for listening to people other than through the market; increasing the participation of people in planning, management and the enjoyment of society; and, in this manner, building the collective or universal will. These are measures that can help to build the material conditions to a better society.

These suggestions can help to secure a more sustainable form of development in human and social terms, and they also can guarantee a more sustainable environment. The alternative channels of listening can improve the preservation of environment in the sense of offering a more efficient way of prioritizing what needs to be produced, and the best way to produce for society as a whole. A major part of collective goods in collective consumption can save natural resources used in production by reducing substitute private goods and because of the better efficiency of a higher scale of production. Finally, the tendency that we have also mentioned of wasting as a consequence of technological competition can also be avoided in a society motivated by cooperation.

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[1] The author is grateful for the comments of Alfredo Saad-Filho, Joanílio Teixeira and Andrea Cabello and acknowledges the financial support of CNPq.

[2]For an updated Post-Keynesian critique to mainstream economic contributions see Palley (2011).

[3] In contrast with risk, uncertainty cannot be estimated using probabilities.

[4]For a didactic explanation of the differences between neoclassical and Post-Keynesian views of the role of the government, see Davidson (1991).

[5]For good analyses of the controversies about the role of the State among Marxists, see Clarke (1991).

[6] For a description of the current crisis using Post-Keynesian and Marxist arguments see Mollo (2011 and 2013).

[7]Economic and Philosophic Manuscripts of 1844, p. 45 www.marxists.org/archives/marx/works.

[8] For the evolution of inequality and poverty in the world and their relation with market behavior, see, for example, the conclusions of Piketty (2013).

[9] The mainstream solution to environment damages, imposing taxes and fines is open to criticism because it preserves inadequate behaviors, giving moneyed people the right to cause damages provided that they pay for them in a pecuniary way